Performance Management 4th edition Aguinis Test Bank

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Chapter 1—Performance Management and Reward Systems in Context

True/False Questions

1.1 A performance management system is the systematic description of an employee's strengths and weaknesses.

(Suggested points: 2, [1.1]); Pg. 4
LO: 1

Answer:
False. Performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization

1.2 Linking the organization's goals to individual and team goals helps reinforce behaviors that will help with organizational goal achievement and communicates the most crucial business initiatives.

(Suggested points: 2, [1.2]); Pg. 6
LO: 2

Answer:
True

1.3 Feedback can increase motivation to perform when it points out how an employee is performing and acknowledges past successes.

(Suggested points: 2, [1.3]); Pg. 11
LO: 3

Answer:
True

1.4 Dangers of a poorly implemented performance management system include wasted time and money, lack of standardized employee ratings, and confusion on how ratings are obtained.

(Suggested points: 2, [1.4]); Pg. 14-15
LO: 4

Answer:
True

1.5 A performance management system helps encourage employees to speak up and offer innovative ideas.

(Suggested points: 2, [1.3]); Pg. 11
LO: 3

Answer:
True

1.6 Unfair performance ratings are the main problem with performance management systems.

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(Suggested points: 2, [1.4]); Pg. 16
LO: 5

Answer:
False. Performance ratings are the "canary in the coal mine" and indicators of problems with the PM system

1.7 Reliability and validity of performance management systems refer to the same thing.

(Suggested points: 2, [1.5]); Pg. 20
LO: 6

Answer:
False. Reliability refers to consistency and freedom from error, while Validity refers to the fact that the measures include all relevant performance facets and do not include irrelevant information.

1.8 The strategic purpose of PM systems involves constructing the strategic vision for the organization.

(Suggested points: 2, [1.5]); Pg. 6
LO: 2

Answer:
False. The strategic purpose of PM systems is to link an organization's goals with individuals' goals.

1.9 A reliable performance management system includes all relevant performance facets and does not include irrelevant performance facets.

(Suggested points: 2, [1.5]); Pg. 20
LO: 6

Answer:
False. This describes a system's validity, not reliability. A reliable performance management system is consistent. For example, if two supervisors provided ratings of the same employee, or if one supervisor rated the same employee twice over a short period of time during which nothing noticeable occurs, then the ratings should be similar or identical.

1.10 Distributive justice is the perception that the performance evaluation received is fair relative to the work performed.

(Suggested points: 2, [1.5]); Pg. 20
LO: 6

Answer:
True

1.11 Performance management systems in foreign subsidiaries often differ from those in home country headquarters as differences in the power distance (i.e., the degree to which a society accepts unequal distribution of power) increase between/among countries.

(Suggested points: 2, [1.5]); Pg. 19

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LO: 6

Answer:
True

1.12 The current consensus amongst most employees (as reported by the CEB) is that performance review systems are helpful in improving their productivity.

(Suggested points: 2, [1.1]); Pg. 6
LO: 1

Answer:
False. 66% of employees feel that the performance review process interferes with their productivity.

1.13 Poorly implemented performance management systems have little to no negative legal ramifications for the organization.

(Suggested points: 2, [1.4]); Pg. 15
LO: 4

Answer:
False. Poorly implemented performance management systems are likely to result in negative legal ramifications such as possible discrimination lawsuits.

1.14 Many large companies such as General Electric, Deloitte, and Adobe no longer use performance ratings at all.

(Suggested points: 2, [1.4]); Pg. 16-17
LO: 1

Answer:
False. Many large companies who tried to eliminate performance ratings are now using ratings again—but they are using more than one system and emphasizing developmental feedback.

Multiple-Choice Questions

1.15 _____ is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization.

A. Strategic planning
B. Performance management
C. Reward system
D. Performance appraisal

(Suggested points: 2, [1.1]); Pg. 4
LO: 1

Answer: B

1.16 Dangers of a poorly implemented performance management system include all of the following EXCEPT:

A. Increased emphasis on behaviors rather than results
B. Lawsuits/internal complaints of discrimination

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C. Biased performance ratings
D. Decreased employee motivation

(Suggested points: 2, [1.4]); Pg. 14-15
LO: 4

Answer: A

1.17 When employees of an organization do not see the PM system as fair, the organization may witness from its employees all of the following EXCEPT:
A. Job burnout
B. Lowered self-esteem
C. Increased engagement
D. Lawsuits

(Suggested points: 2, [1.4]); Pg. 16
LO: 4

Answer: C

1.18 The meaningfulness characteristic of performance management systems includes all the following EXCEPT:
A. Standards and evaluations are important and relevant
B. All functions that an employee performs are evaluated
C. System should evaluate performance regularly
D. Evaluator skill should be developed continuously
E. Results should be used for administrative purposes

(Suggested points: 2, [1.5]); Pg. 19
LO: 6

Answer: B

1.19 The _____ purpose of PM systems is to furnish valid and useful information for making employment decisions including salary adjustments, promotions, and terminations.
A. strategic
B. informational
C. administrative
D. developmental

(Suggested points: 2, [1.2]); Pg. 6
LO: 2

Answer: C

1.20 Information gained from the organizational maintenance purpose of a PM system is used for all of the following EXCEPT:
A. Workforce planning
B. Evaluating the effectiveness of job descriptions
C. Evaluating the effectiveness of HR programs
D. Creating talent inventories

(Suggested points: 2, [1.2]); Pg. 8
LO: 2

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Answer: C

1.21 Performance management systems should be thorough, meaning that:
A. All employees should be evaluated
B. An employee's flaws should be discussed at length
C. The review should cover the entire review period
D. A and C

(Suggested points: 2, [1.5]); Pg. 19
LO: 6

Answer: D

1.22 An ideal PM system is _____, which means that performance is evaluated and feedback is given on an ongoing basis, the appraisal meeting consists of two-way communication, and performance standards are clear.
A. open
B. standardized
C. ethical
D. specific

(Suggested points: 2, [1.5]); Pg. 21
LO: 6

Answer: A

1.23 PM system information is important for the effective implementation of which of the following HR function(s)?
A. Workforce planning
B. Training
C. Recruitment and selection
D. All of the above

(Suggested points: 2, [1.6]); Pg. 23
LO: 7

Answer: D

1.24 All of the following are possible benefits of a performance management system EXCEPT:
A. Protection from lawsuits
B. Employees become more ethical
C. Employees become more competent
D. The definitions of job and criteria are clarified

(Suggested points: 2, [1.3]); Pg. 10-13
LO: 3

Answer: B

1.25 Which of the following does the text identify as a possible danger of a poorly implemented performance management system?
A. Salaries must be increased.
B. Poorly performing employees will always stay at the organization.

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C. No time or money is spent on the system.
D. Motivation to perform is decreased.

(Suggested points: 2, [1.4]); Pg. 14-15
LO: 4

Answer: D

1.26 The _____ characteristic allows employees to receive concrete guidance about what is expected of them and how they can meet those expectations:
A. Standardization
B. Specificity
C. Strategic congruence
D. Correctability

(Suggested points: 2, [1.5]); Pg. 20
LO: 6

Answer: B

1.27 All of the following are characteristics of an ideal performance management system EXCEPT:
A. Reliability
B. Meaningfulness
C. Inexpensive
D. Thorough

(Suggested points: 2, [1.5]); Pg. 18-22
LO: 6

Answer: C

1.28 All of the following are purposes of a performance management system EXCEPT:
A. Make decisions about retention and termination
B. Provide documentation
C. Increase profits
D. Give the HR department something to do

(Suggested points: 2, [1.2]); Pg. 6-10
LO: 2

Answer: D

1.29 An ideal performance management system is correctable. What does this mean?
A. If an employee is dissatisfied with a rating, it will be changed.
B. If an employee is dissatisfied with a rating, there is a process to appeal the rating decision.
C. An ideal performance management system is not correctable.
D. None of the above is correct.

(Suggested points: 2, [1.5]); Pg. 21
LO: 6

Answer: B

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1.30 In which country should performance management be adapted to the country's unique culture?
A. South Korea
B. South Africa
C. Australia
D. All of the above

(Suggested points: 2, [1.5]); Pg. 18-19
LO: 6

Answer: D

1.31 In what manner is performance management typically similar around the world?
A. Standardization of performance measurement
B. Emphasis on behavior versus results of employee performance
C. Interpersonal aspects
D. None of the above

(Suggested points: 2, [1.5]); Pg. 19-20
LO: 6

Answer: A

1.32 All of the following are related to the changing nature of performance management EXCEPT:
A. Cloud computing
B. Big Data
C. Technological advancements and virtual teams
D. Changing workforce demographics
E. Rising costs

(Suggested points: 2, [1.7]); Pg. 24-26
LO: 8

Answer: E

1.33 The performance management system should link to other human resources and development activities EXCEPT:
A. Training
B. Workforce planning
C. Recruitment and hiring
D. Financial accounting

(Suggested points: 2, [1.6]); Pg. 23-24
LO: 7

Answer: D

1.34 Current factors that are bringing about changes to the performance management process include all of the following EXCEPT:
A. Big Data
B. Demographic changes in the workforce
C. Equal pay legislation
D. Electronic performance monitoring

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(Suggested points: 2, [1.7]); Pg. 24-26
LO: 8

Answer: C

Short-Answer and Essay-Type Questions

1.35 You want to transition your organization's performance appraisal system into a performance management system. Write a one-page memo to your supervisor describing the advantages of having a well-designed, properly implemented performance management system.

(Suggested points: 2, [1.3]); Pg. 10-14
LO: 3

Answer:
Memos will vary, but they should all include the following benefits of a well-designed and implemented PM system:

Performance appraisal is the systematic description of an employee's strengths and weaknesses, whereas performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization.

- Increased motivation to perform. If given correctly, feedback can increase the motivation to improve future performance.
- Increased self-esteem. Receiving feedback about one's performance fulfills a basic need to be appreciated and valued at work. Feeling appreciated and valued will increase an employee's self-esteem.
- Managers gain insight about subordinates. Direct supervisors and other managers in charge of the appraisal gain new insights into the person being appraised.
- Clarification and definition of job and criteria. The job of the person being appraised may be clarified and better defined; thus, employees gain a better understanding of what it takes to be a successful performer.
- Self-insight and development. Participants in the system also gain a better understanding of their strengths and weaknesses, which can help them better define future career paths.
- Fair and appropriate administrative actions. Performance management systems provide valid information about performance that can be used for administrative actions such as merit increases, promotions, transfers, and terminations.
- Organizational goals made clear. The goals of the unit and organization are made clear.
- More competent employees. Performance of employees is improved, especially when developmental plans are put in place.
- Protections from lawsuits. Data collected through performance management systems can help document compliance with regulations.
- Differentiates between good and poor performers. Performance management systems allow for a quicker identification of good and poor performers.

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- Communicates supervisor's view of performance. Good systems force managers to communicate to their subordinates their judgments and expectations regarding performance.

1.36 Identify the two main components of the definition of Performance Management and write one sentence describing each

(Suggested points: 2, [1.1]); Pg. 4
LO: 1

Answer:

Two main components are:

- Continuous process: Performance management is ongoing. It involves an ongoing process of setting goals and objectives, observing performance, talking about performance, and giving and receiving ongoing coaching and feedback
- Alignment with strategic goals. Performance management requires that managers ensure that employees' activities and outputs are congruent with the organization's goals, and consequently, help the organization gain a competitive advantage. Performance management therefore creates a direct link between employee and team performance and organizational goals, and makes the employees' contribution to the organization explicit

1.37 There are several characteristics of an ideal performance management system. Please discuss five characteristics of an ideal system and explain how an organization can achieve each characteristic. (For example, one characteristic of an ideal PM system is that it is reliable. An organization can make its system reliable by ensuring that performance measures are consistent across equally or similarly qualified judges and free of error.)

(Suggested points: 5, [1.5]); Pg. 18-22
LO: 6

Answer:

The answer may involve any five of these characteristics:

- Congruent with strategy. The system should be congruent with the unit's and organization's strategy. Organizations need to ensure that individual goals are aligned with unit and organizational goals.
- Congruent with context. The system should be congruent with the organization's culture as well as the broader cultural context of the region or country.
- Thorough. All employees should be evaluated, all major job responsibilities should be evaluated, the evaluation should include performance spanning the entire review period, and feedback should be given on positive performance aspects as well as those that are in need of improvement. Organizations should train managers on how to give thorough reviews.
- Practical. Good systems are available, easy to use, and acceptable to those who want to use them to make decisions, and the benefits of using the system outweigh the costs. Organizations need to get employee and manager input

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when designing the PM system to ensure that both parties are able to use the system and trust its results.

- Meaningful. The standards and evaluations conducted for each job function must be considered important and relevant, the system must emphasize those functions that are under the control of the employee only, evaluations must take place at regular intervals and at appropriate moments, the system should provide for continuing skill development of evaluators, and the results should be used for important administrative decisions. Again, organizations must involve employees and managers in the development of the system and train them on how to use the system effectively in order for it to be meaningful.
- Specific. A good system provides detailed and concrete guidance to employees about what is expected of them and how they can meet these expectations. Supervisors must clearly communicate to employees what is expected of them.
- Identifies effective and ineffective performance. The system discriminates between effective and ineffective performance. Organizations design performance criteria in a way that distinguishes between good and bad performance.
- Reliable. The system uses performance measures that are consistent, free of error, and high in inter-rater reliability.
- Valid. The measures of performance are relevant (i.e., include important performance facets), they are not deficient (i.e., do not include unimportant performance facets), and they are not contaminated (because they measure only what the employee can control). Organizations identify through job analysis what are essential for the job and only measure those results and behaviors.
- Acceptable and Fair. A good system is acceptable and perceived as fair by all participants. Organizations can set clear rules that are applied consistently by all supervisors.
- Inclusive. Good systems include input from multiple sources on an ongoing basis. Organizations should encourage employees to conduct self-appraisals, and employees must participate in the process of creating the system by providing input regarding what should be measured and how it should be measured.
- Open. Performance is evaluated frequently, performance feedback is provided on an ongoing basis, the appraisal meeting consists of a two-way communication, and standards are clear and communicated continually. Organizations should train managers on how to effectively give feedback and communicate expectations to their employees.
- Correctable. When employees perceive an error has been made, there should be a mechanism through which this can be corrected. Organizations should establish an appeals process, through which employees can challenge what may be unjust decisions. This is an important aspect of a good performance management system.
- Standardized. As noted previously, good systems are standardized. This means that performance is evaluated consistently across people and time. Organizations must train individuals in charge of appraisals.

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- Ethical. Good systems comply with ethical standards. Organizations should train managers to suppress personal self-interest when providing evaluations, to only evaluate performance dimensions for which they have sufficient information, and to respect the employee.

1.38 According to the text, performance management is …

(Suggested points: 2, [1.1]); Pg. 4
LO: 1

Answer:
A continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization.

1.39 Performance management systems serve many purposes. Describe the developmental purpose.

(Suggested points: 2, [1.2]); Pg. 7-8
LO: 2

Answer:
A performance management system serves a developmental purpose by using performance feedback to allow individuals to learn about their strengths and weaknesses, by identifying training needs, and by helping management and employees to make better decisions regarding job assignments.

1.40 Describe the strategic purpose of performance management.

(Suggested points: 2, [1.2]); Pg. 6
LO: 2

Answer:
A performance management system serves a strategic purpose by linking the organization's goals with individual employee goals; in this way, the performance management system reinforces behaviors consistent with organizational goals.

1.41 What is meant when we say that an ideal performance management system must be practical?

(Suggested points: 2, [1.5]); Pg. 19
LO: 6

Answer:
When we say that an ideal performance management system is practical, we mean that it is available, easy to use, and acceptable to those who want to use it for decisions, and the benefits of using the system outweigh the costs.

1.42 What is meant when we say that an ideal performance management system must be valid?

(Suggested points: 2, [1.5]); Pg. 20
LO: 6

Answer:

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When we say that an ideal performance management system is valid, we mean that the measures of performance are relevant (i.e., include important performance facets), they are not deficient (i.e., do not include unimportant performance facets), and they are not contaminated (because they measure only what the employee can control).

1.43 What is meant when we say that an ideal performance management system must be reliable?

(Suggested points: 2, [1.5]); Pg. 20
LO: 6

Answer:
When we say that an ideal performance management system is reliable, we mean that the system uses performance measures that are consistent across judges of equal or similar qualification and free of error.

1.44 List four possible dangers of a poorly implemented performance management system.

(Suggested points: 2, [1.4]); Pg. 14-15
LO: 4

Answer:
Possible dangers of a poorly-implemented performance management system include the following:

- Lowered self-esteem
- Increased turnove
- Damaged relationships
- Decreased motivation to perform
- Employee burnout and job dissatisfaction
- Use of misleading information
- Wasted time and money
- Emerging biases
- Unclear ratings system
- Varying and unfair standards and ratings
- Unjustified demands on managers' and employees' resources
- Increased risk of litigation

1.45 List four possible contributions of a good performance management system.

(Suggested points: 2, [1.3]); Pg. 10-13
LO: 3

Answer:
Possible contributions of a good performance management system include the following:

- Self-insight and development are enhanced.
- Self-esteem of employees is increased.
- Motivation to perform is increased.
- Employee engagement is enhanced.
- Employees become more competent.

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- Voice behavior is encouraged.
- Definition of job and criteria are clarified.
- Employee misconduct is minimized.
- Declines in performance can be addressed early on.
- Motivation, commitment, and intentions to stay in the organization are enhanced.
- Managers gain insight about direct reports.
- There is better and more timely differentiation between good and poor performers.
- Supervisor's views of performance are communicated more clearly.
- Administrative actions are more fair and appropriate.
- Organizational goals are made clear.
- There is better protection from lawsuits.
- Organizational change is facilitated.

1.46 Identify two ways in which PM systems in the United States might differ from those in South Korea?

(Suggested points: 2, [1.5]); Pg. 18
LO: 6

Answer:

Possible differences between the United States and South Korea might include:

- Espouses collectivist values over individual performance
- Male-dominated
- Respect for hierarch in terms of political and administrative leaders
- Sociocultural norms have a clear influence on organizational decision making and practices

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