



## A Study on Employees Opinion Towards 360 Degree Performance Appraisal System Followed by Vtx Industries Ltd in Coimbatore

### KEYWORDS

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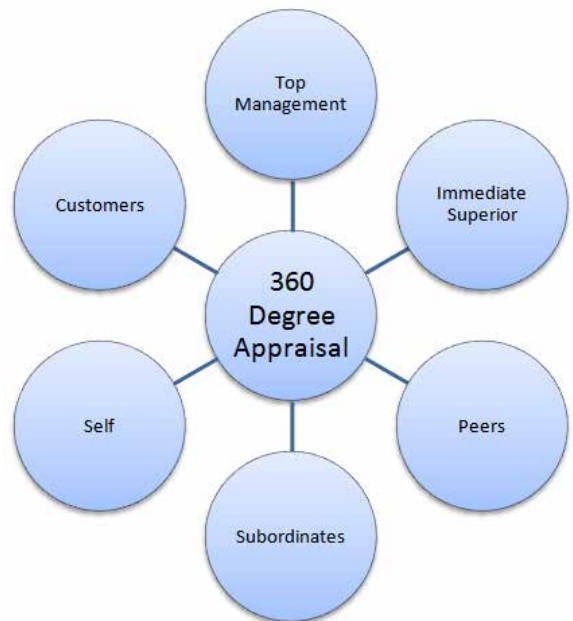
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**ABSTRACT** Performance appraisal in Indian organization remains a widespread and common practice despite documented criticism of the process by practitioners and researchers alike. Lack of efficient ways to evaluate performance appraisal systems within organizational phenomenon. However, studying individual variables has proved so inadequate at explaining the intricacies of performance appraisals that researchers are attempting more comprehensive evaluation techniques. Attitudes and perceptions of performance appraisal by participants within the context of the organizations in which the process operates are now being conducted. In this study we will see about what is the opinion of employees towards 360 degree performance appraisal system followed by industries in Coimbatore.

### INTRODUCTION OF THE STUDY –

Performance appraisals are essential for effective management and evaluation of staff. Appraisals help develop individuals, improve organizational performance, and feed into business planning. Formal performance appraisals are generally conducted annually for all staff in the organization. Each staff member is appraised by their line manager. Annual performance appraisals enable management and monitoring of standards, agreeing expectations and objectives, and delegation of responsibilities and tasks. Staff performance appraisals also establish individual training needs and enable organizational training needs analysis and planning. Performance appraisals data feeds into organizational annual pay and grading reviews, and coincides with the business planning for the next training year. Performance appraisals generally review each individual's performance against objectives and standards for the trading year, agreed at the previous appraisal meeting. Performance appraisals are also essential; for career and succession planning. Performance appraisals are important for staff motivation, attitude and behavior development, communicating organizational aims, and fostering positive relationships between management and staff. Performance appraisals provide a formal, recorded, regular review of an individual's performance, and a plan future development. In short, performance and job appraisals are vital for managing the performance of people and organizations.

360 degree appraisal was first developed by General Electric (GE), USA in 1992. Today it is used by all major organizations. In India, it is used by Crompton Greaves, Wipro, Infosys, and Reliance Industries.



### The six parties involved in 360 degree appraisal are:

- 1. Top Management** – The top management normally evaluates the middle level managers. However, in a small organization, they also evaluate the performance of the lower level managers and senior employees.
- 2. Immediate Superior** – The immediate superior is in a very good position to evaluate the performance of his subordinates. This is because they have direct and accurate information about the work performance of their subordinates.
- 3. Peers / Co – Workers** – Peer or colleagues also evaluate each other's performance. They work continuously with

each other, and they know each other's performance. Peer evaluation is used mostly in cases where work is important.

4. **Subordinates** – The subordinates can also evaluate the performance of his superior. Now – a – days even students are asked to evaluate the performance of their teachers.

5. **Self Appraisal** – In the self – appraisal, a person evaluates his own performance. He should be honest while evaluating himself. This results in self – development.

6. **Customers** - Customers can also evaluate the performance of the employees who interacts with them. This evaluation is best because it is objective. It is also given a lot of importance because the customer is the most important person for the business. Organization use customer appraisals to improve the strengths and weakness of their employees.

#### OBJECTIVE OF THE STUDY –

1. To find out the level of satisfaction of employees in implementing the performance appraisal system.
2. To identify the strengths and weakness of employees to place right men on right job.

#### Definition of 360 Degree Appraisal:

A 360 degree appraisal is a type of employee performance appraisal in which subordinates, co – workers, and managers all anonymously rate the employee. This information is then incorporated into that person's performance review.

Performance appraisal data collection from "all around" an employee his or her peers, subordinates, supervisors, and sometimes, from internal and external customers. Its main objective usually is to assess training and development needs and to provide competence – related information for succession planning not promotion or pay increase; also called as multi – rater assessment, multi – source assessment or multi – source feedback.

#### REVIEW OF LITERATURE –

In every research study review of literature is the most important aspect. The findings of various studies are immense help to the researcher for deciding the potential areas of the field or the subject. So the following studies conducted previously where carefully gone through by the researcher to prepare & finalize the research areas.

1. According to **Mumford (1983)** in his research paper on "Performance appraisal system" stated that the peer appraisal feedback source is valid because multiple raters counter balance observational errors.
2. According to **Michael Armstrong & Angel's baron, in (1992)** in their IPD survey on "performance management" has found 11% of the organizations use 360 degree feedbacks and in 2004 this has increased to 14%.
3. According to **Joy Hazucha, Sarah Hezlett, and Robert J Schneider** The impact 360 degree feedback on management skills development. Human resource management 32: 2 & 3, Summer/Fall (1993) pp. 325 – 251. The purpose of this study is to better understand 360 – degree feedback as a management – development intervention.

#### RESEARCH METHODOLOGY –

**SAMPLING DESIGN** – The primary data was collected through the field survey in the study area. First hand information pertaining to employee behavior was collected from 200 respondents to identify their attitude, perception,

opinion towards their performance appraisal system. For this study 152 male respondents and 48 female respondent are taken in total.

**DATA SOURCE** – The data used both primary data and secondary data. The focus of the study is to analyze the major attributes affecting the performance appraisal in the organization.

**SAMPLING SIZE** – The researcher selected 200 samples.

**TOOLS USED** – Data were analyzed and interpreted according to the objectives. The analysis and interpretation was done through simple percentage and chi-square.

#### ANALYSIS AND INTERPRETATION –

**TABLE – 1**  
**CLASSIFICATION OF RESPONDENTS ON THE BASIS OF PRESENT PERFORMANCE APPRAISAL FOLLOWED IN THE COMPANY**

PARTICULARS	NO.OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Highly Satisfied	64	32.0
Satisfied	68	34.0
Moderate	48	24.0
Dissatisfied	12	6.0
Highly Dissatisfies	8	4.0
Total	200	100.0

**INTERPRETATION** – From the above table it is found that 32.0% of respondents are highly satisfied, 34.0% of respondents are satisfied, 24.0% of respondents are moderate, 6.0% of respondents are dissatisfied and the balance 4.0% of respondents are highly dissatisfied.

**TABLE 2**  
**CLASSIFICATION OF 360 DEGREE PERFORMANCE APPRAISAL PROVIDES INFORMATION ON WORKERS STRENGTHS AND OPPORTUNITIES FOR IMPROVEMENT**

PARTICULAR	NO.OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Always	22	11.0
Sometimes	162	81.0
Never	16	8.0
Total	200	100.0

**INTERPRETATION** – The above table discussed that 360 degree performance appraisal provides information on workers strengths and opportunities for improvement, out of 200 respondents 11% of the respondents say always, 81% of respondents say sometimes and 8% of the respondents says never as their opinion.

**TABLE 3**  
**CLASSIFICATION OF RESPONDENTS ON THE BASIS OF HOW WELL THEY PERFORM REFLECTS ON THEIR WORK**

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
Strongly Agree	48	24.0
Agree	116	58.0
Neutral	24	12.0
Disagree	8	4.0
Strongly Disagree	4	2.0
Total	200	100.0

**Interpretation** – From the above table it is found that 24% of respondents are strongly Agree, 58% of respondents are Agree, 12% of respondents are Neutral, 4% of the respondents disagree and the remaining 2% of respondents Strongly Disagree.

**TABLE 4**  
**ASSOCIATION BETWEEN THE GENDER AND PROVIDING FEEDBACK**

Gender	Providing Feedback					Total
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Male	33	69	32	10	8	152
Female	10	19	14	5	0	48
Total	43	88	46	15	8	200

**Source: Primary Data**  
**Chi – Square Tests**

	Value	Df	Asymp. Sig. (2-Sided)
Pearson Chi-Square	4.580 <sup>a</sup>	4	.333

**Aim:** To find out the association between the Gender and Providing Feedback.

**Null Hypothesis:** There is no association between the Gender and Providing Feedback.

**Alternative hypothesis:** There is an association between Gender and Providing Feedback.

**INTERPRETATION** –The calculated value is 4.58 and the Significance value is 0.33 which is greater than 0.05, so the Null hypothesis is accepted. Hence, there is no significant relationship between providing feedback and gender.

#### FINDINGS –

- A majority of 34% of respondents are satisfied in present performance appraisal followed in the company.
- A majority of 81% of respondents opined that 360 degree performance appraisal provides information on workers strength and opportunities for improvement.
- A majority of 58% of respondents agree that their performance reflects on their work.
- There is no significant relationship between providing feedback and gender.

#### SUGGESTIONS –

- Review each employee's matters to make sure the group can provide a full and accurate evaluation.
- Follow through with each employee to see that action plans are made and implemented.
- Get support for the program from top management, as that can go a long way in encouraging buying into the program.

#### CONCLUSION –

Performance appraisal is the need of the hour in every corporate and employees. When the appraisal is carried in a better way, there will be promises of well being of employees performance appraisal will reflect the business prospects of the company concerned. Hence, the factors which govern the appraisal should not be narrowed. Those variables viz., seeking appeal, accuracy of rating and providing feedback can be scrutinized for the purpose of doing. A proper co – ordination and observation towards the system will foster benefits to the organization. Successful implementation of 360 degree performance appraisal process depends on whether it truly addresses, and is perceived to addresses. It is also a way to get people accustomed to living in a feedback – rich environment. When done well, 360 degree performance appraisal system leads to a positive change and enhanced effectiveness at the individual, team and organizational levels.

#### REFERENCE

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