

Preface

We live in times that are rapidly changing. And with those times, organizations, corporations, and smaller companies are adapting to those changes, so that the older management styles and working habits and arrangements have, to a large extent, lost some of their traditional patterns of operation. Nevertheless, managers will always want to know if their employees are succeeding at work and if their workers are achieving the goals that have been set for them in a way that contributes positively to the overall success of the organization.

How do we define success and how do we measure it? It has been said that most organizations have pay-for-performance philosophies and see themselves as meritocracies and that, in most companies, performance ratings are the primary way of determining merit (see Lawler, Benson, and McDermott, 2012). Well over 90 percent of companies tie pay to performance to at least some extent, and 89 percent link individual performance to compensations (Mercer, 2013). The use of performance ratings affects the distribution of rewards and other outcomes for millions of employees in organizations. Adler et al. (2016) have suggested that 'it is fair to say that tens if not hundreds of billions of dollars in compensation and rewards are riding on the backs of performance ratings' (p. 223). Performance ratings have lasting effects on employees' lives and careers in organizations: they affect staffing, promotion, termination decisions, and motivate voluntary turnover of frustrated employees. Likewise, performance appraisal has an impact on employees' work attitudes (e.g., organizational citizenship behavior) and motivation at work.

Measuring individual (and team) performance is therefore a serious business. But what exactly is performance appraisal? What does it measure? How has it evolved? How does it operate? Who are the individuals who conduct the appraisals and what methods do they use? How effective are ratings and how does the context in which they operate impinge on the evaluations? These and a host of other questions are discussed in this book.

In this book we review and discuss systems of measuring and managing individual productivity in the modern workforce. Concurrently, however, we also focus on several of the challenging and polemical issues that

impinge on future developments in the field among researchers and practitioners alike.

In Part I, the reader is introduced to an understanding of basic concepts and techniques of performance appraisal and to some of the questions that management needs to address – and pitfalls that need to be overcome – to achieve optimal results, both for the evaluated employee and for the organization. In Part II, several methods of enhancing performance appraisal are discussed that are of particular relevance to the practitioner. In Part III, we turn to the debate that pits traditional performance ratings against alternative strategies, arguing that although it appears that ‘we *cannot do* performance appraisal because of its flaws’ – indeed, much can be done to improve the way organizations approach performance appraisal strategy – ‘we *cannot do without* performance appraisal because of its benefits’. Part III takes a look at future possibilities of research, expanding the discussion predominantly by placing performance evaluation into the wider context of performance management whereby performance appraisal is seen as one of several management strategies that, ultimately, can and should contribute to what has been labeled ‘firm-level performance’.

In our concluding chapter, we express our belief that performance evaluation programs that incorporate efficiently prepared and executed performance appraisals – perhaps in combination with other performance management techniques – can and will continue to make a major contribution to productivity in organizations in the foreseeable future.

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