

Perceived Usefulness of the 360-Degrees Appraisal Tool and Its Usage in Performance in Nakuru, Kenya

¹Tarus Benjamin Kipchumba and ²Kuto Luka Yano

¹P. O. BOX 765 – 30300, Kapsabet, Kenya.

²P. O. BOX 3382 – 30100, Eldoret, Kenya.

Corresponding Author: Tarus Benjamin Kipchumba

Abstract

The study examined the perceived usefulness of the 360 degrees appraisal tool and the extent of its usage in performance in Municipal Council of Nakuru, Kenya. A survey research design was applied because it was an intensive descriptive and holistic analysis of Municipal Council of Nakuru as a single entity. The study targeted employees from 8 departments with a total population of 1062 employees but it targeted 282 respondents which was 26.6% of the total population. Stratified sampling technique was used in arriving at strata on the basis of departments for employees. To arrive at specific respondents among employees, purposive sampling technique was used. The data obtained was coded and analysis was done using central tendency, bar graphs, percentages and Chi-square. It was revealed that 360 degrees as an appraisal tool is adopted by the Council and it has improved its performance. The Chi-square tests carried out revealed that there is a significant relationship between use of 360 degrees and organization performance and perceived usefulness. The study recommended the need to educate employees more on the importance of 360 degrees appraisal tool and encourage them to participate fully in development and implementation process. The findings and recommendations of the study are also important to the management when planning for performance appraisal sessions as well as in reviewing individual performance.

Keywords: perceived usefulness, 360-degrees appraisal tool, usage, performance, nakuru, Kenya

INTRODUCTION

The 360° review, also referred to as 360° performance assessments or multi-rater feedback, is a method and a tool that provides employees feedback from their peers, co-workers, clients, those who are direct reports, and direct supervisors, thereby offering multiple perspectives of the employee's overall job performance. Most 360° feedback tools include the employee's self-review; hence the "full-circle" meaning behind the name. The results are tabulated and shared with the employee. Ideally, this type of assessment helps the employee gain a better understanding of her/his skills and behaviours as they relate to the organization's mission, values, goals and vision. Additionally, this feedback is geared towards assisting each employee understand her or his strengths and weaknesses, and can contribute insights into areas of work that may need professional development. The feedback is viewed as useful in defining the skills and behaviours needed to exceed client/customer expectations. The results from 360° review are often used by the person receiving the feedback to plan their training and development. The results are also used by some organizations when making promotional or pay decisions. The 360-degree feedback process offers a unique opportunity for employees at all levels to discover how their work colleagues perceive and are impacted by their behaviour. As one commentator describes the 360-

degree feedback, "It is like having a full length portrait, a profile, a close up shot in the face and a view from the back all in one!" (Heather, 2012).

IMPORTANCE OF 360-DEGREES PERFORMANCE TOOL

Whereas there might be some negative feelings associated with traditional top-down performance appraisal, there can be numerous benefits stemming from a 360-degree performance appraisal system. "The 360-degree feedback serves as a key relationship building tool that organizations can use to enhance team processes and work interrelationships" (Tornow *et al.*, 1998, p. 85). When co-workers are open with each other and hold each other accountable for performance and productivity then the working relationships improve and the productivity will thus improve. Not only will the relationships between the workers and managers improve but as they improve and get stronger, but the employees morale will also improve. "When implemented properly, subordinate appraisal systems enhance worker job satisfaction and morale" (Benardin, 1986, p. 421).

The 360-degree appraisal also can help the employee or manager discovers their own strengths and weaknesses. Through feedback employees are able to see where a co-worker excels. They can also see

where the person needs to improve. "The 360 degree feedback can have enormous power perhaps more than any other technique to bring an individual's shortcomings to his attentions and confirm that areas of perceived strengths are actual and recognized strengths" (Grote, 1996, p. 292). The depth of the 360-degree process gives it greater validity and reliability. The objectivity and the anonymity of the raters will help to defend the organization. "Numerous advantages of using multiple raters have been cited ... improved defensibility of the performance appraisal program from a legal standpoint" (Harris & Schaubroek, 1988, p. 43).

Another benefit of 360-degree appraisal is the relative low cost of implementation. Compared to bringing in an appraisal company from the outside or developing an assessment centre approach, the cost is really quite minimum. "The costs of installing, maintaining, and monitoring a subordinate appraisal system for managers is minimal relative to the costs incurred in with developing an in house assessment centre or contracting out for the service" (Bernardin, 1986, p. 433). So there are numerous reasons an organization should think about employing a 360-degree appraisal programme. In addition to having an effect on employee performance and productivity, the process can improve managerial performance as well.

The 360-degree performance appraisal system has the potential to positively effect on the performance and productivity of managers and supervisors. Managers need sources of appraisal additional to their superiors. "The 360-degree approach recognizes that little change can be expected without feedback and that different constituencies are a source of rich and useful information to help managers guide behaviour" (London & Beatty, 1993, p. 354). With this type of appraisal, the managers will have better morale themselves and will develop better communication skills with their subordinates as well as with their superiors. Just like the development of the employees, managers can also take advantage of the differing sources of feedback about their productivity and make positive changes. The 360-degree appraisal can help assess the strengths and weakness of the manager. If a manger has been made aware of some of his own managerial shortcomings ... his ability to communicate should be improved and his faith in his own managerial abilities should be strengthened (Rowland, 1970, p. 303).

The employees can also benefit when a manager has undergone a 360-degree appraisal. Organizational commitment and productivity may increase when the employees feel the 360-degree appraisal taken is seriously. Ideally, subordinates will start noticing the manager's behaviour more as a result of the 360-degree appraisal. "Upward feedback leads to subordinates perceiving positive changes in the boss's

subsequent behaviour" (Reilly *et al.*, 1996, p. 600). A possible result of the manager's changed behaviour is a stronger working relationship between the manager and the subordinates. Just as the validity of 360-degree appraisals is higher than traditional top-down appraisal concerning subordinates, the validity is higher with managers as well. "Subordinate appraisals have shown a higher validity for predicting managerial success than assessment centre performance" (Schultz & Schultz, 1994, p. 170). Atwater *et al.* (1995, p. 36) have found that "input from subordinates was effective in eliciting modest changes in managerial behaviour."

London and Beatty (1993), while agreeing that mixing development and appraisal purposes is problematic, conclude "using feedback for development only can impede the effective use of the results unless there is a requirement for the manager to be responsible to the feedback" (p. 367). Despite the relatively simple technology in using the 360-degree, its costs for the company are potentially much higher than expected. First, there seems to be some agreement that 360s are not a one-shot deal, but must be used consistently over several years (DeNisi & Kluger, 2000; Snader, 1997). Second, using the simpler structured instruments that Centre for Creative Leadership puts out (\$195 per assessee) can defeat the developmental purposes because the feedback and interpretation is too difficult (i.e., comparative results are complicated by a variety of situation-specific factors (Ghorpade, 2000). On the other hand, constructing a custom instrument that is specific to the performance requirements for the company demands significantly more time and money to develop. Finally, the best way to overcome the interpretation of results problem is to invest in consultants or at least invest time from support people to deliver and consult with target managers.

Purposes of 360-Degrees Performance Tool

The tool is expected to serve a number of purposes simultaneously. Noe *et al.* (1997, p. 198-199) and Swanepoel (2003, p. 372-373) and Schofield (1996) agree on the following purposes of the 360-degrees appraisal tool:

Strategic Purposes

Noe *et al.* (1997, p. 198) and De Cenzo *et al.* (1996, p. 322) concur that a performance appraisal system should link employee activities with the organization's goals. This calls for flexibility in the system in order for it to be adjusted to the changing goals and strategies of an organization. Many companies do not use performance appraisal to communicate its objectives. This is supported by Noe *et al.* (1997, p. 198-199) regarding the purposes of performance appraisal where nothing was included about the extent to which it is tied to the company's strategic objectives. This is also in support of what

Schofield (1996) lists establishing and monitoring objectives and targets, maintaining equity in treatment of staff, facilitating succession planning and monitoring the effectiveness of personnel policies as strategic.

Administrative Purposes

Administrative purposes, according to Swanepoel (2003, p. 372), and supported by Noe *et al.* (1997, p. 199), concern the use of performance data to make reward decisions, placement decisions, promotion and retrenchment and for validating selection procedures. Schofield (1996) lists examples of this as providing feedback on individual performance, reviewing salary, conditions of service and other rewards, providing a basis for promotion, dismissal, probation, and avoiding trouble through meeting legal or political needs.

Developmental Purposes

This third purpose is utilized to develop employees who are both effective and ineffective at their jobs. It provides individual employees feedback on their strengths and weaknesses and how to improve future performance (Noe *et al.*, 1997, p. 199; Swanepoel, 2003, p. 373). Swanepoel (*ibid.*) adds that it can focus on the organizational level as well by: "facilitating organizational diagnosis and development by specifying performance levels and suggesting overall training needs; providing essential information for affirmative action programmes; promoting effective communication within the organization through ongoing interaction between superiors and subordinates." This is supported by Schofield (1996) who lists the purposes as: providing a basis for self-evaluation; diagnosing of training and career development needs, and discovering individual and department potential as some of the developmental purposes of performance appraisal.

Documentary Purposes

De Cenzo *et al.* (1996, p. 322) suggest that the final purpose of performance appraisal is the issue of documentation. They also suggest that the evaluation system support the legal needs of the organization. It is important to have documentation to support that any personnel action taken was appropriate.

Critical Issues on the Usefulness of the 360-Degrees Appraisal

Many organizations are faced with various challenges as they endeavour to achieve their mission and vision. Human Resource provides the much needed skills and expertise to accomplish various tasks. It is important for management to ensure that they have motivated workforce who enjoy job satisfaction thus gain maximum quality productivity. The human inclination to judge the appraisal process can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system,

there is little chance of ensuring that the judgments made will be lawful, fair, defensible and accurate. There is a basic human tendency to make judgments about colleagues at work as well as about an appraisal, which seems, is inevitable and universal. In the absence of a carefully structured system of appraisal, people tend to judge the work performance of others, including subordinates, naturally, normally and arbitrarily. The Human Resource department designs a performance appraisal method in order to check what the competencies are and how they are displayed by the employee during his/her job. Then a comparison is made between the competencies that the direct boss of the employee was looking for and the competencies being displayed by the employee in his/her job. This provides the gaps and missing links which should be addressed by training. The degrees to which these competencies are required in performing a job also matter a lot.

It can be noted that performance appraisal has resulted into rivalry, demoralization and even poor work performance. This paper therefore recognizes the significance of organizations having a structured 360-degrees Performance Appraisal system.

LIMITATIONS OF THE STUDY

The major limitations of the study were inaccessibility to highly classified information, which included reports, inspection findings among others and their recommendations. This inhibited authors' access to information that was vital to the study. Others included withholding of vital information by respondents for fear that their responses would indicate the weakness of the organization in feedback response and communications break down. In order to overcome these challenges, the authors assured the respondents of the ethical considerations, that the information provided by them was purely for academic purposes and anonymity.

MATERIALS AND METHODS

The study applied a survey research design because it was an intensive descriptive and holistic analysis of Municipal Council of Nakuru (MCN) as a single entity. It was an investigation of a single entity in order to gain insight into the larger cases. Data was collected from employees and management of MCN. The sample covered a target population of 282 employees who included employees from 8 departments with a total of 1062 employees over a period of one month. The author used stratified, purposive and simple random sampling techniques. The stratified sampling technique as used to select employees from various departments that was included in the sample. Data was collected using questionnaires was analyzed by use of different methods. Both quantitative and qualitative methods of data analysis were used, including the Statistical Package for Social Sciences (SPSS).

RESULTS AND DISCUSSION

Usefulness of the 360-Degrees Appraisal Tool

For a tool to be effectively used, the employees and management should perceive it as useful and brings benefit to them. As such, the study sought to establish the perceived usefulness of 360-degrees as an appraisal tool.

The study findings revealed that majority 50.8% of the respondents agreed that 360 degrees method of appraisal is beneficial to the council as compared to 49.2%. The respondents with 63% agreed that the tool is participative other than individualistic, 79.9% of the respondents applauded 360 degrees as self-evaluation tool, 99.1% argued that the tool increases accountability to employees and stakeholders, 95.5% agreed that it enables employees to understand the gaps left, 90.4% revealed that it provides greater accuracy while 93.2% agreed that its comments are normally put in practice by the employees, management and stakeholders. This implies that the benefits accrued from the 360-degrees are that it: enhances productivity, promotion, better wage and salary administration and provides areas for development of both employees and management. Consequently, it enables both the employees and management to work towards attainment of organizational goals since each group appraises one another. The tool is a self evaluator and therefore each employee within the council strives to achieve the highest result thus innovation and creativity. With greater accuracy in work performance, the council will be able to maximise on profitability and minimise on costs thus embracing the continuous improvement. The implication to the management is that the more the employees know the benefits the more they embrace and will create a conducive environment of the same.

Furthermore, from findings 93.2% of respondents agreed that using 360 degrees performance tool results to high quality of work as compared to 6.8%. This implies that best practices in human resource are achieved and therefore the feedback rating increases motivation in work place and team building. In terms of accuracy, 99.5% indicated that it aids reliability since each employee in the organization is rated equally and therefore it promotes attainment of organizations vision. Consequently, 71.7% of respondents agreed that with 360-degrees being used the organization achieves better decision making because of feedback ratings. This therefore reduces top level managements decisions that are biased towards negative appraisals. In addition, 83.6% alluded that the tool enables organization to achieve results has required because employees fear of rankings during appraisal and therefore they strive to meet their targets thus higher productivity which in turn raises profitability. The tool also increases

commitments for team's goals towards high performance and unity of work within the organization and it is realised by 92.7% of respondents as compared with 7.3%. Respondents also agreed with 69.3% that with proper utilisation of 360 degrees appraisal tool the organization is able to embrace innovation and creativity and therefore enhancing new ideas, new products and new methods of management. The management is able to benefit from the exercise as the quality of work improves.

The findings from also clearly indicate that employees in Municipal Council of Nakuru are hardworking and are working towards ensuring that the organization always perform high quality work, accurate, attack problems in logical manner, make sound decisions, achieve good results, handle multiple tasks, demonstrate commitment, actively support teamwork, cooperate with other employees, resolve differences fairly, communicate clearly to others, be creative, exercise patience at work, be honest, share information with others, develop workable plans and goals, keep promises, be accountable, work with customers, have good relationship, help others when requested and respond quickly to customers' needs. It was thus concluded that employees in the council are working towards ensuring that performance of the organization improves. The implication of this to the management is that the employees are motivated to perform at the workplace.

Importance of 360-Degrees Appraisal Tool in Organizational Performance Management

The employees were asked to state the importance of 360-degrees as an appraisal tool in relation to organization performance and from findings; 28.8% agreed that it makes organization have clear business and operational objectives, 37% agreed that understand their individual contribution, 63% agreed that management is able to measure performance against objectives, 46.6% agreed that management is able to seek views from clients in order to improve their services, 40.2% agreed that it enables management communicate effectively with employees and 37.9% agree that it enables employees be certain of organization future performance.

This implies that organizations that have utilized the appraisal tool have gained a lot of advantages in terms of employee motivation which is a determinant of performance. On importance of 360-degrees in organizational performance, it is clear that feedback from clients is among the benefits as shown by 85.9% of the respondents who agreed and strongly agreed. The other usefulness was the measurement of performance against objectives of which 81.3% agreed and strongly agreed; others said that improvement of products and services were important

as shown by 65.3% of the respondents who agreed and strongly agreed, yet other gave employees contribution on success being key as shown by 63.9% of the respondents that agreed and disagreed; others said improvement of products and services which comprised 65.3% that agreed and strongly agreed and others saying motivation of employees was also important aspect of 360-degree feedback as shown by 53% of the respondents. It can be interpreted that the importance of this appraisal will eventually benefit the organization which will promote its implementation. The implication therefore is that the management will have created a conducive environment to make employees productive. The importance of 360 degree method of appraisal according to employees is that: it enables organizations have clear business and operational objectives, enables council management measure the performance against organization objectives that were set, the views of clients can be incorporated to improve services delivery, improves communication effectiveness and also employees can be able to predict organization future performance and thus be secured. It was concluded that 360 degrees plays a greater role in organization performance. This has crucial implications to the management as far as motivation is concerned.

Fletcher (1997) found that 80% of organizations report dissatisfaction with their appraisal processes. However, "effective performance appraisal systems help to create a motivated and committed workforce" (Boice & Kleiner, 1997). In many organisations, performance appraisal is not used to guide development. In general terms, a line manager may meet with an employee once per year to review a performance appraisal form, often without input or self appraisal from the employee being appraised. Once the form is complete, it is often used by senior managers to determine remuneration (bonus/salary) or promotion. This decision is then communicated to the employee, questions are answered, and the appraisal is concluded (Kirkpatrick, 2006).

From study findings a number of employees agreed that 360-degrees is better than traditional method because it covers objectives; more still agreed that the process is participative; and another three categories of them agreed that: it enables self development by employees, it is self evaluation that generate discussions about individual strengths and weaknesses, through involvement of key stakeholders it increases accountability to employees internal and external clients and greater accuracy is achieved respectively. In addition, over half of the employees strongly agreed that through the 360 degrees it is hard to ignore comments expressed by various stakeholders.

In establishing the factors contributing to organization performance, respondents were asked to indicate factors indicating their performance. Most of them agreed to perform high quality work always, majority always performed accurate work, a significant number of them always attacked problems in logical and orderly manner, almost half of them always made decisions reflecting sound business judgment, slightly above half worked to achieve results when assigned specific task, others almost always demonstrated the ability to handle multiple tasks successfully, half always demonstrated commitment to mission and goals, and many always spoke positively of team members.

It was also revealed that on support decision made by teams, few almost always coordinated priorities with other departments, more than half always acted approachable and listen to others, most of them always communicated ideas in clear and understandable manner, many always tried to write in clear and concise manner, some always tried to develop new and creative methods on their own, majority almost always tried to demonstrate patience when explaining new and complex concepts, others always tried handling differences of opinion or conflict in an effective manner, more still always sought to achieve win-win solutions to problems, many others always sought to display trust by sharing information openly, a majority always worked towards achieving workable plans and goals, others always worked towards keeping promises and commitments, some more almost always challenged ineffective practices, methods and procedures, others always accepted accountability for their performance outcomes both individual and departmental, others almost always demonstrated awareness of expenses and costs, many always worked towards building effective relationship with departments, another majority always offered help than excuses in times of special request and finally, and a majority still of employees always responded quickly to customer requests.

Thus the study revealed that 360-degrees appraisal tool was of importance to organizational performance.

CONCLUSION AND RECOMMENDATIONS

According to the findings, it is clear that Municipal Council of Nakuru employees understand about 360 degrees as an appraisal tool. Most of the employees were in agreement that; the tool is better than the traditional method of appraisal, it enables self development, it enables self evaluation through discussions so as to know individual strengths and weaknesses, accuracy is achieved by use of the tool and also the tool when used becomes hard to ignore views of various respondents. Factors that contribute to organizational development were through:

performance of high quality work, working in accurate manner, handling problems in a orderly and logical manner, doing work to achieve results, being able to handle multiple tasks, being committed to work, being creative and innovative on your own, being approachable, communicate clearly, be patient, displaying trust among employees, solving problems in a fair manner, through keeping promises, work towards workable plans, being accountable, demonstrate awareness of expenses, always offer help than excuses and be able to respond quickly to customers' needs. Organizations should be encouraged to adopt and implement the use of 360 appraisal tool. When done properly, 360-degrees appraisal tool is highly effective as a development tool. The feedback process gives people an opportunity to provide anonymous feedback to a co-worker that they might otherwise be uncomfortable giving. Feedback recipients gain insight into how others perceive them and have an opportunity to adjust behaviours and develop skills that will enable them to excel at their jobs.

REFERENCES

- Atwater, L. E., Roush, & P., Fischthal, A. (1995). The influence of upward feedback on self and follower ratings of leadership. *Personnel Psychology*, 48: 35-59.
- Atwater, L., Roush, P., & Allison, F. (1995). The Influence of Upward Feedback on Self and Follower Ratings of Leadership. *Personnel Psychology*, 48: 35-59.
- Bemardin, J. H. (1986). Subordinate Appraisal: A Valuable Source of Information About Managers. *Human Resource*, 25(3): 42.
- Boice, D. F., Kleiner, B. H. (1997). Designing effective performance appraisal systems. *Work Study*, 46(6): 197-201.
- De Cenzo, D. A., & Robbins, S. P. (1996). *Human Resource Management* (5th ed.). New York: John Wiley and Sons, Inc.
- DeNisi, A., & Kluger, A. (2000). Feedback effectiveness: Can 360-degree appraisals be improved? *Academy of Management Executive*, 14(1): 129-139.
- Fletcher, C. (1997). *Appraisal: Routes to Improved Performance* (2nd ed.). London: Institute of Personnel and Development.
- Ghorpade, J. (2000). Managing five paradoxes of 360-degree feedback. *Academy of Management Executive*, 14(1): 140-150.
- Grote, D. (1996). *The Complete Guide to Performance Appraisal*. New York: American Management Association.
- Harris, M. M., & Schaubroeck, J. (1988, December 7). A Meta-Analysis of Self-Supervisor. In *Online Library. Personnel Psychology*. Article published online. DOI: 10.1111/j.1744-6570.1988.tb00631.x.
- Heather, S. M. (2012). 360-Degree Feedback, the Good, the Bad and the Ugly. In *About.com. Human Resources*. Retrieved from http://www.humanresources.about.com/old/360feedback_2htm
- Kirkpatrick, D. L. (2006). Training and Performance Appraisal – Are They Related? *American Society for Training and Development*, September: 44-45.
- London, M., & Beatty, R. (1993). 360-degree feedback as a competitive advantage. *Human Resource Management*, 32, 353-372, Summer/Fall.
- Noe, R. A., Hollenbeck, J. R., Gerhart, B., & Wright, P. M. (1997). *Human Resource Management – Gaining a Competitive Advantage* (2nd ed.). Chicago: Irwin.
- Reilly, R., Smither, J. W., & Vasilopoulos, N. (1996). A longitudinal study of upward feedback. *Personnel Psychology*, 49(3): 599–612.
- Reilly, R. R., James, W. S., & Nicholas, L. V. (1996). A Longitudinal Study of Upward Feedback. *Personnel Psychology*, 49: 599-612.
- Rowland, V. K. (1970). *Evaluating and Improving Managerial Performance*. New York: McGraw-Hill Publishers.
- Schofield, A. (1996). *Developments in Performance Appraisal in Commonwealth Universities*. CHEMS Paper No 5.
- Schultz, D. P., & Schultz, S. E. (1994). *Psychology*. New York: MacMillan Publishing Company.
- Snader, J. (1997). Misusing Feedback. *Executive Excellence*, 14(1): 4.
- Swanepoel, B. (Ed.). (2003). *South African Human Resource Management- Theory and Practice* (3rd ed.). Lansdowne: JUTA and Co.
- Tornow, W., & London, M. (1998). Maximizing the Value of 360 Degree Feedback. Greensboro, NC: Centre for Creative Leadership.
- Tornow, W. M., & London, M. (Eds.), (1998). *Maximizing the Value of 360-degree Feedback*. San Francisco: Jossey-Bass Publishers.