

720 DEGREE PERFORMANCE APPRAISAL STUDY IN SELECT ORGANIZATIONS AT BANGALORE CITY

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ABSTRACT

The success of an organization depends on the performance of the employees and it is the human tendency to judge everything and everyone around them. If there are no fixed standards of judging they will start judging based on informal standards that can create negativity and impact the performance of the employee and in turn, the organization. Hence, it is necessary that we set the right standards to judge the performance of the employees. The major setback in the previous methods of appraisal was that it did not guide the employee after the appraisal hence the 720 degree appraisal was introduced when the employees performance is measured, analyzed and targets are set in the first appraisal and after a short period his performance is measured again and proper feedback and guidance is given to ensure that the employee achieves the target. In this paper, the authors try to evaluate the awareness of the 720 Degree Performance Appraisal in the Organizations that were selected for the study. We also analyze the feedback of the employees and the Management about the feasibility of the 720 degree performance appraisal.

Key Words: appraisal, employees, management, organization, performance,

INTRODUCTION

Performance appraisal is a concept that started in the early 20th Century. It is the process of obtaining, analyzing and recording information about an employee to evaluate and improve their performance. Performance appraisal is evaluated in terms of Quality, quantity, time and cost and also analyses the value that the employee adds to the goals of the organization. There are different methods of performance appraisal used based on the type of organization, size of the organization and also the period when it is used. 720 degree performance appraisal is one of the most recently introduced concepts. As the name suggests, 720 degree performance appraisal is the evaluation of the performance of an employee from all the aspects and giving timely feedback to ensure that the person is able to achieve the set goals before the next appraisal.

All organizations aim at being effective and achieving their goals, in order to do this it is important to monitor or measure the performance of the employees on a regular basis. Effective monitoring also includes giving timely feedback, reviewing the performance according to pre-determined standards and timely

recognition of the accomplishments, that motivates the employee to perform better each day. It is rightly said that, “Encouraged people achieve the best; dominated people achieve second best; neglected people achieve the least.” as recognition and reward at the right time is the best encouragement. From the time Human beings have evolved they have employed different methods to appraise the performance starting from the traditional „comparison method“ to the modern ‘720 degree appraisal method’. 720 degree appraisal method aims at monitoring, measuring, giving feedback and encouraging the employees to achieve the goal and for the Organization in turn.

CONCEPT OF 720 DEGREE PERFORMANCE APPRAISAL

‘720 degree performance appraisal’, is the latest appraisal method that has been introduced in New Economy companies. Accurately and objectively measuring the performance of an employee is the most difficult part of the Performance appraisal process. Different methods are used for Performance appraisal that includes: Critical incident method, weighted checklist method, paired comparison analysis, graphic rating scales, essay evaluation method, behaviorally anchored rating scales, performance ranking method, Management by Objectives (MBO) method, 360 degree performance appraisal method, Forced ranking and Behavioral observation scales. 720 degree performance appraisal is an integrated method of performance appraisal where, the performance of an employee is evaluated from 360 degrees (Management, Colleagues, Self and also customers) and timely feedback is given and performance is evaluated again based on the targets that are set. Hence, 720 degree performance appraisal can be stated as twice 360 degree performance appraisal: once when the appraisal is done and the targets are set and the second where the feedback is given and the boss gives tips to achieve the goals. Hence, there is a pre and a post round of feedback.

THE NEED OF 720 DEGREE PERFORMANCE APPRAISALS FOR TODAY’S BUSINESS WORLD

As Organizations evolve and new techniques make work complicated it also becomes necessary to have a complex and integrated appraisal system. As organization grows and become diverse the expectation from each employee becomes high in turn, the employees expectation from the employer also increases. The main need of 720-degree performance appraisal is

- a) the improvement of the performance of the people in their jobs and to ensure that the expectations of the employer,
- b) Provide information about the performance ranks. Assist in taking decisions regarding salary fixation, confirmation, promotion, transfer and demotion.
- c) Provide timely feedback about the performance, set targets and monitor the performance based on the targets set.
- d) Helps to check the effectiveness of personnel procedures and practice i.e validation.
- e) It is needed to ensure that employees reach organizational standards and objectives.
- f) To discover the work potential and to understand the areas where training is required to guide the employees to perform their best.
- g) To understand the expectations of the employees and prevent grievances and in disciplinary activities.
- h) Provide information to diagnose deficiency in the employee regarding skill, knowledge, determine training, and prescribe the means for employee growth and information for correcting placement.
- i) Set realistic target, monitor the performance and provide timely feedback to ensure that the performance is enhanced.
- j) These critical competencies are essential to assist the executives and managers to be able to lead these organizations toward successful implementation of strategic changes.

DIMENSIONS OF 720 DEGREE PERFORMANCE APPRAISAL

All the current IT organizations aim at achieving higher rate of employee satisfaction and transparency in the working environment. In order to achieve the above goals, 720 degree performance appraisal would be a vital tool as it is used to appraise the performance of an employee from different dimensions and helps to overcome the barriers of bias, prejudice and discrimination. The performance is appraised from 5 dimensions and feedback or the appraisal meeting is conducted twice (pre and post feedback) to ensure the

efficient performance of the employee. Including the pre and the post feedback, that plays a vital role, the 720 Degree performance appraisal has 7 phases.

a) PRE APPRAISAL FEEDBACK

This is the first appraisal step that is done after the feedback is collected from the different dimensions or people with whom the employee would interact. In this step, the performance is evaluated, targets are set and feedback or training is organized to help the employee achieve the target.

b) SELF APPRAISAL

The employee is given a questionnaire and asked to evaluate his performance and through this method, the employee gets an opportunity to express his thoughts and his valuation of strengths, weakness and judge his performance.

c) PEERS/COLLEAGUES APPRAISAL

The feedback from the peers or colleagues is important as it helps to understand the ability of the employee to work as a team, co-operate, co-ordinate with others and bring out the best.

d) CUSTOMER APPRAISAL

In order to survive in the current competitive market, Organizations aim at achieving high customer satisfaction. Customer feedback helps to analyze the customer's point of view and help to improve the person and the Organization.

e) SUB-ORDINATES APPRAISAL

The feedback of the sub-ordinates is essential to analyze the organizing skills of the employee and to understand his abilities like communication and motivating abilities, ability to delegate the work, leadership qualities and way of handling responsibilities.

f) MANAGERS/SUPERIORS APPRAISAL

In this, the performance, responsibilities and the attitude of the employee is evaluated by the Superiors or Managers.

g) POST APPRAISAL FEEDBACK

It is this step that makes the 720-degree performance appraisal different and better than the 360-degree performance appraisal method. In this step, the performance is evaluated based on the target set in the Pre appraisal and feedback is given. Timely feedback and guidance helps to make the employee improve his performance.

Performance Appraisal is a concept that stated in the early 20 th century. It is the process of obtaining, analyzing and recording information about an employee to evaluate and improve their performance. The success of the organization depends on the performance of the employees and it is the human tendency to judge everything and everyone around them. In the present study researcher investigated the existing status of performance appraisal of private bank employees. Primary research was done through questionnaire survey in Bangalore City using convenient sampling of 100 respondents. The study revealed that most of the private banks use 360 Degree Appraisal method for performance appraisal. Furthermore, it was again revealed that employees are satisfied with the current appraisal method and agreed that performance appraisal helps in achieving organization goals, helps in improving motivation & job satisfaction and employees performance.

Performance Appraisal is necessary to measure performance of the employees and the organization to check the progress towards the desired goals and aims. Performance appraisal includes all formal procedures used to evaluate personalities, contributions potentials of group members in a working organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees. Performance appraisals help to rate the performance of employees and evaluate their

contribution towards the organizational goals. Performance appraisals help develop individuals, improve organizational performance and feed into business planning. According to Jacobs et al. (1980) performance appraisal can be described as a systematic attempt to distinguish the more efficient workers from the less efficient workers and to discriminate among strength and weakness an individual has across many job elements. In short, performance appraisal is a measurement of how well someone performs job-relevant tasks (Parrill 1999). These measurements are normally done by the direct supervisor of the Ratee and can serve different organizational purposes. Performance appraisal in organization is considered as a key human resource management practices for measuring effectiveness and efficiency. Employee performance appraisal enables person to identify, evaluate and develop an individual s performance. It is a tool to encourage strong performers to maintain their high level of performance and to motivate poor performance to do better (Scott 2001).

Performance appraisal has two general uses in the organization and these roles often are potential conflicts. One role is to measure performance for the purpose of rewarding or otherwise making administrative decisions of individual potential. Emphasis is on identifying potential and planning employee s growth opportunities and direction. For an appraisal system to be effective, employee must believe that they have an opportunity for meaningful input into the appraisal process (Weick 2001). Such input may range from the opportunity to challenge the evaluation one receives to judging one's own performance through self-appraisal. Performance appraisal system helps to promote better understanding of an employee s role and clarity about his or her functions, give a better understanding of personal strengths and weaknesses in relation to expected roles and functions, identify development needs of an employee, establish common ground between the employee and the supervisor, increase communication, provide an employee with the opportunity for self-reflection and individual goal setting, help an employee internalize the culture, norms and values of the organization. This helps develop an identity with and commitment to the organization and prepares an employee for higher-level positions in the hierarchy and also assist in a variety of personnel decisions. Methods of Performance Appraisal There are two types of measures are used in performance appraisal: Objective measures which are directly quantifiable and Subjective measures which are not directly quantifiable. Performance Appraisal can be broadly classified into two categories: Traditional Methods and Modern Methods. The performance appraisal methods are: 1. Traditional Method 2. Modern Method 109

RESEARCH METHODOLOGY OBJECTIVE OF THE STUDY

To study the performance appraisal practices in different private banks.

To study the existing Status of Performance Appraisal in Private Banks.

Data Source and Type:

The study is mainly based on primary data.

The required data has been collected from the response of the selected private banks employee of Bangalore City.

Sample Size and Sampling Technique:

In this study the target sample size was 100 respondents from Bangalore City.

Simple random sampling technique was used for the purpose of selecting the respondents.

Data Collection and Tools for Analysis:

A simple Questionnaire consisting 12 questions are framed for the purpose of collection of data. The collected data were tabulated for the purpose of analysis. Data is analyzed in percentages.

LIMITATIONS OF THE STUDY

Research was generated for small sample size only. The research was limited to Bangalore city only.

FINDINGS OF THE STUDY

The survey included appraisers and appraisees from different age groups. The table below gives the classification of the age group and the gender of the appraisers and the appraisee who answered the questionnaire.

PROFILE OF THE RESPONDENTS**TABLE 1.1 - AGE GROUP OF THE RESPONDENTS**

Survey - Age Group				
Age Group	Appraisers 20		Employees 80	
	Value	Percentage	Value	Percentage
20 - 30	7	35%	44	55%
30 - 40	9	45%	27	34%
40 - 50	4	20%	9	11%

From the above table, we understand that most of the employee respondents are of the age group, 20 – 30 and the appraisers are of the age group, 30 to 40.

TABLE 1.2 GENDERS OF THE RESPONDENTS

Survey – Gender				
Gender	Appraisers 20		Employees 80	
	Value	Percentage	Value	Percentage
Male	17	85%	58	73%
Female	3	15%	22	28%

From the above we understand that Male employees are more than Female employees

FINDINGS

The tables are prepared based on the basic survey and are classified in terms of the views and problems of the current appraisal methods used and the relevance of implementing the 720 degree performance appraisal method.

TABLE 1.3 – AWARENESS OF 720 DEGREE PERFORMANCE APPRAISAL METHOD

720 - Degree Performance Appraisal method – Awareness				
Option	Appraisers		Employees	
	Value	%	Value	%
Yes	6	30%	6	8%
No	14	70%	74	93%

From the above table we understand that only 30% of the appraisers are aware of the 720 Degree performance appraisal method and only 8% of the employees are aware of 720 Degree performance appraisal method.

Most of the employees and appraisers are not aware of the 720 degree performance appraisal method.

TABLE 1.4 – EMPLOYEES APPRAISED OWN PERFORMANCE

Appraised - Own Performance		
Option	Employees	
	Value	%

Yes	49	61%
No	31	39%

Approximately 61% of the employees have appraised their own performance in their career and were able to evaluate their career graph. Employees are able to appraise their own performance effectively.

75% of the appraisers stated that employees will be able to appraise other employees effectively. 75% of the appraisers consider that the employees who come in contact with the other employees will be able to appraise them better as they work together and will be able to evaluate each other in different levels. Appraisers state that employees will be able to appraise other employee performance effectively.

TABLE 1.5 - SATISFIED – CURRENT APPRAISAL METHOD

Satisfied with Current Method		
Option	Employees	
	Value	Percentage
Yes	16	20%
No	64	80%

80% of the employees stated that they were not happy with the current appraisal method and would prefer the use of a more effective method to measure their performance. Hence, it is necessary to implement the 720 Degree performance appraisal method.

Employee respondents are not happy with the current appraisal methods used and hope for a change for the better.

TABLE 1.6 - INFLUENCE – PERSONAL BIASES

Does Personal Bias influence Performance Appraisal		
Option	Employees	
	Value	%
Yes	54	68%
No	26	33%

68% of the employees stated that Personal bias and prejudice influenced their appraisal. Hence, it is necessary to introduce an objective multi-dimensional appraisal method like the 720 Degree performance appraisal method where personal bias cannot influence the appraisal process.

TABLE 1.7 - DISADVANTAGES OF 720 DEGREE PERFORMANCE APPRAISAL METHOD

720 - Degree Performance Appraisal method - Disadvantages		
Option	Appraisers	
	Value	%
Time	17	85%
Money	2	10%
Quality	1	5%
Personal Bias	0	0%

This question was asked to the Appraisers to understand what they consider as the greatest dis-advantage of the 720 Degree performance appraisal method.

- a) 85% of the appraisers consider that 720 Degree performance appraisal method is a time consuming process.
- b) 10% of the appraisers consider that the monetary requirement is higher for 720 Degree performance appraisal method as appraisal/feedback has to be done twice.
- c) 5% of the appraisers consider that there might be quality problem as all the 7 dimensions of appraisal in 720 Degree performance appraisal method might not be accurate.
- d) The appraisers consider the 720 Degree performance appraisal method as a time consuming process.

CONCLUSION

The common answer about the need for appraisal is that the appraisal process is necessary. The most important purpose of appraisal is to improve the performance in future. From the above study it is clear that most of the selected banks use 360 Degree Appraisal Method. 720 Degree Appraisal method is not used by the selected private banks. From the study it has been clear that most of the respondents are happy with the current appraisal method. From the above sample study it is clear that most of the employees are satisfied with the current appraisal method and agreed that performance appraisal helps in improving performance, achieving organization goals, helps in increasing motivation and satisfaction. Finally this study found that employees are satisfied from current appraisal method and most of the employees stated that their appraisal is not influenced by biasness of top level management. Performance Appraisal is often the central pillar of performance management in the bank to keep the motivation of the employees high.

SCOPE FOR FURTHER RESEARCH

The following areas are identified for further research:

- i) Analytical study on the opinions of the CEOs and top management on 720 Degree performance appraisal method and its implementation.
- ii) A sample study using the laboratory method to have a practical understanding.
- iii) Development of cases on 720 Degree performance appraisal method.
- iv) Research on creating awareness about the on 720 Degree performance appraisal method.

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