

Everaging Performance Appraisal for Effective Performance Management System of Company

X

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ABSTRACT

This study examined the potential for integrating coaching and mentoring within Company X's existing performance appraisal (PA) system to transform it into a more developmental and strategic Performance Management System (PMS). Specifically, it sought to (1) describe the current appraisal process; (2) assess employee perceptions of reliability, fairness, and developmental value; and (3) identify gaps to inform the design of an enhanced PMS model. A quantitative descriptive design involving 20 employees from various levels was complemented by semi-structured interviews with rank-and-file, supervisory, and managerial staff.

Findings reveal that, despite formal implementation aligning with organizational goals, the existing PA system is perceived as primarily compliance-focused, with deficiencies in fairness, recognition, and follow-through on developmental feedback.

Respondents reported vague feedback, insufficient coaching, and minimal opportunities for system involvement. The prevailing process functions more as a compliance mechanism than a developmental partnership.

Anchored on Goal Setting Theory and operationalized through the GROW Model, this study proposes integrating structured coaching cycles, standardized feedback protocols, and supervisor training to strengthen the system's developmental focus.

Recommendations include semi-annual evaluations, KPI stratification, HRMS integration, normalization of ratings, and the introduction of the G.R.O.W.T.H.+ coaching framework.

Keywords: Performance Management System, Performance Appraisal, Coaching, Mentoring, Goal Setting Theory, GROW Model

I. INTRODUCTION

Performance Management Systems (PMS) are critical mechanisms that align employee behavior with organizational goals. Within PMS, the Performance Appraisal (PA) serves both evaluative and developmental functions. Prior literature highlights that PA systems often struggle to strike a balance between objective assessment and meaningful developmental feedback (Aguinis, 2019; DeNisi & Murphy, 2017). According to Pulakos (2009), employees perceive PA as effective only when accompanied by continuous coaching, mentoring, and structured follow-through.

Company X, a research-driven institution in the agricultural sector, implements a standardized annual PA process. Despite its formal structure, internal reviews suggest gaps in fairness, clarity of performance

standards, and developmental support, consistent with global findings on PA challenges (Armstrong & Taylor, 2020).

These literature insights underscore the adviser's instruction to include supporting references-emphasizing that successful PA systems require more than evaluation; they require coaching, timely feedback, and employee involvement.

Statement of the Problem

Despite its systematic implementation, Company X's existing PA system falls short as a developmental tool due to the absence of coaching and mentoring mechanisms. As a result, the system is perceived as compliance-driven rather than growth-oriented. This study examines how the PA system can integrate developmental elements to enhance overall PMS effectiveness.

Theoretical Framework

This study is guided by:

- (1) Goal Setting Theory (Locke & Latham, 1990) – asserting that specific, challenging goals improve performance when coupled with continuous feedback.
- (2) The GROW Model (Whitmore, 2017) – a coaching framework using Goal, Reality, Options, and Will that operationalizes continuous development.

Together, these theories support the shift from an evaluative appraisal system to a developmental, feedback-driven PMS.

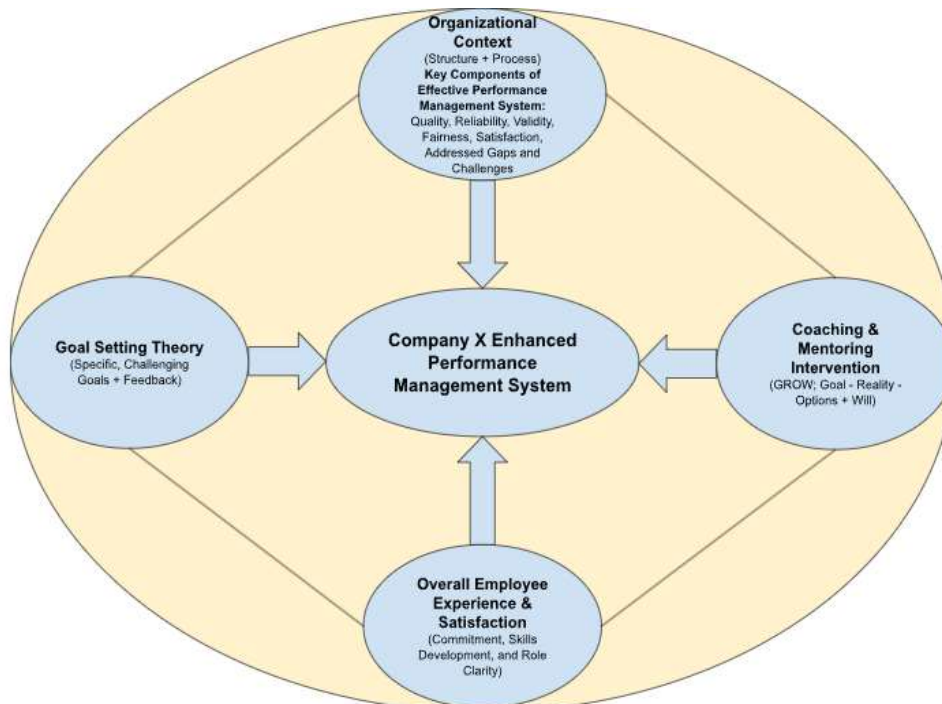


Figure 1. Conceptual Framework of the Study

Research Objectives

The study specifically sought to:

1. Describe the current performance appraisal system of Company X in terms of reliability, validity, fairness, and effectiveness. Use ;

2. Assess employee satisfaction with the PA process relative to commitment, skills development, and role clarity. ;
3. Identify existing gaps and challenges in the PA system. ; and
4. Develop a PMS framework that enhances the developmental impact of the appraisal process.

II. METHODOLOGY

Research Design

A quantitative-descriptive design was used to measure employee perceptions of the PA system. This was complemented by qualitative data from semi-structured interviews to provide depth and contextual interpretation of the quantitative findings.

Research Locale and Participants

The study was conducted at the Philippine headquarters of Company X in Los Baños, Laguna. Twenty Nationally Recruited Staff (NRS) participated-10 rank-and-file (50%), 6 supervisory (30%), and 4 managerial employees (20%)-representing various departments to ensure comprehensive insight.

Instrumentation

A structured questionnaire assessed five dimensions: reliability, fairness, effectiveness, satisfaction, and developmental support, using a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Reliability testing produced a Cronbach’s alpha above 0.80. Interviews explored themes such as feedback quality, coaching, mentoring, and follow-through in the appraisal cycle.

Data Analysis

Quantitative data were analyzed using descriptive statistics. Qualitative interview responses were thematically coded to triangulate and enrich the quantitative results.

III. RESULTS AND DISCUSSION

3.1 Reliability and Validity

Table 1. Reliability and Validity of the Current Performance Appraisal System

Dimension	Quantitative Findings	Qualitative Insights	Interpretation
Reliability	85% satisfied with explanation of results	Feedback is “not very detailed”	Communication is clear but lacks measurable indicators
Validity	30% disagree ratings reflect actual performance; 35% question validity	Tools “too generic”	Insufficient quantifiable metrics weaken accuracy

Eighty-five percent of employees indicated satisfaction with how evaluation results were explained, and 80% agreed that the PA system aligns with organizational goals. However, concerns emerged regarding accuracy and relevance: 30% disagreed that the appraisal accurately reflects actual performance, and 35% questioned the system’s overall validity. Interviews revealed that feedback is often “not very detailed,” and the appraisal tools appear “too generic,” signaling limited quantifiable indicators. These findings align with performance appraisal literature, which emphasizes that objective, measurable criteria-such as attendance records, compliance documentation, and evidence of achievements-strengthen both reliability and validity.

3.2 Perceived Fairness

Table 2. Perceptions of Fairness in the Performance Appraisal System

Dimension	Quantitative Findings	Qualitative Insights	Interpretation
Fairness	Only 40% believe ratings are fair; 60% dissatisfied	Ratings “feel pre-decided”	Rating inconsistency and potential bias

Fairness emerged as the weakest dimension of the PA system. Only 40% of employees perceived the rating process as fair, while 60% expressed dissatisfaction. Interview responses indicated that some ratings “sometimes feel pre-decided,” hinting at perceptions of bias or favoritism. The absence of a normalization or calibration mechanism-such as bell-curving-further contributes to inconsistent ratings across supervisors. Literature on performance management highlights that rater leniency, strictness, and inconsistent standards are common sources of perceived inequity, which this study confirms.

3.3 System Effectiveness: Recognition and Motivation

Table 3. Effectiveness of the Performance Appraisal System

Dimension	Quantitative Findings	Qualitative Insights	Interpretation
Recognition	65% say high performers are not recognized	Recognition inconsistent	Weak recognition practices
Motivation	50% say PA does not motivate improvement	PA seen as transactional	Limited developmental follow-through
Employee Participation	55% not engaged in PA improvements	Process not participative	Low employee involvement

Sixty-five percent of respondents disagreed that high-performing employees are adequately recognized, indicating that recognition mechanisms are insufficient or inconsistently implemented. Half of the employees (50%) also stated that the PA system does not motivate them toward continuous improvement. Although 60% believed that the appraisal process encourages development, the remaining 40% did not-reflecting inconsistent follow-through on identified gaps. Moreover, 55% indicated they were not engaged in improving the PA system, reinforcing perceptions that the system is transactional rather than participatory. These findings show that effectiveness is compromised not only by a lack of recognition but also by the absence of structured developmental support.

3.4 Coaching and Mentoring Gaps

Table 4. Coaching and Mentoring Gaps in the Current PA System

Gap Area	Quantitative Findings	Qualitative Insights	Interpretation
Coaching	65% say coaching is not part of PA	No structured coaching	Major developmental gap
Mentoring	70% say no mentoring programs exist	No mentorship pathway	Lack of developmental structure
Feedback	65% say feedback not used in	Feedback not	PA is retrospective, not

Continuity	next cycles	revisited	developmental
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The most significant developmental gap identified in the study is the absence of coaching and mentoring within the appraisal system. Sixty-five percent of employees disagreed that coaching is part of the PA process, while 70% reported that the system does not provide opportunities for mentoring. Additionally, 65% noted that feedback is rarely used in subsequent discussions, contradicting the principles of Goal

IV. CONCLUSION

Company X's Performance Appraisal system, although aligned with organizational goals, currently functions more as an administrative requirement than a developmental tool. Significant concerns about fairness (60%) and the absence of integrated coaching (65%) highlight critical weaknesses.

Implementing semi-annual evaluations, stratified KPIs, digital HRMS solutions, normalized ratings, and a formal coaching framework can transform the system into a strategic PMS. This shift moves the organization from merely measuring performance to actively developing it-enhancing employee satisfaction, organizational alignment, and long-term performance outcomes.

This study underscores the limitations of Company X's current PA system, primarily its transactional, compliance-oriented focus, and highlights opportunities to embed coaching and measurable metrics into the process. By aligning the system with Goal Setting Theory and the GROW Model, and leveraging digital solutions, the organization can cultivate a more effective PMS that enhances employee development, drives organizational results, and fosters a fair and engaging work environment.

Implementing semi-annual evaluations, KPI stratification, normalization methods, and structured coaching protocols will facilitate this transformation, ultimately positioning Company X for sustained success.

V. RECOMMENDATIONS

To address the identified gaps in the current Performance Appraisal (PA) system, a series of strategic initiatives are recommended. First, shifting from an annual to a semi-annual evaluation cycle, complemented by monthly performance check-ins, would facilitate more timely feedback and enable ongoing performance management. Additionally, stratifying Key Performance Indicators (KPIs) according to job levels-such as operational, supervisory, and managerial-can enhance the relevance and fairness of assessments across different roles.

The integration of digital Human Resource Management System (HRMS) solutions is also crucial, as it will improve the system's reliability, create audit trails, and support data-driven decision-making.

To promote consistency and fairness in ratings, implementing normalization techniques like bell-curveing is recommended to calibrate ratings across supervisors and reduce perceived biases.

Clarifying the evaluative and developmental functions within the organization's policies will promote transparency and better manage employee expectations. Furthermore, the adoption of structured coaching cycles utilizing the G.R.O.W.T.H.+ model should be prioritized. This model operationalizes the GROW Framework, ensuring development conversations are standardized, constructive, and consistently documented. Collectively, these measures aim to transform the PA system from merely a compliance tool into a strategic instrument for continuous employee development and organizational success.

5.1 Re-Structure the PMS Cycle: Semi-Annual Evaluation and Monthly Monitoring

Shift from an annual to a semi-annual appraisal cycle, supported by monthly check-ins to monitor progr-

ess. More frequent touchpoints improve feedback quality and allow timely performance corrections.

5.2 Stratification of KPIs and Planning Levels

To address generic evaluations, KPIs and KRAs should be stratified by job level:

Operational (Rank-and-File): Short-term, execution-focused (3–6 months)

Tactical (Supervisors): Medium-term initiatives (6 months–2 years)

Strategic (Managers): Long-term outcomes aligned with organizational strategy

5.3 Digital Transformation: HRMS Integration

Integrating a digital HRMS will improve reliability by creating audit trails, enabling data-driven decisions, and reducing paperwork.

5.4 Improve Fairness: Quantifiable Metrics and Normalization

Introduce:

Objective measures (attendance, compliance, job-related indicators)

Bell-curving/normalization to calibrate ratings across supervisors

This directly responds to the 60% fairness dissatisfaction.

5.5 Policy Clarification: Evaluative vs. Developmental Functions

Clearly distinguish:

Evaluative Function: Incentives, merit increases, rewards

Developmental Function: Training, coaching, behavioral improvement

This ensures transparency and proper expectation setting.

5.6 Strengthen Effectiveness: PIP and Benchmarking

Require Performance Improvement Plans (PIP) for low performance and benchmark standards against HR industry leaders such as Mercer and Towers Watson.

5.7 Integrate the G.R.O.W.T.H.+ Coaching Framework

G.R.O.W.T.H.+ (Guiding Real Opportunities with Holistic Training and Grit) operationalizes the GROW Model and ensures that development conversations are structured, consistent, and documented.

Compliance with Ethical Standards

This study followed ethical guidelines in data collection, informed consent, voluntary participation, confidentiality, and responsible reporting of findings in alignment with institutional research protocols.

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