

# Implementation of the 360 Degree Performance Appraisal Feedback System in Private Sector Organizations in Sri Lanka

MRD De Silva

*Department of Management and Finance,  
General Sir John Kotelawala Defence University, Ratmalana 10390, Sri Lanka  
deviromita@yahoo.com*

**Abstract**— Performance appraisal is very important for effective management which helps to develop the employees and leads to improve the performance of organizations. The job performance of employees in an organisation is measured and evaluated through a performance appraisal system over a period of time with set standards. Different types of organizations are using different methods of performance evaluation and 360 degrees performance appraisal is one of them. Though, this system is not popular in Sri Lanka, many multinational organizations are using this method for measuring employees' performance. This technique receives feedback of employees' performance not only from their supervisor/s but also from co-workers, subordinates, self, customers etc. as a multiple source feedback. Many organizations in Sri Lanka are managed as per the hierarchy and the decisions are made by the top level of the hierarchy. Most of the time, subordinates are dissatisfied about their performance rating which was given by their supervisor due to the usage of a performance feedback system that does not absorb the real image of their performances. Therefore, the research problem was whether the 360 degree performance feedback system can be implemented in Sri Lankan private sector organizations or not. This paper attempts to discuss possible ways of implementing this system in private sector organizations in Sri Lanka. Quantitative as well as qualitative data were utilized to achieve the objectives. The sample includes 200 employees from selected 10 medium and large scale organizations in Colombo area. A random number table was utilized to select 20 employees from each organisation. Data presentation and analysis were based on selected statistical measures (central tendency, dispersion and skewness), diagrams and tables. SPSS software was utilized to analyse the collected data. The results depict that the 360 degree performance feedback system is not utilised by the private organisations in Colombo area mainly due to

the hierarchy of the organizational culture, not suitable for their organisation, time consumption and unawareness. However, the findings show that there are some avenues to implement the 360 degree performance feedback system as an addition to the existing conventional appraisal system. Implementation of the 360 degree performance appraisal feedback system in Sri Lankan private sector organizations will help to develop the organizations as well as to increase satisfaction levels of employees.

**Keywords** — 360 degree feedback system, Employee satisfaction, Organisation development, Performance appraisal

## I. INTRODUCTION

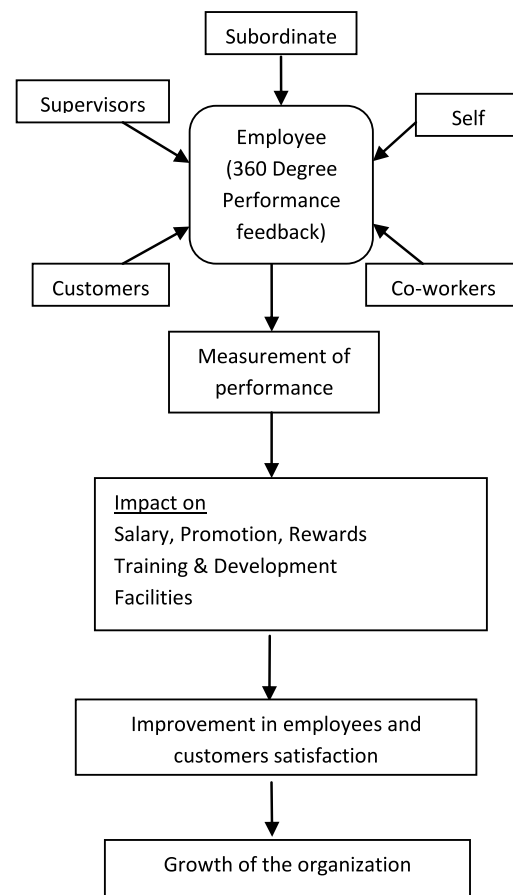
Performance appraisal of employees is necessary to understand abilities of each employee's competencies, relative merit and worth for the organisation. Each employee in an organisation is interested in performance feedback in order to know how well he or she performs in his or her tasks. One of the most important ways that employees can develop in an organisation is to receive feedback ratings of their performance. Traditionally, employees received feedback of their performance only from their supervisor/s. In 360 degree feedback system, employees receive multiple source feedback on their performances not only from their supervisor/s but also from co-workers, subordinates, the employees themselves, customers, etc. Therefore, it is also known as multi source feedback as it collects information of employee's performance from many angles. The methodology behind the 360 degree feedback system is to absorb the real image of the employee performance by studying in depth information about the current performance. It helps to reduce bias rating as feedback are collected from many sources and also an employee can identify how

he/she perceives himself/herself and how others perceive him/her. Accurate feedback reveals employees where their forte is, and points out where improvements are required. However, many organizations in Sri Lanka are managed as per the hierarchy and the decisions made by the top level of the hierarchy. Most of the time, subordinates are dissatisfied on their performance evaluation rating given by supervisors due to not absorbing a real picture of their performance. Therefore, the research problem was whether the 360 degree performance feedback system can be implemented in Sri Lankan private sector organizations or not. Kohn-Bentley & Bentley (2012) pointed out that 360 degree feedback system is more accurate and fairer than other system which is derives from only one perspective. 360 degree feedback system helps to provide a reliable road map by adding value in the development of employees and thereby driving the organisation on the path of success. The main objective of the research was to explore the possibilities of implementing the 360 degree appraisal and feedback system in the private sector organizations in Sri Lanka. Consequently, some of the other objectives to support the main objective of the research were to evaluate the level of satisfaction of employees on the current performance appraisal technique, to explore the problems faced with the current performance appraisal technique, to find the reasons for not implementing 360 degree performance appraisal technique, to examine the degree of possibility of implementing the 360 degree performance appraisal technique, and to recommend possible strategies to implement the 360 degree feedback appraisal technique.

## II. LITERATURE REVIEW

By the early 1900s, the private sector began tracking employee performance through an appraisal system. Performance appraisals have become the preferred method for observing, evaluating, and measuring employee performance (Cadwell, 1995). Performance appraisal is an exercise in observation and judgment, it is a feedback process, and it is an intensely emotional process (Cascio, 1995). Fleener & Scontrino (1982) pointed that accurately assessed performance appraisal system reflect employees' true performance. If the employees perceive that, the system is not valid then they will lose faith and not trust the supervisor or the appraisal. The loss of

faith and trust eventually leads to declines in productivity. If the appraisal system is valid, the employees who receive high performance ratings are, in fact, the best performers and those employees who receive the lowest ratings are actually the poorest performers (Fleener & Scontrino, 1982). Whose job satisfaction level is high has a positive attitude towards the job and someone who is not satisfied with his/her job has a negative attitude towards the job (Parsaeian & Arabi, 1978). During the 1960s and 1970s, in the corporate world, organizations like Bank of America, United Airlines, Bell Labs, Disney, Federal Express, Nestle, experimented with multi-source feedback in a variety of measurement situations. Wakhlu (2003) clarifies that the 360-degree performance appraisal feedback system is totally developmental, and it can be linked to the overall performance of the business plans of the organisation and the individuals. The conceptual framework in figure 1 was constructed based on the above studies.



**Figure 1: Conceptual framework of the study**

The following hypotheses were constructed based on the conceptual framework shows in figure 1.

H1: The level of satisfaction of the employees on the current performance appraisal technique is below the average level.

H2: The main reason for not implementing 360 degree performance appraisal technique is unawareness.

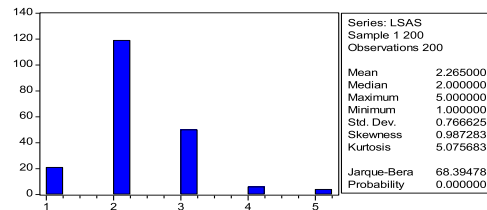
H3: The degree of possibilities of implementing the 360 degree performance appraisal technique is very low among the selected private sector organizations.

### III. RESEARCH METHODOLOGY

The research was based on primary and secondary data. The main data collection tools were questionnaire and semi-structured interview. The questionnaire comprised of 32 questions including gender, age, education, qualifications, position and experience in the current organisation to obtain a general understanding of the participants. The questions were framed in a manner whereby the respondents would provide direct information that helps to provide answers to the research questions and to test the hypotheses. Quantitative as well as qualitative data were utilized to achieve the objectives. The sample included 200 employees from 10 selected medium and large scale organizations in the Colombo area. A random number table was utilized to select 20 employees from each organisation. The opinions of the employees were gathered using a five – point Likert scale. Data presentation and analysis were based on the statistical measures (central tendency, dispersion and skewness), diagrams and tables. Furthermore, SPSS software was utilized to analyse the collected data.

### IV. DATA ANALYSIS

The sample includes 123 male and 77 female respondents. Sixty seven percent of the respondents were married. The survey results reveal that 131 respondents are graduates, working at the executive and junior levels of management. Forty-one respondents are postgraduates working at the senior and top level management. Twenty-eight respondents are diploma holders, working as clerical and executive Staff. Majority of the respondents (78%) have experience of one and half to four years at the present organisation. Figure 2 depicts the problems/limitations faced by the respondents with the current performance appraisal techniques used by their organizations.



5 = Extremely Satisfied      4 = Satisfied  
 3 = Neutral                      2 = Dissatisfied  
 1 = Extremely Dissatisfied

**Figure 2: The level of satisfaction of respondents on the current performance appraisal method of the organization**

Figure 2 reveals that 60 percent of the respondents are dissatisfied about the current performance evaluation technique and 10 percent of the respondents are extremely dissatisfied about the current performance evaluation technique. However, opinions of some respondents (25.5%) were neutral and very few respondents (1.5%) were extremely satisfied about their current performance evaluation system.

**Table 1: Problems/limitations faced with the current performance appraisal techniques**

Problems/limitations	Weight
Performance rate given by the evaluator is not reasonable	0.27
Evaluator does not discuss with the employee about the performance and rating	0.24
Evaluator does not provide performance feedback of employee frequently	0.18
Rater consider bias issue while evaluating	0.16
Evaluator does not keep documentation file of performance during the evaluation period	0.12
Your rater does not knows about job duties and tasks of employee	0.02
Evaluator does not use correct appraisal criteria and form	0.01

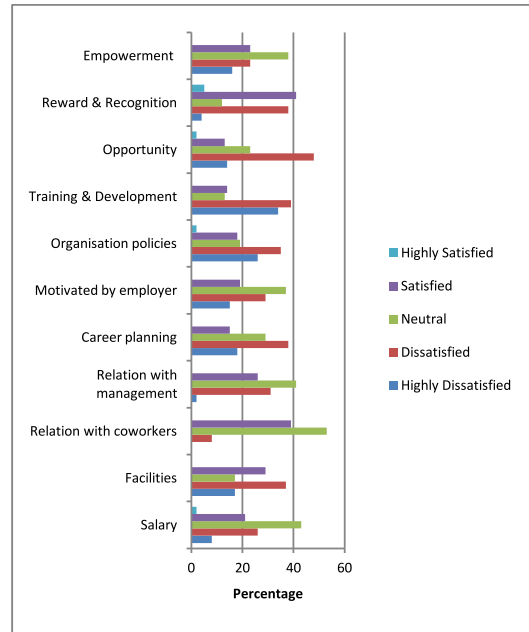
Table1 demonstrates that with the highest weight value of 0.27 on the problem ‘performance rate given by the evaluator is not reasonable’ was the most significant issue faced by the majority of the employees. The findings show that the evaluator does not discuss about the performance rate given by him/her with the employee. However, it shows that the majority of the evaluators use the correct

appraisal criteria and form and know the job duties and tasks of the employees. Cronbach's Alpha calculated based on the feedback of 11 variables that directly affect the satisfaction levels of employees was 0.826. The high value of the Cronbach's Alpha suggests that the questionnaire used for collecting data on satisfaction levels is highly reliable. Table 2 presents the different Cronbach's Alphas if the considered variable is deleted.

**Table 2: Different Cronbach's Alphas if the considered variable is deleted**

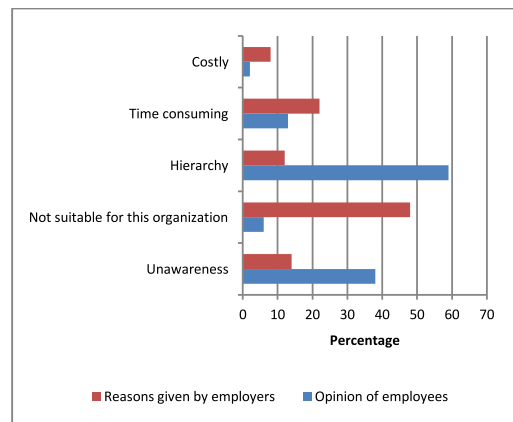
Label	Variable	Cronbach's Alpha if Item Deleted
SALR	Salary	.859
FACI	Facilities	.819
RECW	Relation with coworkers	.828
REMG	Relation with management	.813
CRPL	Career planning	.808
MOEM	Motivated by employer	.790
ORPL	Organisation policies	.796
TRDE	Training & Development	.808
OPPR	Opportunity	.783
RERG	Reward & Recognition	.809
EMPO	Empowerment	.806

Figure 3 represents the satisfaction levels of employees based on selected 11 variables relevant to their organizations. A five point Likert scale was used to gather the opinion of the respondents on their satisfaction level of an organisation. The satisfaction levels of the respondents on selected 11 variables relevant to their organizations are presented in terms of percentage in figure 3.



**Figure 3: Satisfaction levels of employees on selected variables relevant to their organizations**

Figure 3 displays that 48 percent of the respondents are dissatisfied about the opportunities they have in the organization and none of the respondents are highly satisfied about the relationship with management of their—organisation. Eighteen percent of the respondents are highly dissatisfied about their career plan and eight percent of the respondents are highly dissatisfied about salary. However, it shows that 39 percent of the respondents are having good relationship with their co-workers. Twenty nine percent of the respondents are satisfied about the facilities provided by their organisations.



**Figure 4: Opinions and reasons for not implementing 360 degree performance appraisal system**

Figure 4 represents reasons for not implementing 360 degree performance appraisal feedback system at their organizations. The opinion of 56 percent of employees as the reason for not implementing 360 degree performance feedback system was due to the hierarchy of the organisation culture. The reason presented 35 percent of the employees was unawareness on 360 degree performance feedback system. According to the opinion of 46 percent of employers, 360 degree performance feedback system is not suitable for their organisation and 21 percent of employers have mentioned that this system is time consuming.

#### V. CONCLUSION

The study reveals that most of the employees are not fully satisfied with the existing performance rating and evaluation technique. The 360 degree performance feedback system is not utilised by the private sector organisations in Colombo area due to the hierarchy of the organisation culture, unawareness, unsuitability for their organisation and time consumption. However, 73 percent of the respondents have demonstrated positive reactions to the 360 degree feedback process and its implementation. Hence, there is a possibility of implementing the 360 degree performance feedback system in the selected private sector organisations. The implementation of the 360 degree performance feedback system in an organisation will enhance the satisfaction level of the employees and the growth of the organization. Private sector organizations can implement the 360 degree feedback system as an addition to the existing performance appraisal technique and compare the results for further improvements.

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Romita Devi De Silva is a lecturer at the Department of Management and Finance, General Sir John Kotelawala Defence University, Sri Lanka. Her research interests include performance evaluation, services marketing and industrial relations. She has produced several research publications locally and internationally. Romita Devi De Silva has supervised more than ten postgraduate and undergraduate researches.