Charting a Course for Excellence: Exploring Performance Management in the Philippines

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Abstract

This study examined the state of performance management system (PMS) practices of Philippine organizations. Demographic variables of organizations were examined for their association with the existence of a written PMS. In addition, the association of PMS existence with specific PMS practices was assessed.

A researcher-designed survey was used to gather data from 343 human resource practitioners who represented their organizations. The instrument contains questions about demographic characteristics of their organizations as well as agreement questions to different facets of the four main PMS practices. Correlation tests were used to examine the association between the variables.

Among different demographic factors, only firm size was related to the formation of a written PMS with a weak relationship. A lack of regular updating and communication of job descriptions, failure to use performance metrics in determining actions to be taken regarding a staff's performance, lack of competent and trained superiors in evaluating their staff, and general dissatisfaction with the rewards received in exchange for their performance are some of the determining factors in the absence of effective PMS. PMS phase pairs are

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highly correlated. The study has implications in the development of effective PMS in the country.

Keywords: Performance Management, Philippine Companies, Strategic Performance Management Systems, Performance Appraisal, Human Resource Management

Introduction

Optimal organizational performance is now imperative in the competitive global market. The performance imperative is also seen in the public and non-profit sectors. To achieve high performance, performance management system (PMS) is implemented (Akhtar & Sushil, 2018). The essential elements of PMS are key performance indicators (KPI) that measure operational efficiency, productivity, quality, and effectiveness. These indicators are set, documented, monitored, and evaluated (Thomas, 2006) for the purpose of improving firm performance (Armstrong, 2006). PMS is used primarily in human resource management to manage employee behavior (Smith & Goddard, 2002). However, the purposes and models of PMS have changed over the years. PMS is now integrated with corporate and economic strategies (Hoh et al., 2019) and has included qualitative and external data (Hoh et al., 2019; Levy & Williams, 2004; Şerban & Herciu, 2019; Smith & Goddard, 2002). Successful PMS implementation includes total quality management, balanced scorecard, performance prism, and others. Even these models are adapted and modified by firms to suit their organizational needs (Armstrong, 2006).

PMS provides firms advantages in terms of financial performance, customer satisfaction, and employee retention (Aguinis & Pierce, 2008), and employee engagement and performance levels (Mone & London, 2010). The performance management application is increasingly developing in both privately-owned businesses and the public sector with such benefits (Beeri et al., 2019). However, firms must ensure that PMS is properly conceived and implemented to ensure gains and minimize its disadvantages, such as inconsistency, subjectivity, and incomparability issues (Bouckaert & Peters, 2002; Thomas, 2006; van Dooren, 2011), politicization and reliance on managers (Hawke, 2012; Şerban & Herciu, 2019; van Dooren, 2011), and negative effects on employees (Blackman et al., 2015). Also must be addressed are success and failure factors, such as organizational factors (Ammons et al., 2013), strategies (van Dooren, 2011), quality practices of top management,

process management, employee quality management, customer focus, and employee knowledge and education (Bouranta et al., 2019), counterproductive practices (Bouckaert & Peters, 2002), among others. Organizations must strengthen PMS good practices and address disadvantages to maximize the effect of PMS on performance.

Literature discussing PMS in the last 30 years reveals that practices within the PMS process is continuously evolving (Armstrong, 2006; Schleicher et al., 2019). For example, Smith and Goddard (2002) enumerate the PMS process as strategy formulation, development of performance measurement instruments, interpreting results, and organizational responses to performance information. Schleicher et al. (2018) include setting performance expectations, observing performance, integrating performance information, performative evaluation and feedback, performance review meetings, and performance coaching as PMS processes. Despite various models for explaining PMS, a four-stage system of expectation setting, documentation, evaluation, and rewards covers the intricacies of the PMS scenario in the Philippines. Expectation setting refers to organizational planning and setting key performance indicators (KPI). Documentation refers to the process of gathering data and evidence to measure KPI. Evaluation refers to the sense-making of the evidence, valuation, and appraisal of the employee based on KPI measurements. Rewards are organizational responses to performance measurements to sustain employee performance and address performance improvement. The Philippine Civil Service Commission (CSC), for example, supports strategic PMS, which comprises a performance-based incentive program that rewards both individuals and organizations in Philippine government agencies and offices (Civil Service Commission, 2012). The resulting typology used in the study resembles the Philippine framework used by government agencies and many commercial enterprises—the 2012 strategic PMS of the CSC.

Studies in the Philippines investigate specific issues in PMS, such as the extent of PMS and compensation practices. Based on a study by Resurreccion (2012), HR practices in performance management, especially employee benefits, are significant predictors of organizational competitiveness. An investigation of strategic management practices of multipurpose cooperatives reveals a positive relationship between strategic management and financial performance (Chungyas & Trinidad, 2022). Among micro- and small enterprises in Marinduque, human resources, including performance management practices, are

the least practiced. Operational business functions have positive correlations to performance. The enterprise's planning, implementation, and management directions contribute to micro- and small enterprises' success (Capiña, 2021). Another study about small and medium enterprises reveals that organizing practices have a positive relationship between strategic management and financial performance (Asuah-Duodu et al., 2019).

The Philippine economy comprises micro-, small, and medium-sized businesses that account for more than 99 percent of all industries in the nation (Department of Trade and Industry, 2020). This suggests that most organizations in the nation are informal. As a result, the existence of a documented and implemented PMS is a significant issue. Investigations about Philippine PMS are limited to specific contexts and case studies, such as micro- and small enterprises (Asuah-Duodu et al., 2019; Capiña, 2021), multipurpose cooperatives (Chungyas & Trinidad, 2022), and public schools (Temprosa, 2021). There is still a gap in studies examining the characteristics of multiple private organizations in the Philippines. While the public sector adheres to the CSC standard, private companies' PMS is still pragmatic. It has multiple forms, such as the sample international organizations Armstrong (2006) presents. Factors contributing to PMS successes and failures discussed in the previous section are essential in achieving high performance in Philippine organizations. However, it is unclear whether Philippine organizations are implementing genuine PMS, as Ammons et al. (2013) call it, a PM philosophy instead of a system. Hence, an inventory of the current state of Philippine PMS is warranted.

Particularly, to improve and promote PM practice in the country, it is interesting to investigate how disparities in Philippine organizations' demographics might be significant variables or predictors of having a written PMS. A written PMS, in the form of policy, memoranda, or other similar documents, serves as concrete evidence of an existing PMS in the organization. In implementing the previously outlined four-phase parts of the PMS, it is also critical to determine which tasks must be prioritized depending on organizational needs.

This study examined the state of PMS practices of Philippine organizations. Demographic variables of organizations were examined for their association with the existence of a written PMS. Important demographic variables identified in the study are type of sector, size

based on number of employees, business location, number of non-regular employees, and years of existence.

In addition, the association of PMS existence with specific PMS practices (expectations, documentation, evaluation, and rewards) were assessed. To gain an understanding of PMS practices in these four phases, agreements to specific statements related to each phase of PMS were obtained from organizations. Furthermore, associations among pairs of the four PMS phases were investigated to identify synergies within the PMS process.

Specifically, this study aimed to answer the following questions:

1. Is the existence of a written PMS related to:

    a. type of sector
    b. size based on number of employees
    c. business location
    d. number of non-regular employees
    e. years of existence

2. How does the existence of a written PMS relate to the respondents' scores for expectations, documentation, evaluation, and rewards?

3. What is the relationship among the expectations, documentation, evaluation, and rewards processes in a PMS?

Methodology

This cross-sectional exploratory study aimed to investigate the association between the presence of PMS and different demographic variables. We tested the association between each of the four stages of PMS. The researcher-created survey instrument comprises two sections: respondent demographic profile and PMS practices. The first part gathers demographic information on the organizations under examination and data from actual respondents representing their organizations. The second component is a survey designed by researchers that provides feedback on PMS procedures at each phase, which operationalizes the four PMS phases. On a scale of 1-10, respondents would agree or disagree with each statement. Statements in the instruments were collected from insights gleaned through

literature research and discussions with seasoned HR practitioners. The researcher-designed questionnaire was pre-tested before it was used in its final form. Vague and superfluous statements were removed resulting in 15 statements in each PMS phase for 60 items. The instrument was evaluated for dependability, with Cronbach alpha greater than 0.90, suggesting that it has high internal consistency.

Most formal businesses in the Philippines are concentrated in the national capital region (Metro Manila) and neighboring provinces (Department of Trade and Industry, 2020). Respondents chose to reflect this condition, as most participants came from the said areas (Table 1). The COVID-19 pandemic hampered data validation by limiting the time and availability to collect follow-up data with respondents.

The data was collected during a national conference of HR practitioners in the Philippines in 2019 with 1,700 participants from various organizations. We considered the attendees of the conference as the initial study population. We used ramdom sampling in selecting study participants. We asked HR practitioners to answer as a representative of their organization. We distributed the questionnaires to participants upon registration. Participation in the study was entirely voluntary and based on informed consent. A total of 349 questionnaires were completed and returned to data collectors. Six completed questionnaires were eliminated because they severely lacked responses. Thus, the study had a total of 343 respondents.

Table 1 below presents the demographic distribution of respondents. The sample accounted for 20 percent of the population with a margin of error of 5 percent and a confidence interval of 95 percent. As part of descriptive analysis, the study tabulated demographic data, means, and standard deviations of responses.

Due to the different natures of data gathered, we used different analysis techniques to answer the research questions. For research question 1, we used Chi-square test of independence and Cramer's V coefficient to determine the association of demographic variables with the existence of PMS and strength of relationship, respectively.

For research question 2, we used the principal component analysis, a form of factor analysis, to condense the questionnaire values into factor scores corresponding to the four PMS domains. We then used

independent samples t-test to determine if there were differences between PMS and non-PMS companies with respect to each of the PMS domains.

For research question 3, we used the factor scores developed in each PMS domain and tested whether there was a relation between pairs of the four PMS domains. We used the Pearson's correlation to test the correlation.

We further extended the analysis by conducting cluster analysis in each of the four PMS domains. We did this to identify groups with systematic differences in the sample. The interest was in the possibility that a given set of objects could be grouped into subjects that displayed systematic differences on the factor scores extracted from the Principal Component Analysis.

Results and Discussion

Findings are summarized as follows: (1) We presented the demographic data of the firms analyzed, including the availability of their PMS; (2) We then presented the data analysis for research questions 1, 2, and 3; and (3) We interpreted the data by corroborating it with existing literature in the discussion section.

Firm demographic characteristics

Respondents' answers in the first part of the survey (firm demographic characteristics) were summarized in describing the firms according to: (1) organizational type; (2) number of employees; (3) business location; (4) number of non-regular employees; (5) years of existence; (6) industry type; and (7) existence of PMS.

Table 1. Firm demographic characteristics (authors calculations)

Firms by organizational type	*freq*	%	**Firms by number of employees**	*freq*	%
Privately-owned	250	72.89%	Did not indicate	7	2.04%
Government	13	3.79%	1-25	48	13.99%
Government Owned and Controlled Corporation	4	1.17%	26-50	36	10.50%
Multinational	28	8.16%	51-100	40	11.66%
International	4	1.17%	101-200	45	13.12%
NGO	40	11.66%	201-400	43	12.54%
Did not indicate	4	1.17%	401-800	38	11.08%
Total	**343**	**100.00%**	801-1600	28	8.16%
			1601-3200	28	8.16%
			3201-6400	13	3.79%
			More than 6400	17	4.96%
			Total	**343**	**100%**

Firms by business location	*freq*	%
Metro manila	234	68.22%
CALABARZON	36	10.50%
Luzon	34	9.91%
Visayas	7	2.04%
Mindanao	20	5.83%
Multiple head offices	6	1.75%
Did not indicate	6	1.75%
Total	**343**	**100.00%**

Firms by number of non-regular employees	*freq*	%
1-20	110	32.07%
20-50	48	13.99%
50-100	41	11.95%
100-250	54	15.74%
250-500	17	4.96%
more than 500	46	13.41%
did not indicate	27	7.87%
Total	**343**	**100.00%**

Firms by industry	*freq*	%
manufacturing	*40*	11.66%
multiple industries	*30*	8.75%
health and healthcare	27	7.87%
wholesale	25	7.29%
construction, infrastructure, and urban development	25	7.29%
banking, finance, and capital markets	25	7.29%
business process outsourcing	20	5.83%
security	18	5.25%
professional services	14	4.08%
IT	14	4.08%
food and beverage	14	4.08%
digital communications and telecommunications	9	2.62%
academe	9	2.62%
supply Chain	7	2.04%
water	5	1.46%
oil and Gas	5	1.46%
energy utilities	5	1.46%
insurance and asset management	4	1.17%
electronics	4	1.17%
aviation and travel	4	1.17%
aerospace	2	0.58%
other industries	16	4.66%
did not indicate	21	6.12%
Total	**343**	**100.00%**

Firm size by years of existence	*freq*	%
Did not indicate	4	1.17%
Less than 1	3	0.87%
1-5	47	13.70%
5-10	46	13.41%
10-15	39	11.37%
15-20	36	10.50%
20-25	36	10.50%
25-50	82	23.91%
More than 50	50	14.58%
Total	**343**	**100.00%**

Firms by Existence of PMS	*freq*	%
Yes	269	78.43%
No	31	9.04%
Not sure	30	8.75%
Did not indicate	13	3.79%
Total	**343**	**100.00%**

Most or 72.9 percent of the companies represented were privately owned. NGOs made up the 11.7 percent of the surveyed companies. Only 1.17 percent was an international agency while 8.17 percent were multinational companies. Government agencies and GOCC accounted for less than 5 percent. In terms of business site or head office, majority or 68.2 percent were from Metro Manila. CALABARZON and the rest of Luzon accounted for about 10 percent of the participants. Visayas was the least represented with about 2 percent of the total number of participants.

Companies with 101-200 employees had the highest share at 13.1 percent, even as the median group was 201 to 400 employees. After the said group, the percentage of respondent companies decreases as the number of employees increases.

Most or 32.1 percent of the companies had less than 20 non-regular workers while 54 companies had more than 500 contractual employees. In terms of year of existence, the modal response was 25 - 50 years of the 23.9 percent of the sample, followed by those with greater than 50 years accounting for 14.6 percent of the sample. Majority or 78.43 percent of respondents indicated that they had a clear and written PMS, 8.7 percent indicated they were not sure, and 9 percent indicated they were sure that they did not have. Seven industries had more than 5 percent of the total representation in the study. The manufacturing industry

was the most represented industry with 11.7 percent. Companies belonging to multiple industries comprise 8.7 percent.

SPMS practices

The study's first goal was to acquire insight into the PM practices used in Philippine businesses. Expectations, documentation, evaluation, and rewards are the four components of the SPMS cycle. Therefore, the questionnaire was divided into four sections, each with 15 questions relating to a different stage of the SPMS cycle (Cf. appendix A for the actual questions. Only the question codes were retained in the data presentation).

The first phase of the SPMS cycle defines task and performance expectations as presented in table 2. Among the 15 items linked to the determination of work and performance objectives, the tenth statement: "Performance targets are expressed in terms of the expected results," got the greatest agreement average. It also had the lowest standard deviation. The first statement: "Job descriptions are constantly updated and communicated to job holders," had the lowest average agreement score. However, respondents might have different periods (quarterly, yearly, etc.) of communication of job descriptions.

Table 2. Mean responses and overall factor score of expectation and documentation factors (authors' calculations)

Expectations	N	Mean	SD	Documentation	N	Mean	SD
EX1	342	7.14	2.341	D1	341	7.92	1.819
EX2	341	7.31	2.394	D2	341	8.01	1.829
EX3	341	7.52	2.328	D3	340	7.68	1.990
EX4	341	7.80	2.161	D4	340	7.76	1.867
EX5	342	7.56	2.059	D5	342	7.60	1.985
EX6	339	7.69	1.986	D6	340	7.01	2.380
EX7	340	7.81	1.964	D7	336	7.24	2.260
EX8	338	7.96	1.922	D8	340	7.00	2.441
EX9	342	7.70	1.922	D9	341	7.55	2.148
EX10	342	8.09	1.872	D10	338	7.61	1.940
EX11	337	7.90	2.001	D11	339	7.61	1.993
EX12	340	7.84	2.090	D12	337	7.65	2.013
EX13	340	7.84	1.985	D13	338	7.61	2.053
EX14	338	7.74	2.004	D14	338	7.57	2.059
EX15	341	7.70	2.130	D15	338	7.50	2.095
Overall	343	7.70	1.742	Overall	342	7.55	1.800

The second item in the second phase (documentation): "Superiors are always available for staff consultation regarding the latter's work assignment," had the highest average among the monitoring and

documenting items (table 2). The eighth item: "Superiors conduct surprise or unannounced visits to inspect and check performance," had the lowest agreement score.

The item in the third phase (evaluation) of the SPMS cycle with the highest average was the yearly employee performance review using the company's evaluation tool. The tenth item on employing diverse assessment techniques for different employees had the lowest level of agreement. Table 3 displays the mean responses for each item in the questionnaire throughout the evaluation phase. Meanwhile, the third statement on performance ratings as a foundation for proper measures ranging from promotion to termination received the greatest average agreement score in the final phase. Employees' satisfaction with rewards (cash or non-monetary) received the lowest average agreement score. The mean scores given by respondents on each item on the rewards phase are also shown in table 3.

Table 3. Mean responses and overall factor score of evaluation and rewards factor (authors' calculations)

Evaluation	N	Mean	SD	Rewards	N	Mean	SD
EV1	338	8.31	1.978	R1	324	7.33	2.406
EV2	336	7.82	2.313	R2	325	7.14	2.406
EV3	337	7.89	2.435	R3	329	8.10	2.132
EV4	336	7.82	2.145	R4	327	7.97	2.146
EV5	338	7.94	2.101	R5	324	7.71	2.157
EV6	337	7.49	2.366	R6	323	7.47	2.422
EV7	336	7.78	2.074	R7	327	7.74	2.310
EV8	336	7.34	2.408	R8	323	7.16	2.599
EV9	336	7.19	2.457	R9	323	7.98	2.232
EV10	336	7.04	2.742	R10	320	7.34	2.422
EV11	331	7.95	2.066	R11	324	7.62	2.491
EV12	334	7.86	1.964	R12	321	7.11	2.546
EV13	333	8.17	1.891	R13	319	7.39	2.633
EV14	336	7.84	2.051	R14	319	7.36	2.677
EV15	334	7.76	2.126	R15	323	7.44	2.796
Overall	339	7.74	1.798	Overall	330	7.50	1.906

The summary of the agreement scores in all phases of PMS is illustrated in figure 1 and figure 2. All items were positively skewed. The first phase had the most consistent mean. Notice that there are some outliers on the lower end of the scale. However, the highest overall mean agreement score was recorded in the evaluation phase.

Figure 1 Boxplot of agreement scores on the expectation and documentation items (image by the authors)

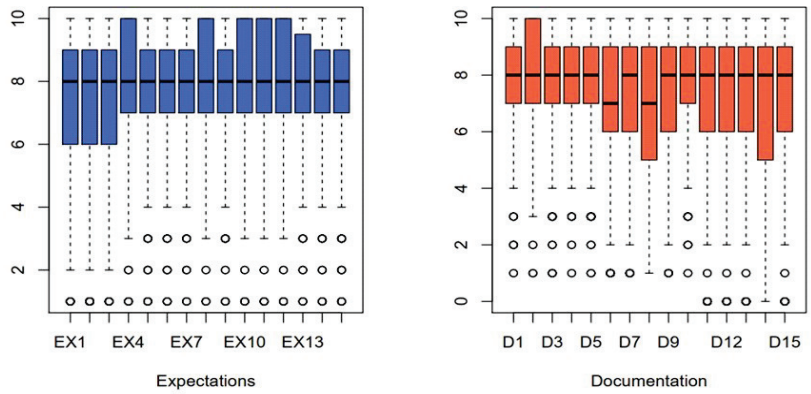
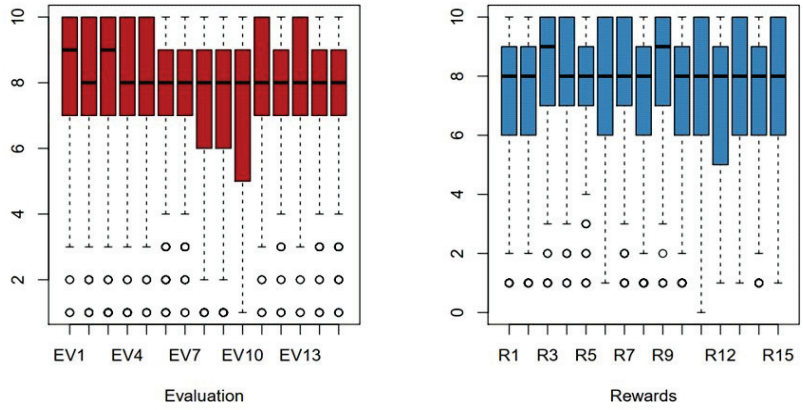


Figure 2 Boxplot of Agreement Scores on the Evaluation and Rewards Items (image by the authors)



Tests of association between variables

For research question 1, we tested if there was evidence to support an association between the different demographic characteristics and existence of a written PMS manual. We investigated the following demographic factors: industry (single vs. multiple industries); sector type (private vs. non-private); years of existence; company size based on number of regular employees; company size based on number of non-regular employees; and business site.[1]

[1]Due to space constraints, cross tabulations are available via correspondence with the authors.

Among all demographic factors, only firm size had significant evidence to indicate association with the existence of a written PMS ($\chi 2 = 11{,}869$, p-value = 0.003). However, there was weak association strength (Cramer's V = 0.2) between the two.

Neither number of years in business ($\chi 2 = 1.266$, p-value = 0.531), number of non-regular workers ($\chi 2 = 2.190$, p-value = 0.335), nor business location ($\chi 2 = 0.004$, p-value = 0.949) was associated with the presence of a documented PMS.

The other variables' connection tests (number of industries represented, company type) yielded inconclusive findings, as some cross tabulation cells had less than the minimum expected count for a $\chi 2$ test. These variables may be tested in future research designs.

For research question 2, we computed factor scores to obtain a single observation per PMS phase. These are presented in table 4. Based on descriptive statistics, the factor scores of those without written PMS were on the negative, which means below average, while those with written PMS were slightly above zero. The mean differences of the factor scores were apparent on the descriptive statistics. It should be noted how the sample size between the groups were highly imbalanced. Because of this, standard deviation and standard error were lower for the bigger group because of the imbalance in sample size.

Table 4. Factor Scores by Written PMS (author's calculations)

	Without PMS				With PMS			
	N	Mean	SD	SE	N	Mean	SD	SE
Expectation	31	-0.67	1.31	0.24	269	0.11	0.934	0.057
Documentation	31	-0.59	1.29	0.23	268	0.09	0.946	0.058
Evaluation	31	-0.60	1.28	0.23	266	0.16	0.899	0.055
Rewards	31	-0.48	1.17	0.21	260	0.16	0.886	0.055

To answer research question 2, we used the independent samples t-test to determine if there was evidence for the association of existence of PMS, and each of the PMS domains. This is presented in table 5.

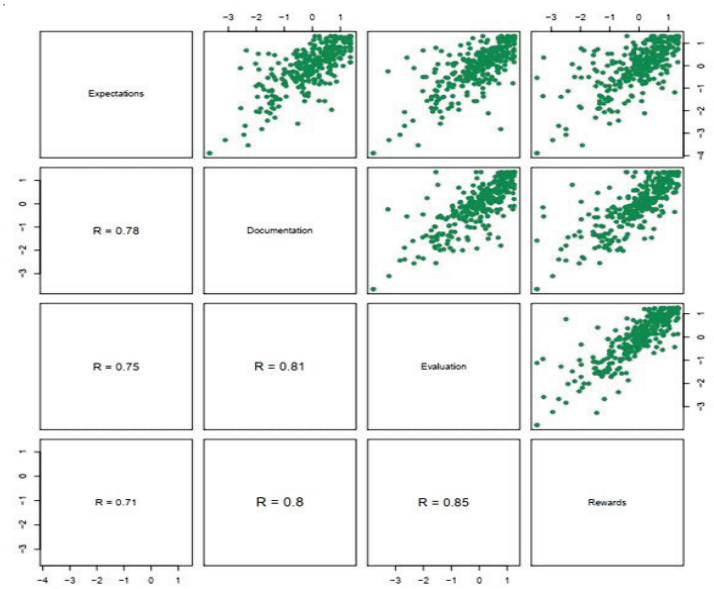
Table 5. t-test for Equality of Means (author's calculations)

	t	df	p-Value	Mean Diff	SE	95% CI
Expectation	-3.24	33.62	0.003	-0.78	0.242	(-1.28, -.029)
Documentation	-2.89	33.86	0.007	-0.69	0.238	(-1.17, -0.20)
Evaluation	-3.21	33.54	0.003	-0.76	0.236	(-1.24, -0.28)
Rewards	-3.67	289	0.000	-0.64	0.175	(-0.98, -0.30)

Results show that we can reject the null hypotheses and state that, with 95 percent confidence, there was evidence on the association of the existence of PMS to practices of expectation, documentation, evaluation, and rewards. This implies that those with a written PMS could improve practices in the said domains than those without a written PMS.

For research question 3, all conceivable combinations of the four PMS factors—expectation, documentation, evaluation, and rewards—were evaluated for association (figure 3). The figure shows Pearson's correlation and scatter plot of all possible pairings of the four factors. The diagonal elements of the correlation matrix denote the factors of interest. The intersection of the factors in the upper panel is their scatter plot. Pearson's correlation of the two intersecting factors is shown in the lower panel. All six possible combinations of the four factors were found to have a significant strong positive correlation among them. This is visually clear as the increasing trend can be seen from the scatter plots. Documentation and evaluation factors had the strongest correlation. This implies that all domains of PMS were very related to one another, and their synergy must be capitalized for organizational performance.

Figure 3. Correlation plot by PMS factors (image by the authors)



Finally, as an extension of our analysis, we conducted the cluster analysis by dividing the sample (companies) into four groups of varying sizes (table 6). The first cluster included almost half of the sample, with 47.5 percent. Members of the third cluster were the fewest with 7 companies or 2 percent of the sample.

Table 6. Cluster Membership (authors' calculations)

Cluster	Frequency	Percent
1	163	47.52%
2	117	34.11%
3	7	2.04%
4	56	16.33%
Total	343	100.00%

The clusters formed by the PMS factors are tabulated in table 7 while a boxplot illustrates the distribution of data per cluster in figure 4 and figure 5. Based on our data, the first cluster had the highest factor scores, which was above average, around 8 on the 10-point scale. Cluster 2 was slightly below average across the four factors. Very few companies in cluster 3 rated themselves below average. Cluster 4 had mean factor scores moderately below average.

Table 7. Clusters formed by PMS factors

	Cluster			
Factor	1	2	3	4
Expectation	0.73	-0.36	-3.18	-0.99
Documentation	0.75	-0.22	-2.83	-1.38
Evaluation	0.71	-0.16	-3.04	-1.34
Rewards	0.72	-0.15	-2.78	-1.42

Figure 4. Boxplot of expectations and documentation factors by cluster (image by the authors)

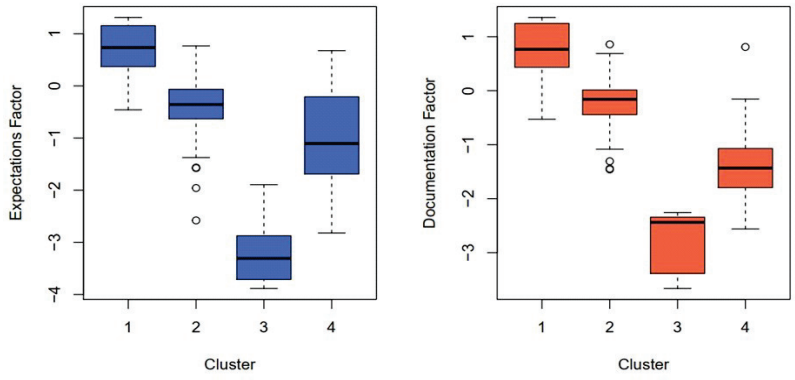
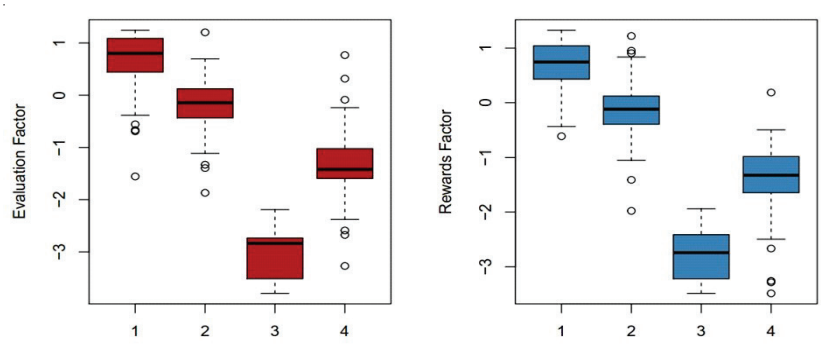


Figure 5. Boxplot of evaluations and rewards factors by cluster
(image by the authors)



Discussion

This study, which sought to characterize performance management systems (PMS) practices in Philippine organizations across all industries, shed light on the widely used PM methods and gaps in the country's PMS. Furthermore, this study investigated the associations between the presence of an established written PMS and the different demographic factors of the organization. The existence of a written PMS was associated with the firm's size of workforce given a weak association strength.

Four separate PMS phases were identified: expectation setting, documentation, evaluation, and reward management. The study reveals that the existence of PMS was related to each of the PMS practices. A written PMS facilitates the effective implementation of the four domains.

Around 78.43 percent of the participating firms had a PMS while 9.04 percent had not. Meanwhile, 8.7 percent of those polled were unclear about their firms having a well-established PMS. These statistics show that project management software was a commonly utilized tool in Philippine businesses. High prevalence of PMS in the country means that organizations were starting to appreciate the value of PMS and HR techniques in improving competitiveness (Resurreccion, 2012). Private entities use their PMS as a comprehensive and verifiable basis for assessing the performance of their employees and organization while aligning their daily performance goals with their vision, mission, and long-term goals.

Expectation setting

According to the findings of this study, the use of expected outcomes to describe performance targets (mean = 8.09) was the most often implemented performance management technique in the expectation setting phase. Setting targets is one of the first activities in PMS. Therefore, understandably, most organizations prioritize this activity. It is desirable to know if organizations follow through with the succeeding PMS activities aligned with the use of expected outcomes. On the other hand, participants agreed the least on revising and conveying job descriptions to job holders (mean = 7.14). This is consistent with Thomas (2006) and Smith and Goddard (2002) that top-down articulated results do not successfully trickle down to all organization members. Ilyas et al. (2021) report the negative impacts on worker stress due to ambiguous job descriptions offered to informal laborers. Most organizations in the Philippines are small and medium enterprises. This implies that most are resorting to informal work arrangements.

Documentation

The availability of superiors for staff consultation over job assignments was recognized as the most prevalent element in the documentation procedures of the participating firms (mean = 8.01). This is a good indicator of PMS practice in the Philippines, as the involvement of immediate superiors are predictors of PMS success (Ammons et al., 2013).

Meanwhile, the least used method of recording employee performance was through surprise visits, inspection, and actual observation (mean = 7.01). Surprise visits are essential to reduce evaluation bias, especially in the Philippines, where social relationships shape work experiences. For instance, through their exploration of the personal and contextual factors shaping work experiences of social enterprises, a narrative is on managing relationships. The results, along with other narratives (serving others, supporting family, personal learning), how those relationships in collectivist cultures are essential even in the enterprise setting (Caringal-Go & Canoy, 2019).

Philippine PMS's most remarkable and least relevant documentation methods are linked to workplace relationship ideas. These could be related to the distinct culture in Filipino workplaces. The concept of *kapwa* is often mentioned in Filipino psychology as profoundly rooted in Filipino society. *Kapwa*, which alludes to oneness of the 'self' with

the 'others,' implies action; it leads to Filipinos' relationships and everyday interactions in various parts of their lives, including work (Enriquez, 2010; Reyes, 2015). According to a research that looks at personal and environmental aspects affecting work experiences of Filipino social enterprise employees, employees regard individuals they work with as family (Caringal-Go & Canoy, 2019). Using this assumption, supervisors who are regularly available for advice on job tasks may be explained, as communication between family members is more accessible.

Seeing co-workers as family members is unquestionably helpful, but it may also lead to role problems. Managers and supervisors frequently struggle to balance their responsibilities to uphold company rules and their relationships with their subordinates (Caringal-Go & Canoy, 2019). This could explain why organizations rarely used surprise visits, inspections, and essential observation tools to monitor employee performance. Conflict between managers' management voices that aim to maintain efficiency and the voice of empathy for co-workers makes it challenging to deploy monitoring techniques that may damage workplace relationships.

Evaluation

In Philippine firms, performance was reviewed and monitored yearly using the company's performance evaluation tool (mean = 8.31). Traditional performance evaluation methods include closed-door meetings and yearly performance evaluations between managers and subordinates. They were often conducted towards the end of a fiscal year to cover the current year's performance outcomes and compare them to prior years. This approach made it easy to compare employee performance, as employee performance and progress measurements became standardized.

Furthermore, it helped workers understand how well their work compared to the organization's standards and revealed crucial areas for growth in the employees' skills. However, once a year, analyzing and evaluating performance had drawbacks. Because dated feedback was often unrelated to the projects and activities that employees were working on, performance assessments could undermine the desire to contribute to the future. Managers focused on areas for improvement during an assessment, but employees were more concerned about incentives and prospects for development following the review.

Performance appraisals were ineffective due to the managers' and their employees' opposing perceptions (van Dooren, 2011).

According to the findings of this study, supervisors were seldom competent in evaluating their workers and were rarely trained in performance evaluation (mean = 7.04). Difficulty in finding training providers specializing entirely in performance assessment and costly expense could explain why most Filipino managers were not trained in performance evaluation and could not evaluate their subordinates. Lack of evaluator training is one of the contributors to PMS failures (van Dooren, 2011). Hence, educating evaluators is highly suggested since it will aid companies in resolving difficulties related to errors throughout the assessment process, such as reducing prejudices, stereotyping, and many other concerns (Lussier & Hendon, 2016). Line managers and superiors must have the desire and opportunity to execute PMS responsibilities and the ability to conduct PMS (van Waeyenberg & Decramer, 2018).

Rewards

Reward management and PMS are intertwined so that findings of evidence-based performance evaluations serve as the foundation for employee awards. Although performance evaluations are primarily utilized for reward management, results can also be used as the basis for other evaluative judgments made by the administration, such as demotions, training and development, and termination (Lussier & Hendon, 2016). The same holds for Philippine businesses. It was discovered that HR departments in the nation used the outcomes of performance evaluations to lead employee actions, such as sanctions, promotions, transfers, demotions, and developmental assignments (mean = 8.10). In Hoh et al.'s qualitative analysis (2019), participants' most crucial emotional event categories were monetary reward, act of management, act of co-workers, and goal setting.

However, Filipino employees were unsatisfied with the monetary and non-monetary incentives offered for their performance (mean = 7.11). Even though Filipinos are more intrinsically driven, cash is still the most favored incentive type when given concrete alternatives. Long and Shields (2010) obesrve the same in their Australian and Canadian case studies. Using this assumption, when the government formally implemented a performance-based incentive scheme in 2012, it used

cash as the primary incentive to encourage public sector personnel (Civil Service Commission, 2012). Executive Order No. 80 authorizes a statewide, integrated incentive scheme in which government workers may receive added pay ranging from Php 5,000 to Php 35,000 based on their contributions to the agency's accomplishments. The amount they can earn is calculated as a percentage of their income, determined by their performance-based bonus or productivity enhancement incentives. This strategy was created to increase staff performance, drive agencies toward better productivity and responsibility, and ensure commitment objectives are met. Employees in the Philippines, in general, are dissatisfied with the performance-based awards they receive for their efforts. More studies may validate this with the aspects that influence satisfaction with performance-based incentives.

Relationship between PMS and company size

According to study findings, there was a weak correlation between firm size and the likelihood of having an established PMS. Due to the small sample size, further correlation tests produced inconclusive findings. This implies that small organizations, which form most businesses in the country, were still using informal performance management methods owing to their familial or social nature. Despite the high percentage of respondents reporting the existence of their own PMS, it might be the case that some organizations polled had their PMS still in their infancy stage, in the case of a small number of organization members. The unpacking of the development stage of PMS is aligned with the call to focus on systems variables other than the examination of PMS processes in organizations (Schleicher et al., 2018). Improving small and medium enterprises should be the focus of policy to improve overall performance of Philippine firms (Capiña, 2021).

Relationship between documentation and evaluation

Findings also show that all pairings of the four PMS stages, namely expectation setting, documentation, evaluation, and rewards, had a strong correlation. The strongest link was found between documentation and assessment. Monitoring and assessment had the strongest link among the four performance management phases, as their definitions and goals were intimately related. In performance management, monitoring is a method for obtaining information to show an employee's progress toward meeting performance objectives. At the

same time, assessment synthesizes judgments about an employee's performance based on data acquired via monitoring. From the model of Schleicher et al. (2018), all processes of PMS are interconnected, and activities in one element are essential in the others. This interconnectedness was also seen in the positive correlations among the pairs of PMS domains.

Conclusion and Recommendations

In this study, we explored the state of PMS in selected Philippine organizations. Respondents were various HR representatives of the companies investigated. Despite the presence of different ranks in the respondent pool, most HR respondents were rank and file employees of the company for 1 to 5 years. The organizations investigated came from different industries, but the manufacturing industry was most represented with 11.7 percent of respondents, followed by those from multiple industries. Companies from the private sector made up almost three-fourths of the respondents.

Among all demographic variables in question, only the company's size was associated with the establishment of a written PMS. Furthermore, data show a weak relationship between a company's size and a well-established documented PMS. Other variables tested were not associated (years of existence, non-regular employees, and business site) or inconclusive (number of industries represented and company type). The factor scores of those with written PMS were significantly greater than those without written PMS. Additionally, clustering distinguished a minority of companies with way below average factor scores.

In terms of PMS practices per phase, minimum average score across all items in the instrument was 7.04. Hence, it could be concluded that respondents were high rates of assessing their own PMS. The following practices in Philippine PMS were observed to identify barriers to the establishment of effective PM systems: (1) job descriptions not constantly updated and communicated to jobholders; (2) failure to use performance metrics to determine actions to be taken regarding a staff's performance; (3) superiors without competence and training in evaluating their staff; and (4) employees generally dissatisfied with the rewards they received in exchange for their performance.

Finally, there were significant relationships between each pairing of the four PMS stages. Study findings could be used to provide a baseline for the country's PMS implementation status, including its strengths and flaws. Further research could investigate added factors that could predict the existence of PMS in the organization.

Some issues highlighted for adopting PMS in Philippine organizations include training immediate supervisors in performance monitoring and assessment, optimizing internal procedures, such as updating job descriptions and strengthening incentive programs. According to the study, respondents working in companies with performance management had higher expectations, documentation, evaluation, and rewards. Smaller firms must use a PMS as well. According to the poll, while only larger firms were more likely to have PMS, more knowledge of the benefits of implementing PMS is critical. Study findings could be helpful to HR managers who oversee and implement PMS in their firms. Trade unions could campaign to adopt a fair and just PMS in their organizations.

Declaration of funding and conflicts of interest

The authors declare no conflicts of interest in writing the paper. The study did not receive any external grant or funding from any organizations.

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1 Appendix A: PMS Phases Questionnaire

Table A.1: Expectation setting

Variable	Statement
EX1	Job descriptions are always updated & communicated to jobholders.
EX2	Key result areas are indicated in the job descriptions.
EX3	Performance targets are set months before the start of the next fiscal / calendar year period.
EX4	Both superior & subordinate discuss to agree on performance targets.
EX5	Changes in performance targets are subject to negotiation between the superior & the subordinate.
EX6	Superiors provide sufficient time to review performance targets & metrics.
EX7	The company expressed performance targets in a clear and specific manner.
EX8	The company sets measurable performance targets.
EX9	Performance targets are attainable/achievable considering employees' workload & context.
EX10	Superiors ensure that performance targets are relevant to the business/department.
EX11	Past company performances are reviewed to establish performance targets for the following year.
EX12	The company has a strategic plan (long-term) & it is well communicated to the employees.
EX13	The company has an annual plan (short-term) & it is thoroughly communicated to all employees.
EX14	Department's annual plan & job descriptions are bases for the setting up of employees' performance targets.
EX15	Superiors are trained and capable of setting performance targets.

Table A.2: Monitoring and documentation

Variable	Statement
D1	Superiors give praise to their subordinates, who have exemplary performance.
D2	Superiors are available for consultation on subordinates' work assignment concerns.
D3	Superiors maintain a record of both negative & positive observations on their subordinates' performance.
D4	Superiors conduct regular meetings with subordinates to discuss their work progress.
D5	Superiors take appropriate actions such as coaching, counseling, or mentoring depending on what they have observed.
D6	Superiors use dashboards to monitor subordinates' work progress.
D7	Superiors use checklists in tracking the performance of their subordinates.
D8	Superiors conduct surprise or unannounced visits to inspect & check performance.
D9	Superiors require subordinates to submit written reports to monitor their work progress.
D10	Superiors are trained & competent in the art of delegating tasks to their subordinates.
D11	Superiors are trained & competent in monitoring and documenting their subordinates' work performance.
D12	Superiors are trained & competent in giving performance feedback.
D13	Superiors are trained & competent on how to coach their subordinates.
D14	Superiors are trained & competent in giving praise and recognition.
D15	Superiors are trained & competent in conducting disciplinary action for non-performing subordinates.

Table A.3: Evaluation of employee performance

Variable	Statement
EV1	Employee performance is evaluated and reviewed yearly using the company's evaluation instrument.
EV2	Subordinates are required to evaluate their respective performance level.
EV3	The company uses one performance evaluation instrument for all employees.
EV4	The immediate superior & some other individuals are collaborating in evaluating employee performance.
EV5	Reports & other proofs of accomplishments support performance ratings.
EV6	The company's performance evaluation instrument has been tested for validity and reliability before use.
EV7	The company's performance evaluation policy is effectively communicated to & understood by the workforce.
EV8	The company has a committee that checks on the overall consistency of the ratings across the entire organization.
EV9	The company has grievance machinery that handles complaints relative to performance ratings.
EV10	The company uses different performance evaluation instruments for different categories of employees.
EV11	Superiors measure both employee outputs & behavioral competencies.
EV12	The atmosphere during formal performance discussion is typically positive, cordial & civil.
EV13	Performance review & evaluation session is done privately in a conducive environment.
EV14	Performance gaps are discussed to come up with concrete solutions.
EV15	Superiors devote ample time to prepare for the performance review & evaluation session.

Table A.4 Allocation of rewards

Variable	Statement
R1	Superiors are obliged to come up with a development plan for each subordinate.
R2	The company benchmarks with other companies to come up with competitive performance-related rewards.
R3	The HR department uses the performance ratings for actions such as merit pay increase, promotion, lateral transfer, demotion, disciplinary action, termination, etc. of employees.
R4	The company has a policy & guidelines on performance-related rewards.
R5	Before finalization, both superior & subordinates confer to agree on the developmental plan for the latter.
R6	There is no bias & favoritism in the giving or provision of merit rewards.
R7	The company provides non-cash incentives such as plaque of certification, commendation letters, tokens, etc. to recognize performing employees.
R8	The company is firm in not giving rewards to non-performing employees.
R9	The performance rating is used to pay increase or adjustment.
R10	The company has a mechanism to address any merit rewards grievances.
R11	The company provides a monetary bonus for the performers; however, such is not incorporated in basic salary.
R12	Employees are contented with the rewards (cash and non-cash) that they receive.
R13	Merit increase is expressed as a percentage of employee's basic salary.
R14	Merit increase is expressed in absolute amount depending on the performance level.
R15	The company gives a merit increase per year.