

A STUDY OF 360-DEGREE PERFORMANCE APPRAISAL FOR WORK QUANTIFICATION AND EMPLOYEE REWARD WITH REFERENCE TO LISTED MSMEs IN PUNE

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Abstract

The present study is aimed at analysing the job outcomes measured on a 360-degree performance review and how they are related to employee rewards by observing selected listed MSMEs of Pune. The primary data was gathered from 75 respondents (HR managers, line managers and employee representatives) by using the same questionnaires. A positive relationship of work quantification and work had been found with the evaluation system and was fair with the recognition system and statistical analysis showed that knowledge of the evaluation system has a significant impact on work quantification and work rewards distribution. Studies have demonstrated that an instrument for evaluating the performance from multiple perspectives will result in greater accountability, transparency and motivation. If an organisation makes the incentives (rewards) in sync with the results of the assessments, it can result in higher engagement and in making the organisation more effective. The study will contribute to enriching the literature because it presents the actual outcomes as to how effective the implementation of 360-degree assessment is in the MSME sector and it will suggest the institutionalisation of 360-degree assessment for the surety of sustainable development.

Keywords: 360-Degree Appraisal, Work Quantification, Employee Rewards, MSMEs in Pune, Performance Management, Transparency and Accountability

INTRODUCTION

It is evident that, the impact on individuals' outcomes as a result of what they contribute should and can be a determinant of the outcome of the organisation, as the HRM importance of 'performance appraisal' is not unknown to SMEs. When using the assessment 360-degree model, an individual's performance is assessed from various viewpoints (360-degree feedback) and the assessment is directly linked to an incentive and hence the assessment includes 360-degree feedback from everyone, such as peers, subordinates and supervisors and includes the self-assessment. In the case of listed MSMEs in Pune, it's a growing trend and businesses should adopt transparent mechanisms to evaluate the performance of employee performance and encourage workers to perform better and get decent compensation. The study of MSMEs' performance analysis highlights the importance of effective assessment systems for fostering accountability and efficacy [2]. From the study of employment trends in the manufacturing sector of contract workers [3], it is revealed that a good assessment is needed to achieve a balance between the following: (a) being efficient and (b) being just. Several studies in Indian organisations have proven the direct effects of such financial and operational audits in India on employees' performance and the sustainability of the organisation. Further, in MSMEs, employees' queries emphasize the role of appraisals in the issues of motivation and retention [5]. This comparative study of PM in different sectors [6] seems to lend weight to multisource as the type of PM with which error and bias can be mined. Lastly, the modification of the appraisal scheme under Indian organizations shows that 360-degree appraisal systems are also a tool to help development and competitiveness and not only an appraisal instrument [7].

LITERATURE REVIEW

Three sets of research have been conducted on evaluation in 360° in order to enhance the fairness and transparency of the evaluation. Kamaluddeen [8] found that it plays a critical role in holding the public sector to account, provides feedback from a range of sources to the public sector managers (helping them to deliver better) and reduces bias. The scenario in MSME Pune can be correlated to the observations of Okeke et al. [9] on the fact that introducing a performance management system with a comprehensive evaluation can lead to a significant improvement in MSME employee performance. This is consistent with Lee, Idris and Tuckey's [10] study that revealed that supervisory performance coaching and performance feedback were mediators between leadership styles and job engagement as

well as employee turnover intention. During their discussion about the need for the evolution of performance evaluation, Amritkar and Raghvendra [11] argued that 360-degree appraisal provides a much more comprehensive and proactive performance appraisal than any other method of traditional performance evaluation. Other studies when mapped together, reveal that the introduction of 360-degree assessment in MSMEs enhances the level of employee engagement, invigorates the payroll mechanisms, aligns the organisation's performance with its goals and measures output on jobs.

Objectives

- To get insight into the impact of knowledge about awareness of 360-degree assessment on MSMEs listed in Pune.
- To evaluate the level of awareness about 360-degree evaluation and paying an award to employees.
- To find out the link between employee incentives and job quantification through the structure of a 360-degree assessment.

METHODOLOGY

In this study, a quantitative approach has been adopted to gain an understanding of the 360-degree appraisal's effectiveness in Pune-listed MSMEs. The primary sources from which the major data were collected were HR managers, line managers and employee representatives, who are the main respondents of this standardised questionnaire mode of data collection method provided during September – November 2022. The instrument was created on a five-level scale to determine attitude toward values of fairness of rewards, work quantification and consciousness of the evaluation. To ensure representation at the management and operational levels, purposive sampling was used to select the respondents. All of the data have been coded and then grouped into 3 constructs: awareness of 360-degree assessment, work quantification and employee rewards. All the scales were analysed in terms of internal consistency (Cronbach's alpha), which indicated all scales are reliable with a value greater than the acceptable minimum of 0.70. Appraisal awareness and the correlation between the quantification of works/rewards, etc., were addressed with the help of Pearson's correlation, regression analysis, etc. Application of the method might be able to capture the structure part of the 360-degree assessment in MSMEs with rigour, validity and relevance.

RESULTS ANALYSIS

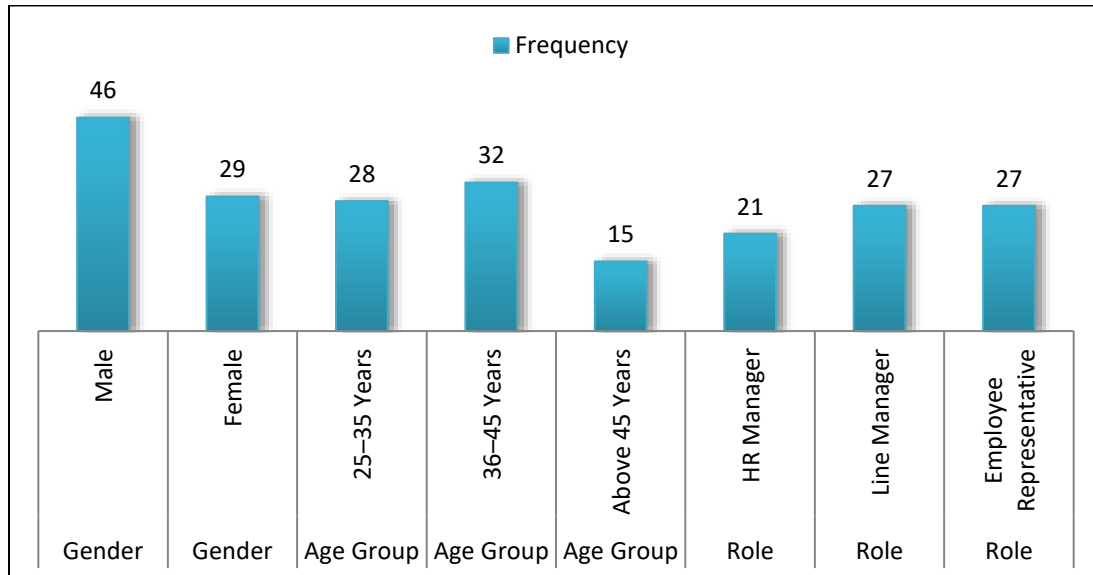


Fig 1: Demographic Profile of Respondents

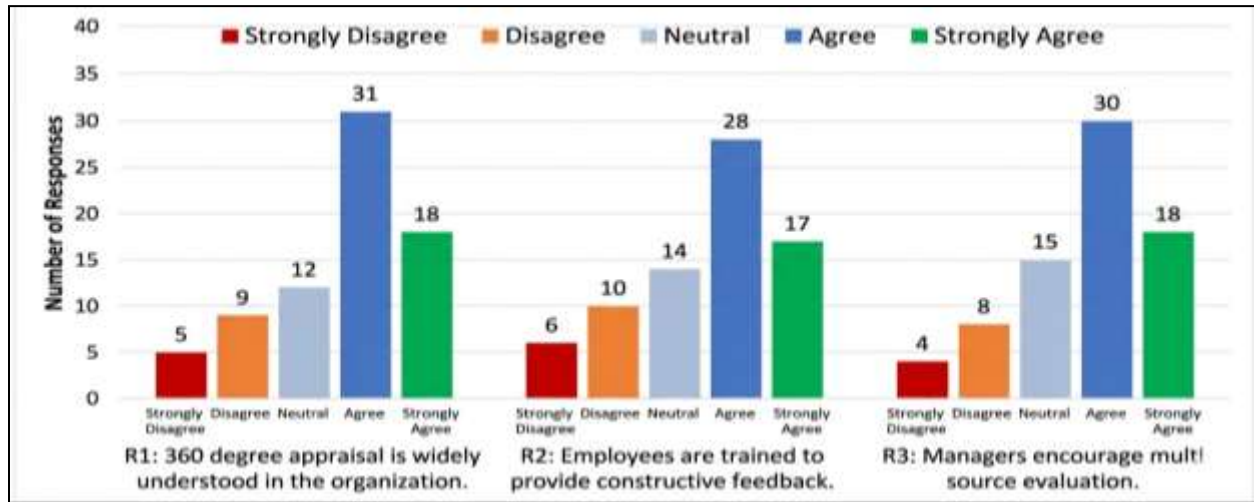


Fig 2: Awareness of 360-Degree Appraisal System

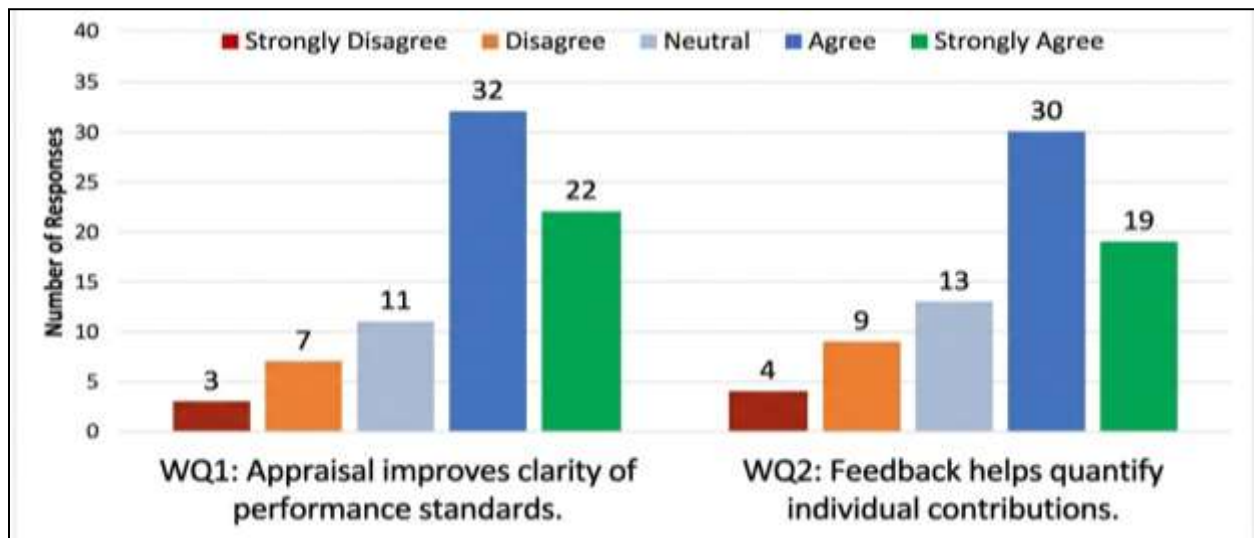


Fig 3: Impact on Work Quantification

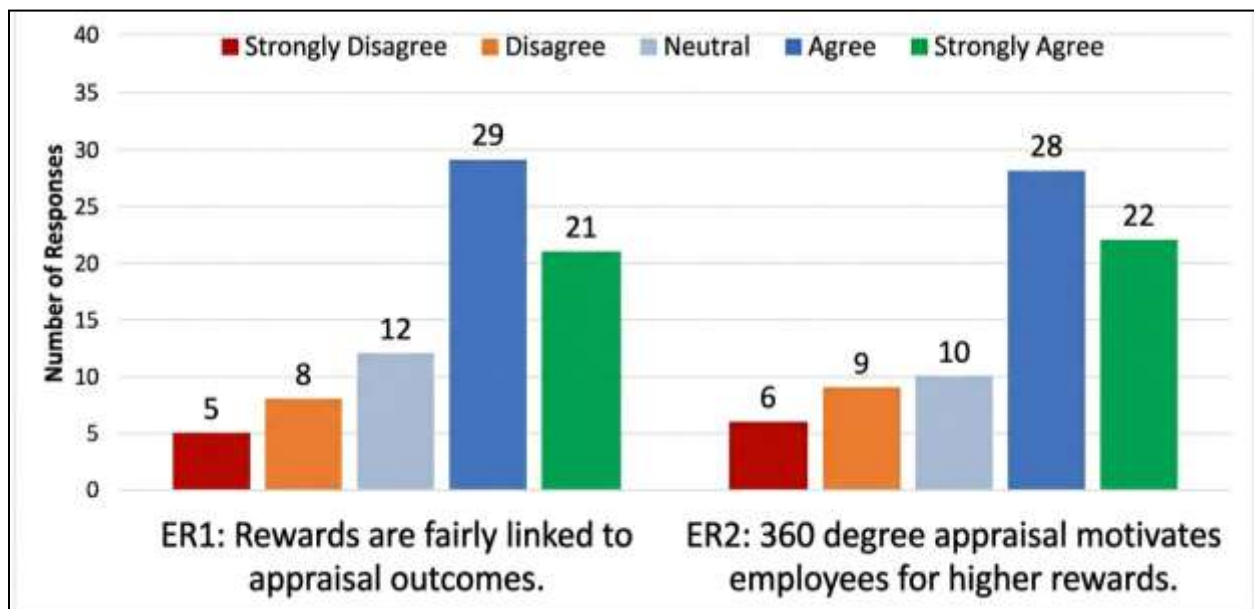


Fig 4: Impact on Employee Rewards

Table 1: Reliability Analysis (Cronbach's Alpha)

Construct	Items	Mean	SD	α
Awareness (AWA)	3	3.72	0.81	0.812
Work Quantification (WQ)	2	3.84	0.77	0.826
Employee Rewards (ER)	2	3.89	0.74	0.833

Table 2: Regression Analysis – Awareness → Work Quantification

Predictor	B	SE	β	t	p
Constant	1.102	0.298	—	3.698	<0.001
Awareness (AWA)	0.721	0.081	0.664	8.901	<0.001

Model Metrics: $R = 0.664$, $R^2 = 0.441$, $F(1,73) = 52.12$, $\text{Sig.} = 0.000$

Table 3: Regression Analysis – Awareness → Employee Rewards

Predictor	B	SE	β	t	p
Constant	1.214	0.276	—	4.398	<0.001
Awareness (AWA)	0.693	0.079	0.701	8.772	<0.001

Model Metrics: $R = 0.701$, $R^2 = 0.492$, $F(1,73) = 59.21$, $\text{Sig.} = 0.000$

Table 4: Hypothesis Testing – Work Quantification ↔ Employee Rewards

Hypothesis	Test	Value	p	Decision
H₀₁: Awareness has no significant impact on work quantification.	Regression	F = 52.12	<0.001	Rejected
H₀₂: Awareness has no significant impact on employee rewards.	Regression	F = 59.21	<0.001	Rejected
H₀₃: Work quantification and employee rewards are not correlated.	Pearson r	r = 0.689	<0.01	Rejected

Hypotheses

- Knowledge on 360° assessment does not significantly make a difference for the quantification of work.
- There is a significant difference in levels of degree of awareness of 360-degree evaluation and employee awards.
- There is a high relationship between employee awards and work quantification.

DISCUSSION

This study's results show that the 360-degree assessment model is able to improve the employee incentives/measurement of jobs by an appreciable level in MSMEs of Pune city. In a regression study, knowledge of the assessment process was found to be a strong predictor of fairness in the rewarding process and clarity of the performance criteria, the results of which indicated the presence of quantitatively measurable increases in responsibility as a result of multi-source assessment. The results are thus found to be in line with the findings of Durai, Krishnaveni and Manoharan [12], where they had concluded that metric-based performance management is useful in MSMEs to improve the performance level of MSMEs and the appraisal of employees. In the same context, Shaji, Nagendra and Kulkarni [13] pointed out the need for leadership among the MSMEs in promoting and nurturing a value culture and, in the process, extending the evaluation system to multiple perspectives. Important here is that relationships between quantification and incentives are very evident today and these relationships uncover important aspects of the labour shift as well as the need to modify assessment schemes to enhance fairness and work motivation in the evolving labour market, as proposed by Cheese [14]. Finally, the findings of Sangade [15] revealed that the direct impact of burnout and entrepreneurial orientation on work satisfaction and structures needs to be organised for the evaluation of the same to maintain motivation in the workplace. The overall discussion focused primarily on the nature of the 360-degree assessment being not an assessment alone, but instead a strategic tool to enhance the competitiveness, transparency and equity of MSMEs in the long run.

CONCLUSION

The multi-dimensional aspects of 360-degree performance evaluation as a measurement tool and 360-degree performance evaluation to link up the compensation system to the employees' performance on listed MSMEs in India have been focused upon in Pune. The results of the research showed that the dissemination of incentives and the dissemination of job quantification after being informed of the assessment system could only do more to improve the

fairness and openness concept in the PM system. Employee feedback indicated that with the involvement of more stakeholders to support information gathering, there was more clarity in the criteria used for performance and better employee behaviour in terms of recognition of employees' efforts. Furthermore, on various hierarchical levels, the observation is that the assessment system can be expected to stimulate good relationships and interest. In the process of developing a more holistic assessment mechanism for MSMEs, multiple perspectives were consulted to enhance their job creation potential and also distinguish their job creation from ordinary employment in terms of fair compensation mechanism and inspire workers. The findings of the study show that the 360-degree assessment is a facilitator for the successful administration of an organisation, efficient functioning, employees' happiness and sustainable development in the highly competitive MSME industry.

Recommendations

Based on results, it was concluded that the barriers in measuring 360 degrees should be formalised into the Human Resource Management (HRM) official procedure and it is suitable for MSMEs. Facilities should be available for staff/managers to be trained on the purpose and process of the multi-source feedback. Leveraging links between assessment and awards should be clear to minimise and overcome prejudice and increase fairness. The use of technology platforms like online tools can speed up the data collection and data analysis process, ease the process of providing anonymous feedback and ensure the accuracy of the data. Furthermore, career development recommendations from the assessment should be captured under their career development plan to enable the MSMEs to be guided by their HR staff to prioritise training on skills gaps identified. Leadership buy-in to create an environment of openness, learning all the time, is important. Since aligned with the organisational goals, MSM and 360-degree feedback can be used to enhance employee morale, employee accountability for their performance and the competitiveness in the ultimate quest for MSMEs.

Limitations and Scope for Future Research

The findings of this research can't be applied to other areas and sectors since it only included 75 respondents from listed MSMEs in Pune. The use of self-reported survey data can be somewhat subjective and may represent a perceptual bias. Additionally, longer-term effects in terms of organisational culture and staff turnover are not reflected in the studies; rather, they identify effects resulting from the assessment system from an institutional perspective. Further study should have a larger number of respondents and should be compared with other states and industries to learn of other insights. Longitudinal studies could be conducted, and the effect that 360-degree assessment has (or does not have) on organisational success, employee loyalty and employees' careers could be explored. But an investigation of the figures could also prove beneficial when considering appraisals and how it could make things clearer. To gain insight into the relationship between different cultures with regard to feedback acceptance and feedback related to reward may lead to an even wider awareness of the transferability of 360-degree appraisals to other organisational cultures.

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