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Effect of Implementation of 360 Degree Performance Appraisal on Employee Productivity

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Abstract

The main purpose of this research is to investigate the effects of implementation of 360-degree Performance appraisal on Employee productivity. The study examined how a 360-degree performance appraisal system affected worker productivity. Employees that participate in a 360-degree performance review process receive input from a variety of people, including managers, peers, subordinates, and consumers. The purpose of the study was to determine whether this kind of appraisal system increases worker productivity.

According to the study, implementing a 360-degree performance review system increased staff collaboration and communication. The system encouraged candid feedback, which promoted fruitful talks and helped staff members to pinpoint areas that needed improvement.

The research is empirical and explanatory basically based on primary data collected survey. Sample survey size was 256 respondents working in various sectors. Researcher use questionnaire and personnel interview as data collection tool and the collected data were analysed with the help of descriptive statistics and Regression Analysis.

Additionally, the survey discovered that input received had the biggest influence on employee productivity. The motivation, engagement, and job satisfaction of employees who received feedback from a variety of sources, including consumers, were higher, which enhanced productivity. The introduction of the assessment system also enhanced staff cooperation and communication.

Keywords: Employee productivity, 360-degree, Performance appraisal, performance review system, Employee.

1. Introduction

Most organizations that focus on employee development use the 360-degree tool to assess performance and potential of staff and enable the employees to map their career path based on the feedback. If an organisation is to fulfil its objective, it must place a high priority on the performance and productivity of all of its employees as well as the management. Performance evaluations are one method of determining a person's performance. Every employee, including management and subordinates, can learn what is required of them in their specific position through performance reviews. Organisational performance and productivity are measured and developed through performance appraisal. "Performance appraisal is the systematic



description of an individual's or a group's job-related strengths and weaknesses" There are various formats for performance reviews. Different organisations are better suited for different sorts of assessments.

Making the choice of what type of performance evaluation to use for their company may be challenging for a manager or management team. The management typically evaluates the performance and productivity of his or her employee once each year. However, there are situations when the manager is ill-prepared to conduct this kind of evaluation. "The average manager has little interaction with the staff; research indicates that managers only spend 5 to 10% of their workweek with any one subordinate. As a result, managers only have access to a sample of the work produced by their employees (Cascio 1995). Even if they won't acknowledge it, managers occasionally require assistance with the appraisal process. Many of the aforementioned shortcomings of more conventional formats are addressed by the 360-degree performance appraisal. The 360-degree performance appraisal was established to improve the quality of the assessments as well as to assist managers with the performance appraisal process and the personnel decisions that go along with it. The manager's evaluation of a single employee's performance and productivity is only one aspect of the 360-degree performance appraisal. Peers, co-workers, and subordinates are all evaluated as part of the 360-degree appraisal Promoting staff innovation in productivity development is a challenge for organisations. Therefore, productivity is essential to the competitiveness of the company. Thus, innovation supports productivity through the new uses of technology in the business, improved industry methods, meeting changing customer demands and better systems and processes. Employee participation in initiatives that increase an organization's productivity is necessary for it to evolve. According to Fourie (2008), an efficient recognition and incentive system is essential for organisations to function well. In firms that have implemented the 360-degree performance appraisal, performance can be increased through rewards and recognition. Therefore, a comprehensive performance policy must be developed that aligns pay (or other incentives) to performance.

1.1. Research Objectives

The research objectives are as follows:

1. To examine the effect of 360-degree Performance Appraisal on Employee Productivity and Performance.
2. To identify the Challenges and Limitations of implementing 360-degree Performance Appraisal System.



3. To Understand the 360-degree performance Appraisal Technique and its benefits.

1.2 Research Hypotheses

With reference to above research questions, the following hypotheses were formulated:

H0: There is no significant effect of the implementation of 360 Degree Performance Appraisal technique on Employee Productivity.

H1: There is significant effect of the implementation of 360 Degree Performance Appraisal technique on Employee Productivity.

2. Literature review

Employees with high performance levels have more opportunities than those with poor performance levels (Vanscotter, 2000). According to Campbell et al (1993), "Performance is related to that organization's hiring the person to do and do well." Performance incorporates judgement and assessment processes in addition to being related to actions (Ilgen & Schneider, 1991). Performance refers to the actions that can be evaluated and quantified (Campbell, 1993). In order to reach their objectives and gain a competitive edge, organisations need their staff to perform at a high level (Frese, 2002). Between work and performance, there is a difference (Borman and Motowidlo, 1993). Work relating to the individual skills that employees used to complete tasks for which the technical core contributed. Performance is not based on the technological fundamentals; rather, it considers how the psychological and social climate of the organisation affects the achievement of its goals. It involves actions like supporting coworkers or being a dependable employee (Frese, 2000). Performance evaluations place more emphasis on performance indicators than on individual characteristics (Smither, 1998). 360-degree feedback, also known as multi-source assessment, is a process in which someone's performance is assessed and feedback is given by a number of people who may include their manager, subordinates, colleagues and customers. This is the most common approach and is more properly described as 180-degree feedback (Armstrong, 2009). Consequently, it has a military foundation. Professor Mark Edwards, a US Navy pilot, is credited with coining the term "360 degrees." Peer review at US military institutions is where the concept originated (Rohan-Jones, 2004). The multi-rater feedback technique, aside from its name, is a result of "employee attitude survey, performance appraisal, personal development plans, and assessment centres" (Chivers and Darling, 1999, p. 16). These three elements



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worked together to create the 360-degree feedback instrument. Chivers and Darling (1999) summarise the level of 360-degree feedback use between 1996 and 1998; according to their 16 data, multi rater feedback procedures were used in 1996 by 38% of 119 organisations, in 1997 by 11% of 388 businesses, and in 1998 by 47% of 216 businesses. According to Cemal Iyem and Ece Kuzulu, Other names for 360 degree feedback include fullcircle appraisal, peer appraisal, multi-rater feedback, multi-source feedback, upwards feedback, group performance review, 360 degree appraisal, and 540 degree feedback. Ward (2004) claims that all of these phrases have the same meaning. According to Lepsinger and Lucia (Lepsinger and Lucia, 1997, p.6), the 360-degree feedback method is "the feedback process which involves collecting perceptions about a person's behaviour and the impact of that behaviour from the person's boss or bosses, direct reports, colleagues, fellow members of project teams, internal and external customers, and suppliers."

Professional development encompasses a wide range of learning opportunities connected to a person's line of work. Professional development is used by people in a wide range of occupations and enterprises, including doctors, lawyers, educators, accountants, engineers, and others, to acquire and put new knowledge and skills to use in their daily work. Internationally diverse organisations provide their staff training and development programmes to increase their skills and capacities. Sears Credit started a major restructuring at the beginning of the 1990s and responded with career-development initiatives. This programme was created for employees in order to align their abilities with changing employment situations and to ensure that it was beneficial for the expansion of their company. Companies believe that they did not provide career possibilities to their employees who have the contacts and skills necessary to take advantage of them (O'Herron and Simonsen 1995). A virtual university was created by JC Penny, a national wholesale department retailer, to assist its employees in acquiring the knowledge and skills necessary for their professions (Garger, 1999). Tyres Plus University was created for its employees by the tyre retailer, based in Minnesota, to help with recruitment, retention, and filling important roles as well as staff development overall. To give and calculate training and organisational development programmes that meet the organisational and individual needs of the organisations, U.S. Tsubaki, Illinois, founded UST University (Callahan 2000).

According to Arabian Journal of Business and Management Review Performance evaluation has been the subject of numerous studies throughout the years (Bretz at, el1992; Fisher, 1989). Although it may seem straightforward, research shows that performance appraisals are frequently used to provide feedback on an



employee's performance and to discover their unique strengths and weaknesses (Ruddin, 2005). Between 74 and 89 percent of businesses and industries have been found to employ performance appraisal systems (Murphy & Cleveland, 1991). According to (Cleveland at, el1989), performance appraisal systems are used for a variety of things, including human resource choices, evaluations, and feedback. According to Cleveland, at el (1989), performance evaluation develops a compensation system that unites the efforts of organisational leaders and employees to achieve 14 shared goals. Performance evaluations are a crucial part of human resource management for reaching an organization's high-performance goals. The data acquired and performance reviews serve as the foundation for hiring new employees, developing the skills of current employees, and motivating and preserving a quality human resource by appropriately and correctly rewarding their performance (Lillian, Mathooko, & Sitati, 2011).

3.. Research Methodology:

The research is empirical and explanatory basically based on primary data collected survey. Sample survey size was 256 respondents working in various sectors. Researcher use questionnaire and personnel interview as data collection tool and the collected data were analysed with the help of descriptive statistics and Regression Analysis

4. Result and Discussion:

4.1 Demographic illustrations

From the analysis of demographic data on various factors such as age, gender, type of organization, level of management, annual salary of respondents etc. were studied and results of analysis were interpreting that out of 256 Respondents 46.4 Respondent are Male Population and other Remaining 53.6% is occupied by Female Respondents. The survey showed maximum Percentages of employee is 96.4% between 20-30 years' age followed by 3.6% between 31-40 years where there are no respondents from age between 41-50 and 51-60. As the survey showed the maximum percentage of employee that is 82.1% is from private sector followed by 8.9% from government sector,7.1% from NGO and remaining 1.9% are student.

Analysis of shows that showed 17.9% of total respondent are from Top level management followed by 48.2% respondents from middle level management and remaining 33.9% from Lower-level management.



The survey showed, out 51.8% respondents is from employee from to 5.0 LPA category followed by 28.6% from categories 5.0 to 7.5 LPA 16.1% respondents from 7.5 to 10 LPA category and remaining 3.6% is from 10.0 LPA.

4.2 Descriptive analysis

The survey shows that 1.8% respondent not at all agree with statement **that I actively look for ways to improve the flow of my work, and the way that I approach tasks**, 10.7% respondent rarely agree with statement followed by 16.1% respondent sometimes agree with statement, 42.9% respondent often agree with the statement and remaining 28.6% respondent very often agree with the statement

Responses	Percentage
Not at all	1.8 %
Rarely	10.7%
Sometimes	16.1%
Often	42.9%
Very often	28.6%

On the statement **that I actively look for ways to avoid wasting time and efforts-for myself**, As the survey showed, 67.9 respondent responded with yes, 19.6% respondent answer 12.5% respondents are uncertain.

Responses	Percentage
Yes	67.9%
No	19.6%
May be	12.5%



As the survey showed 3.6% respondent are strongly disagreeing with the statement followed by 16.1% respondent are neutral, 42% agree with the opinion and remaining 35.7% respondent strongly agree with the statement that **I do all of the tasks that are assigned to me, and hope that I can keep up with the volume of work**, while 0 respondent is disagree with the statement.

Responses	Percentage
Strongly Disagree	3.60%
Disagree	2.62%
Neutral	16.10%
Agree	42.00%
Strongly Agree	35.70%

5.4% respondents are strongly disagreeing with the statement followed by 30.4% respondents are neutral, 37.5% respondent agree with the opinion and remaining % 17.9% with strongly agree with the statement that **the volume of correspondence and documentation that I receive on daily basis overwhelms me**. while 8.9% is disagree with the statement.

Responses	Percentage
Strongly Disagree	5.4%
Disagree	8.9%
Neutral	30.4%
Agree	37.5%
Strongly Agree	17.9%



Do you believe that your talents and skills are not being used to their full potential, the survey showed 58.9% respondent answered yes while remaining 41.1% answered No.

On the statement **are you happy with your present job or level of success**, the survey showed 57.7% respondent answered yes while 29.1% respondent answered No and remaining 18.2% with 10 respondents are not sure.

Responses	Percentage
Yes	52.7%
No	29.1%
Not sure	18.2%

As the survey showed 5.4% respondents are strongly disagreeing with the statement followed by 12.5% respondents are neutral, 51.8% respondent agree with the opinion and remaining % 28.6% respondents strongly agree with the statement **I believe that the 360-degree feedback encourages employee to go above and beyond in their work** 1.8% respondent is disagree with the statement.

Responses	Percentage
Strongly Disagree	5.4%
Disagree	1.8%
Neutral	12.5%
Agree	51.8%
Strongly Agree	28.6 %



As the survey showed 3.6% with 2 respondents are strongly disagree with the statement followed by 7.1% with 4 respondents are neutral, 60.7% with 34 respondents agree with the opinion and remaining 28.6% with 16 respondents strongly agree with the statement that **self-appraisal help employee to analyses the strength weakness, productivity standards and area of improvement that enhance the productivity** 0 respondent is disagree with the statement.

Responses	Percentage
Strongly Disagree	3.30%
Disagree	3
Neutral	7.1%
Agree	50%
Strongly Agree	28.6%

The statement that **I believe that employee feedback, regardless of position within the organization, helps employees to feel motivated**, the survey showed, 25% respondent occasionally feels motivated, 69.6% respondents select always, 5.4% respondent select rarely while not at all is the option with 0 respondent

Responses	Percentage
Occasionally	25%
Always	69.6%
Rarely	5.4%
Not at all	-



As the survey showed, the 60.7% respondent answered with yes always, 33.9% respondents sometimes agree with statement that **do you believe that employee productivity is impacted by performance reviews**. 3.6% respondents rarely agree with the statement while 1.8% respondent responded with never.

Responses	Percentage
Yes Always	60.7%
Sometime	33.9%
Rarely	3.6%
Never	1.8%

For the statement **Do you believe that every organization should practice the 360-degree performance assessment method**. the survey showed 17.9% respondent answered with No, 78.6% respondent answered with yes and remaining 3.6% respondents are unsure.

Responses	Percentage
No	17.9%
Yes	78.6%
May be	3.6%

As the survey showed 64.3% with 36 respondents agree with increase, 32.1% respondent agree with neutral while remaining 3.6% respondent agree with agree with statement that **what do you observe following the 360-degree performance appraisal system in productivity graph**.



Responses	Percentage
Increase	64.3%
Neutral	32.1%
Decrease	3.6%

As the survey showed 14.3% with 8 respondent agree, 67.9% with 23 respondent agree while remaining 17.9% respondent agree with the statement that **satisfaction with performance appraisal leaves the employees motivated and they try to perform the work to the best of their capabilities.**

Responses	Percentage
1 to 5	14.3%
5 to 10	67.9%
10 above	17.9%

4.3 Hypothesis testing

PROBABILITY OUTPUT	
<i>Percentile</i>	<i>16</i>
12.5	0.5
37.5	2.5
62.5	5.5
87.5	31.5



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SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple F	0.920944							
R Square	0.848138							
Adjusted	0.772207							
Standard	6.910901							
Observati	4							
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	533.4789	533.4789	11.16986	0.079056			
Residual	2	95.5211	47.76055					
Total	3	629						
<i>Coefficients</i>								
		<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	-3.89621	5.406306	-0.72068	0.545959	-27.1577	19.36525	-27.1577	19.36525
15	1.355728	0.405647	3.342135	0.079056	-0.38963	3.101087	-0.38963	3.101087

The amount of variance in the dependent variable (in this case, employee productivity) that is explained by the independent variable (in this case, the use of the 360 Degree Performance Appraisal technique) is measured by the R-squared, which is a metric for how well a model fits the data. An R-squared value of 0.84 indicates that using the technique may account for 84% of the variation in employee productivity.

The probability of observing the results by chance alone is represented by the p-value, which measures the statistical significance of the observations. A p-value of 0.07 in this instance indicates that there is a 7% probability that the observed impact of using the 360 Degree Performance Appraisal technique on staff productivity was the result of pure chance. Generally, a p-value of 0.05 or less is regarded as statistically significant, indicating that the observed impact is unlikely to be the result of chance.

The null hypothesis in this study is that the implementation of the 360 Degree Performance Appraisal technique has no significant effect on employee productivity.

The Regression Analysis shows that the **r square** value is near **One** that is **0.84** which shows that the 360-degree performance appraisal has positive Relationship with Employee Productivity. The analysis shows that the **p value** is **0.07** which is not less than that of the threshold value **0.05** that is why we accept the **Null Hypothesis (H0)** that there is no significant effect of the implementation of 360 Degree Performance Appraisal technique on Employee Productivity.



5. Conclusion:

It would depend on the specific findings of the study to determine how the 360-degree performance appraisal technique affects worker productivity, with productivity serving as the dependent variable and the 360-degree performance appraisal technique's implementation serving as the independent variable.

However, it can be inferred from the information given that the study looked into whether the use of the 360-degree performance appraisal technique had an effect on employee productivity. The productivity of the workers before and after the appraisal technique's deployment may have been measured in the study, or it may have been compared to that of the workers who did not.

The study's findings may indicate that the use of the 360-degree performance appraisal technique had a significant impact on employee productivity or they may indicate that there was little to no productivity difference between the groups of employees who underwent the appraisal and those who did not. The data would determine the study's exact conclusions.

If the study's null hypothesis is found to be true, then follows that the use of the 360-degree performance appraisal technique has no statistically significant impact on worker productivity. This would imply that businesses might not be able to boost employee productivity just through the use of the 360 Degree Performance Appraisal approach.

It is significant to highlight that the 360 Degree Performance Appraisal technique may still be useful even if the null hypothesis is not necessarily rejected. It's possible that the technique wasn't applied properly or that the study lacked statistical power to identify a meaningful effect.

In conclusion, if the null hypothesis is confirmed, it may imply that additional research is required to identify the most efficient ways to raise employee productivity. Alternative performance evaluation methods or other initiatives that can increase staff productivity may need to be taken into account by organizations. However, organizations should carefully assess their use of the technique before completely discarding it if there is evidence from other studies that the 360 Degree Performance Appraisal technique is useful.



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