

# A STUDY ON THE PERCEPTION OF EMPLOYEES TOWARDS 360 DEGREE PERFORMANCE APPRAISAL IN MURLI INDUSTRIES LIMITED

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**Abstract** - In today's scenario, human resources are to be considered as a very important asset of the company and the importance of human resources is very well known to the organization. The success of any organization depends on its ability to correctly measure the performance of its members and use that measure to neutrally boost and optimize the performance. In modern business scenarios where job roles have become more diverse it's not easy to measure the performance of any employee. This is where performance appraisal methods can be really helpful. It is considered as the most comprehensive appraisal where the feedback about the employees' performance comes from all the sources that come in contact with the employee on his job. This method is being used in companies like Google, Maruti Suzuki Motors, HCL, Infosys, Wipro etc. This paper evaluates the Perception of Employees towards 360 Degree Performance Appraisal, followed at Murli Industries, Nagpur.

For the purpose of research, the primary data has been collected through questionnaire based on Likert Scale, filled by the employees of Murli Industries. The statistical tool Multi discriminant Analysis has been used for the analysis of data.

**Keywords** - 360 Degree Appraisal, Multi-Rater Feedback, Self- Awareness, Self- Development.

## I. INTRODUCTION

In Human Resource management, 360 degree feedback, also known as multi-rater feedback, multisource feedback or multi source assessment is a process utilized by the organizations to solicit information from a variety of workplace sources of employee's work-related behaviour and/or performance. It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self. Peter Ward in his book 360 degree Feedback-A Management Tool, defined "360 degree feedback as the systematic collection and feedback of performance data on an individual or group derived from a number of stakeholders in their performance". This technique is highly useful in terms of broader perspective, greater self-development and multi-source feedback. 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills. This paper is a study of the 360 degree performance appraisal method used by Murli Industries, Nagpur to evaluate the performance of its employees. Most often, 360-degree feedback will include direct feedback from an employee's subordinates, peers (colleagues), and supervisor(s), as well as a self-evaluation. 360 degree feedback is commonly used for learning & development of the participants, for supporting the remuneration decisions, for appraisal and for resourcing & succession planning.

Appraisal under this method is done with the help of questionnaires containing the list of competencies against which the individuals are ranked, thus it ensures anonymity of the person filling the

questionnaire. The questionnaire generally contains aspects like self awareness, continual development, job-satisfaction etc.

## II. LITERATURE REVIEW

The available literature provides an overview regarding how this method is beneficial for increasing the overall efficiency of the employee as an individual and the firm as a whole, and as a result performance improves and training and development leads to real opportunities for promotion within the company.

**Ghutke, Jaiswal, Dr Thakur (2014)** concluded that the 360 performance appraisal system enables the appraisee to gain a better insight into his/her strengths and weakness. **Robertson (2010)** highlighted on the impact of gender differences on seniority level by using 360 degree assessments which has a behavioural impact on influencing, leadership and team behaviours. **Drew (2009)** highlighted on individual leadership development by using 360 degree feedback. **Baker (2009)** highlighted on 360 degree appraisal which is a simple pragmatic solution for doctors. **Stark, Kornstein & Karani (2008)** highlighted on the degree of effect 360 degree feedback has on the comfort level of faculty and their skills. **Newbold (2008)** says 360 degree appraisals are classics. 360 degree appraisals are a powerful addition to the performance management system. **Morse (2007)** discussed about the gender differences within the 360 managerial performance appraisals. It was found in the study that 360 appraisal systems does not discriminate the female managers in relation to their male counterparts. **Alexander (2006)** focused on how 360 degree feedback affects the employee

attitude, effectiveness and performance. **Prideaux (2006)** highlighted on using of Multi-Source Feedback in converting professionals into managers. The limitation of the study was it was conducted in a particular organization and the results can't be generalized.

### III. OBJECTIVE OF THE STUDY

1. To study the concept of Performance Appraisal and 360° Performance Appraisal.
2. To reveal the perception of employees of Murli Industries Limited towards 360° Feedback System.

### IV. RESEARCH METHODOLOGY

**-Sample Design** – Murli Industries Ltd. is the leading manufacturers of all types of paper & paper boards, cement, edible oil, pulps, solvent and power, located in Nagpur. For the purpose of study, primary data has been collected by convenient sampling from 60 respondents (employees of Murli Industries, Nagpur) to identify their attitude, perception, opinion towards their performance appraisal system.

#### **-Hypothesis:**

$H_0$  = The 360° Performance Appraisal System has no effect on the perception of employees of Murli Industries Limited.

$H_1$  = The 360° Performance Appraisal System have an effect on the perception of employees of Murli Industries Limited.

**-Sources of Data** – The primary data as well as secondary data have been used.

**-Sample Size** – Data has been collected from 60 employees through questionnaire.

**-Tools Used** – The statistical tool i.e. Multi Discriminant Analysis has been used to study the perception of employees.

### V. ANALYSIS OF DATA

An instrument was developed in the questionnaire consisting of 34 statements to explore the Perception of Employees towards 360 Degree Performance Appraisal, followed at Murli Industries, Nagpur. The respondents were asked to rate their agreement with these statements on a five point Likert rating scale. Their responses have been used to compute a quantitative measure named as Performance Appraisal Perception Scores (PAPS) for the purpose of analysis in the forthcoming sections.

The above 5 point rating scale was given a numerical value ranging from 1 to 5. The scores of all the statements have been added to calculate aggregate Performance Appraisal Perception Scores (PAPS) for

each respondent. The scores of individual statements have been used to identify the factors using multivariate technique of factor analysis.

#### **Reliability of the Instrument:**

To measure the internal consistency and reliability of the instrument developed to identify the factors for perception of employees, Cronbach's Coefficient  $\alpha$  was calculated by using SPSS. The value of Cronbach's  $\alpha$  are summarized below in table:

#### **Case Processing Summary**

		Case Processing Summary	Case Processing Summary	Case Processing Summary
Cases	Valid	60	100.0	
	Excluded <sup>a</sup>	0	.0	
	Total	60	100.0	

#### **Reliability Statistics**

Cronbach's Alpha	N of Items
.722	34

As it can be observed that the instrument for evaluating perception has attained a Cronbach  $\alpha$  value as 0.722. For the purpose of basic research the Cronbach  $\alpha$  values should be higher than 0.7 to 0.8. A Cronbach  $\alpha$  of approximately near to threshold limit of .7 is enough to prove consistency in responses.

#### **-Identification of Factors for evaluation of 360 Degree Performance Appraisal**

As it has already been discussed that a separate instrument containing 34 statements was inserted in questionnaire to study the perception of employees towards 360 degree performance appraisal system at Murli Industries. To eliminate the problems in analysing large number of variables i.e. 34, closely related variables have been clubbed using factor analysis. The technique factor analysis provides an easy and proper way to reducing number of variables in a research problem to a concise or manageable number by combining selected ones in to factors (Nargundkar, 2005). A 14 factor solution was sought from factor analysis using Statistical Package for Social Sciences (SPSS). The principle component analysis method of extraction and varimax method of rotation has been used. Before using factor techniques, the appropriateness of data set for factor model was tested using Kaiser Meyer Olkin (KMO). The value of KMO statistic 0.512 was found which is greater than the desirable value 0.5. Thus the correlation between the pairs of variables is explained by other variables and hence factor analysis was found to be an appropriate analysis technique.

Bartlett's-test of sphericity was used to test the null hypothesis that variables are uncorrelated, thus the

correlation matrix is identity matrix. As it can be seen from the below table that this null hypothesis is rejected as the appropriate chi-square statistic is significant at 0.05 level. The appropriateness of factor analysis is thus automatically proved.

### KMO and Bartlett's Test

KMO and Bartlett's Test <sup>a</sup>		.512
KMO and Bartlett's Test <sup>a</sup>	Approx. Chi-Square	684.492
	df	561
	Sig.	.000

The thirteen factor solution given by SPSS has explained 75.051% variance. These factors were extracted by using rotated component matrix and were identified according to largest loading values in a particular factor.

The variables or statements clubbed under factors were as under:

S. No	Name of the Factors
1	Creating self-awareness among the employees
2	Helps in continual development
3	Reveals unique information
4	Creates tension among the staff
5	Helps in building confidence
6	Fosters transparency within the organization
7	Acts as trigger for change.
8	Facilitates change
9	Leads to job satisfaction
10	Time Consuming process
11	Helps in giving constructive criticism
12	Better than other traditional method
13	Reveals expected working competencies.
14	Honest feedback is given

**Factor 1: Creating self-awareness among the employees:** This factor has explained variance of 10.434%. The statements included in this factor are:

- The 360 degree performance appraisal helps in creating self-awareness among the employees
- It provides a more objective and accurate view of individual contributions and effectiveness.
- It helps in discovering the areas which are needed to be improved.

**Factor 2: Helps in continual development:** This factor has explained variance of 7.845%. The statements included in this factor are:

- The process helps in continual development of the department.
- It is a great tool for transforming and improving the performance of the employees
- It develops the culture of continuous improvement within the organization.

**Factor 3: Reveals unique information:** This factor has explained variance of 7.735%. The statements included in this factor are:

- It exposes issues and targets that need to be worked upon.
- It reveals unique information, not known through routine interactions.

**Factor 4: Creates tension among the staff:** This factor has explained variance of 6.532%. The statements included in this factor are:

- The exchanged feedback causes troubles and tensions in the staff.
- The negative comments received by this method have an adverse effect on the individuals.

**Factor 5: Helps in building confidence:** This factor has explained variance of 6.238%. The statements included in this factor are:

- This appraisal technique builds confidence and boosts morale of the workforce.
- It empowers employees to feel they have their standing in the organisation.

**Factor 6: Helps in building confidence:** This factor has explained variance of 5.087%. The statements included in this factor are:

- Combining perspectives from all hierarchies helps to provide a better analysis of performances.
- It improves the credibility of performance appraisal and giving more accurate assessment.
- 360 degree performance appraisal fosters transparency within the organization.
- It solves the problem of receiving biased feedback from the supervisors.

**Factor 7: Acts as trigger for change:** This factor has explained variance of 4.852%. The statements included in this factor are:

- The 360 degree feedback results in real behavioural change.
- It acts as a powerful trigger for change.

**Factor 8: Facilitates change:** This factor has explained variance of 4.652%. The statements included in this factor are:

- It promotes a safe environment to share feedback/opinion.
- The process helps to facilitate communication within the organisation.
- Due to risk of confidentiality, the feedback given is not correct.
- Creates an atmosphere of teamwork and improvement.

**Factor 9: Leads to job satisfaction:** This factor has explained variance of 4.204%. The statements included in this factor are:

- It leads to added job satisfaction by assessing the supervisors and colleagues.
- It creates an environment of trust within the organisation.

**Factor 10: Time Consuming process:** This factor has explained variance of 3.791%. The statement included in this factor is:-The process consumes time.

### **Factor 11: Helps in giving constructive criticism:**

This factor has explained variance of 3.685%. The statements included in this factor are:

- It gives constructive criticism in a friendly and positive manner.
- It works a platform to complain, without following the normal complaint procedure.

### **Factor 12: Better than other traditional method:**

This factor has explained variance of 3.457%. The statement included in this factor is:

- This method is better than other traditional methods of performance appraisal.

### **Factor 13: Reveals expected working competencies:**

This factor has explained variance of 3.392%.

The statements included in this factor are:

- It embeds values and reveals expected working competencies.

- It gives a view of one's role expectation within the organisation.

-360-degree feedback helps everyone to work for a common standard and institutionalize performance management.

-Gaps are identified in one's self-perception versus the perception of the manager, peer or direct reports.

**Factor 14: Honest feedback is given.** This factor has explained variance of 3.146%. The statements included in this factor are:

-Appraisal of the executives, by conducting anonymous review elicit most genuine response.

-Honest feedback is given by this method of performance appraisal.

## **CONCLUSION**

The 360 degree feedback is the most comprehensive appraisal where the feedback about the employees' performance comes from all the sources that come in contact with the employee on his job. As per the results of the study, most of the employees in the organization are fairly satisfied with the 360 degree appraisal system in the organization, and consider it a good method to evaluate the performance. Furthermore, the study indicated that the 360 Degree Appraisal system is effective in enhancing job satisfaction, identifying the training needs, fostering transparency and facilitating communication within an organization. It also facilitates positive behavioral and cultural changes within organizations.

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