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A Study on 360 Degree Performance Appraisal on Job Satisfaction in IT Sector

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Abstract:

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 (employee/resource) and use that measure to neutrally boost and optimize their performance. Performance appraisal is one of the functions of Human Resource Management for measuring and evaluating the performance of the employees in an organization over a period of time as against the set standards. Different methods are used for evaluating performance in different types of organizations and 360 degrees performance appraisal is one of them. This study is designed to study the relationship between the 360 degree performance evaluation system and its impact on job satisfaction & on efficiency of employees. A questionnaire is designed for this purpose and the study is conducted to the employees of IT sector. The study also sheds light on the strengths, weaknesses and opportunities of the 360 degrees feedback system.

1. Introduction

Human resource is the most valuable and important asset of the organization. The challenge of managing human resource is of considerable importance and managing effectively is the key concern for managers today. Human resource is of paramount importance for the success of any organization. hrm does not confine itself to the recruitment selection and placement activities, it helps in building a good team spirit where employees satisfy their aspirations by developing themselves and contributing to the accomplishment of the organization goals. Normally, human resource functions are tracking data points on each employee.

Many organizations knowing the importance of human resources in the present scenario have started to achieve higher performance through people. Human resource performance is one of the recognized determinants of organizational success. Organization climate has more impact on the performance the employees. It affects the workers motivation and job satisfaction. Human resource is a function in organizations designed to maximize employee performance in service of an employer's strategic objectives.

Performance management can focus on performance of the organization. It is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance refers to the degree of accomplishment of the tasks that make up an individual's job. Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee. It is a powerful to calibrate and reward the performance of the employees. By focusing the attention on performance, performance appraisal goes to the heart of personnel management and reflects the management's interest in the progress and development of the employees.

2. Need for Performance Appraisal

One of the important needs of the performance appraisal is to produce consistently reliable and valid results. The purpose of performance appraisal is concentrating on the payroll, training and development, job satisfaction, deciding for the future goals and objectives identify the gaps in performance and other purposes. Regular performance appraisals help create a corporate culture that promotes personal success, along with collaboration of organizational objectives. Performance appraisals allow management personnel to establish guidelines for compensation increases; track employee strengths and weaknesses; identify the best candidates for promotion; offer feedback for improvements; and promote training programs. The appraisal process offers several benefits organizationally, generating an atmosphere of excellence. Effective goal alignment and performance management lets you establish a true pay-for-performance culture at your company thereby allowing you to hold on to your high performing employees.

2.1. 360 Degree Performance Appraisal System

360-degree feedback, also known as multi-rater feedback, multi source feedback, or multi source assessment, is feedback that comes from members of an employee's immediate work circle. 360-degree feedback will include direct feedback from an employee's subordinates, peers (colleagues), and supervisor(s), as well as a self-evaluation. It can also include, in some cases, feedback from external sources, such as customers and suppliers or other interested stakeholders.

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. 360 degree appraisal is also a powerful developmental tool because when conducted at regular intervals (say yearly) it helps to keep a track of the changes others' perceptions about the employees. 360 degree evaluations help make performance appraisals fairer, and the feedback given to employees more comprehensive and helpful. The 360-degree evaluation process also enables organizations to gain insight into the performance and potential of future leaders, and to determine the development needs of employees.

There are three common reasons companies choose to gather 360 degree multi rater feedback:

1. To gain broader insight into the development needs of employees
2. To gather broader feedback for performance appraisals, helping ensure their fairness, especially where the manager does not have direct, firsthand knowledge of their employees' performance
3. To gain insight into the performance and potential of current and future leaders

2.2. Performance Appraisal can be carried out with Various Objectives:

Work related objectives in improving the efficiency, carry out job evaluation, right person for right job and to access the work of employee's career development objectives: establishment of goals, positive relationship between the supervisor and sub-ordinate, reduce the grievances, provide better the feedback to employees. And encourage them to improve.

Organizational objectives: serve as the basis for promotion/demotion, Training and development, wage and salary administration.

To make the performance appraisal a reality, four criteria need to be present

- Employees should be actively involved in the evaluation and development process.
- Realistic goals must be mutually set
- Bosses need to enter performance appraisals with a constructive and helpful attitude.
- Bosses must be aware and have knowledge of the employee's job and performance.

3. Review of Literature

1. Victoria mutile kithuku, in their study titled, "Effects of performance appraisal on job satisfaction at Kenya commercial bank". This study focused on the specific objectives as to establish the level of job satisfaction at Kenya Commercial Bank and to determine the effect of performance appraisal on Job Satisfaction at Kenya Commercial Bank. The study recommends that organizations should use multiple performance appraisal methods to evaluate their employees in order not to disadvantage some employees. The study also recommends that the performance appraisal should undergo regular review and improvement
2. James Brooks in their study titled, "Using Attitudes to Assess the Effectiveness of 360-Degree Performance Appraisal in San Marcos, Texas". This study focuses on The 360-degree performance appraisal system used in the City of San Marcos helped the organization in many ways such as supervisory skill improvement and communication improvement. The traditional top down appraisals lack many of the qualities of the 360-degree performance appraisal. The traditional top-down performance appraisals do not address the communication between the employees and the supervisor.

4. Objectives of the Study

1. To study the relevance of 3600 performance appraisal system in organizations.
2. To analyze the effects of the 3600 performance appraisal system on employee job satisfaction.

5. Research Methodology

The present paper is descriptive in nature. The data used is secondary in nature and collected from project and some of the books. A sample size of 50 was chosen to conduct the survey.

6. Need for the Study

Employees are the assets of an organization. The happier they are, more efficiency can be expected from them. Their on job performance is also very important because it will lead in achieving the goals of the organization. So with a perspective of measuring their efficiency, performance appraisal system plays an important role. 3600 performance appraisal system is one of the method which gives feedback to the appraiser regarding the employee's performance from everyone's perspective, which means from all the sources that come in contact with the employee on his job. This research paper makes an attempt to find out the relationship between 3600 performance appraisal system and its impact on the job satisfaction of an employee.

6.1. Analysis and Interpretation

Majority of the respondents are in the age group of 23-28 & 53% of the respondents are female. 52% of the respondents have experience of 1-5 years & 40.8% of them are in the income level of 21k-40k. Our analysis reveals that employees feel the importance/

need or relevance of having 360 performance appraisal system in an organization. Our analysis also reveals that the respondents have a sense of satisfaction & fulfillment with the appraisal system.

35 of respondents said that 360 degree performance appraisal gives them the useful feedback to improve their skill and job aspects. 40 of the respondents feel that it is a two way process that is both management and employee expressing their views, this reduces the bias. 34 respondents feel that the management gives increment on salary and their work based on the report of performance appraisal. This encourages the employees to improve and perform better.

Particulars	Strongly agree		Agree		Neutral		Disagree		Strongly Disagree	
	respondents	%	respondents	%	respondents	%	respondents	%	respondents	%
Need in organization	27	55	15	35	5	7	3	3	0	0
Identify the talent	16	33	22	44	9	15	5	7	0	0
Co-operation and team work	13	26	22	44	10	23	3	9	1	2
motivation	12	26	23	40	9	18	8	13	0	0

Table 1

6.2. Interpretation

In our analysis we found that respondents feel the importance of 360 degree appraisal system as it motivates them, improves their personal skill & helps to have co-operation & team work. 38 of the respondents also said that it identifies their talent & encourages them to perform better.

In the above table the no of respondents is indicating the percentage of responses agreeing that the performance appraisal has relevance in the organization and proving to be effective towards the employee's performance and overall productivity. More than 50% of respondents state that it is important to have 360 degree performance appraisal in their organization for the purpose of self development in turn reaching the organizational objectives and personal goals.

7. Conclusion

It can be well said that even if the company has good financial resources, it cannot survive for a longer period without their talented human resources. Therefore talented human resources play a vital role in an organization. Now the problem with the organization is how to identify the talent and to utilize their best talent in an organization especially in an IT sector.

So from the above discussed data analysis it is found out that 360 degree performance appraisal system is playing a vital role in recognizing the talent of the employees which they are specialized working in, motivating employees to take up new incentive, and also to suggest new ideas for working efficiently towards reaching organizational objectives. With regards to the team work and co-operation among the employee's performance appraisal will have a positive impact on the working condition of the company.

Effects of 360 degree performance appraisal are impacting on reducing employee turnover and also reducing grievances of employees. It is also found that employees are happy about the 360 degree performance appraisal as it is found to be fair and unbiased among all the employees and ultimately gives employees the job satisfaction. Therefore it depends on the organization as to how best they implement the 360 degree performance appraisal and reap the best of it.

8. References

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