20 True or False

Decide, then check the answer and reason below each statement.

Question 1

Performance management is a continuous system that includes goal-setting, monitoring, feedback, development and rewards.

TRUE

The IIBF syllabus defines it as the full year-round cycle, of which appraisal is only one component.

Question 2

Management by Objectives (MBO) is a modern appraisal method built on jointly set, measurable objectives.

TRUE

MBO reviews actual results against objectives agreed jointly by manager and employee.

Question 3

360-degree feedback gathers input from superiors, peers and subordinates, and is mainly used for senior roles.

TRUE

This multi-rater method reduces single-rater distortion and is applied chiefly to leadership positions.

Question 4

Central tendency bias is the tendency to rate nearly everyone as average to avoid conflict.

TRUE

It is flagged as a chronic problem in public-sector bank appraisals, countered by bell-curve normalisation.

Question 5

KRAs are broad areas of responsibility, while KPIs are the specific measurable indicators within them.

TRUE

This distinction between broad responsibility areas and quantified metrics is core exam terminology.

Question 6

RBI norms require variable pay for material risk-takers to be deferred and subject to malus and clawback.

TRUE

This links senior banker compensation to risk-adjusted, long-term performance rather than immediate results.

Question 7

The Balanced Scorecard evaluates performance across financial, customer, internal-process and learning-and-growth dimensions.

TRUE

These four perspectives together turn strategic goals into branch and zonal-level measurable KPIs.

Question 8

Public-sector banks generally combine seniority with merit-based tests and interviews for promotion decisions.

TRUE

This mixed approach differs from private banks, which weight performance ratings and potential more heavily.

Question 9

Recency bias means an appraiser gives disproportionate weight to events from shortly before the review.

TRUE

Year-round documented evidence collection is the standard remedy against this rating distortion.

Question 10

Continuous performance management in 2026 favours frequent check-ins and analytics-driven dashboards over a single annual review.

TRUE

Indian banks are moving away from once-a-year appraisal rituals toward lighter, ongoing feedback cycles.

Question 11

Performance appraisal and performance management mean exactly the same thing and are used interchangeably in the CAIIB syllabus.

FALSE

Appraisal is the backward-looking measurement event, while management is the broader continuous system that also covers appraisal.

Question 12

Behaviourally Anchored Rating Scales (BARS) increase rater bias by deliberately ignoring observable behaviour.

FALSE

BARS actually reduces rater bias by anchoring numerical ratings to specific observable behaviours.

Question 13

KPIs are broad areas of responsibility while KRAs are the specific quantified measures within them.

FALSE

It is the reverse: KRAs are the broad responsibility areas and KPIs are the specific, quantified measures.

Question 14

The halo and horn effects improve appraisal accuracy by letting one strong trait represent the whole performance picture.

FALSE

These effects are rater biases that distort accuracy rather than improve it.

Question 15

A bell-curve normalisation distribution is used in bank appraisals to remove the need for differentiation among employees.

FALSE

The bell-curve approach is used to force differentiation among ratings, not eliminate it.

Question 16

RBI compensation norms allow senior bank executives' variable pay to be paid out immediately with no clawback provisions.

FALSE

RBI requires such pay to be deferred and subject to malus and clawback for whole-time directors and material risk-takers.

Question 17

Private banks in India rely mainly on seniority alone for promotion decisions and ignore performance ratings.

FALSE

Private banks actually lean more heavily on performance ratings and potential assessment for promotions.

Question 18

Compliance and customer-complaint KPIs are ignored once an employee has hit their business targets.

FALSE

These KPIs act as negative weights that can pull down an otherwise high scorer, not be ignored.

Question 19

Traditional appraisal methods like ranking and paired comparison have been fully abandoned by Indian banks in favour of only modern methods.

FALSE

Traditional methods are still used alongside modern approaches like MBO, 360-degree feedback and BARS.

Question 20

Central tendency bias means appraisers give unusually low ratings to every employee without exception.

FALSE

Central tendency bias means rating everyone as average, not uniformly low.