

Elaborative & Explorative 360 degree performance appraisal system: A multi-source feedback model with its multiple dimensions in emerging organizations

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Abstract

With flattened structures and the need to respond quickly to customer demand, 360 degree feedback was introduced to equip the employees with the information needed to deal with the change and to leverage individual talent to meet organizational goals in an efficient way. 360 degree feedback, also known as "multi-source feedback" is the most comprehensive appraisal where the valuable insights, information & feedback about the employees is taken from all the sources that come in contact with the employees on his job which replaces the traditional performance reviews i.e. top-down performance appraisal where there is a subjective viewpoint from a single rater only "the boss". This feature serves to point out unusual trends in responses and might encourage the rater to be more thoughtful in their responses.

In this context, this paper focuses upon the underlying assumption of the 360 degree technique is that the accuracy and scope of the assessment of the individual increases when consulting a full circle of daily business contacts, as opposed to one supervisor but along with the positive aspects of improved learning, development, increased pay, promotions etc. it carries with itself certain negative feedback that takes us sometimes out of our comfort zone and threatens the rates/learners self concept which may bring a feelings of vulnerability and defensiveness. But in spite of all these, 360 degree feedback system act as a strong wave for the future organization which if applied in the right organizational climate with the appropriate expectations for success merged with proper training of feedback to bring long term positive behavioral changes &

sustaining long term development of employees at workplace. So, exploring the multiple dimensions of multi-rater feedback system and its impact or its relation with various specialized functions in organizations is a need for today.

Keywords: 360 degree performance appraisal, Education, Management

Introduction

In a time when hierarchy is being replaced by teamwork, participative leadership, empowering employees, improving customer service and re-engineering, employers need to look at other alternatives that will support and enhance personnel development. Organizations are asking personnel for more productivity with less resource. Layers of management is being reduced and there is an increased workload upon a single manager to handle the increased number of subordinates, there is a need of execution or application of 360 degree feedback system observe and provide fair, accurate, credible and motivating performance appraisals. Performance appraisal is a key tool in companies that provides information about employees performance in order to make important decisions, such as salary adjustments, promotions, identification of training and development needs, documentation of performance levels or behaviors that may merit firing or sanctions. 360 degree feedback is one of the most widely used employee assessments today as the process is more transparent and beneficial compared to any other appraisal procedure. 360 degree performance appraisals increases motivation foster productivity, improve communications, encourage employee growth and development and help to solve work related performance problems. In addition it also provides a systematic basis for compensation, promotion, transfer, termination and training and development.

Evolution of this system

Earlier traditional performance appraisal system like Annual confidential report (ACR) system was introduced in the 1940s, and is still being used in public sector organization but with the increased communication gaps, personal biasness, lack of employees' participation, it loses its popularity which makes it an old and ineffective system that does not help in employees' learning and development, (Stafylarakis et al., 2002). The next practice was management by objectives (MBO) which allows the managers to know what is being expected from them (Walters, 1995). However, critics argue that MBO focuses on results and fails to notice the job behavior (Greer, 2001; Stafylarakis and Eldridge, 2002).

Afterwards, new & modern 360 degree Performance Appraisal Systems were introduced in the 1970s. Newstrom et al. (1993) argued that the philosophy of performance appraisal systems has been positively changed over the years, previously it was thought that identifying employee behavior his successes and failures is the purpose of performance appraisal systems but now it is believed that PA is used to create learning environment and to motivate the employee to enhance his performance. Armstrong (2006) maintained that creating a culture of high performance where all members are responsible for continuous improvement of business processes and their own skills. This is a too that has gained popularity and has become a growing trend in Corporate America in recent years is the 360 degree performance review. This popularity is based on the perceptions of organizational leader's that 360 degree reviews establish a culture for continuous learning and provide more global feedback for employees, which leads to improved performance. According to Human Resource Consultant, William M. Mercer, forty percent of American companies used 360 degree feedback in1995; by 2000 this number had jumped to sixty-five percent. In 2002, 90% of Fortune 500 companies were using a 360 degree performance review process. (Lineman, 2006)

Comparison of traditional top-down with modern 360 degree method of performance appraisal

The 360 degree review process is purported to be superior to traditional forms of evaluation and feedback because it provides a comprehensive & an accurate assessment of the employee's competencies, behaviors and performance outcomes. A traditional performance review, where one boss assesses a subordinate, is no longer seen as an effective means of obtaining accurate feedback for employees. With traditional reviews, employees are rated by a single person, who may be biased or have an incomplete view of their work. Traditional performance evaluations/Top-down appraisals have been criticized for being ineffective for a variety of reasons such as the potential biases of the rater and the potential subjectivity of ratings. 360 degree feedback is viewed as more accurate because, by nature of the process, it offers feedback on observed behaviors and performance from a circle of evaluators, as opposed to subjective viewpoints from a single individual. Multiple raters offering similar feedback will send a reinforced message to the learner about what is working well and what needs to be improved. Feedback is more difficult to ignore when it is repeatedly offered by multiple sources. Generally, traditional reviews are good at

identifying either excellent performers or poor performers, but don't differentiate well among the performers in the middle. Managers' struggle with evaluations of employees who fall within the middle group created a problem when reviews are used as the basis for promotional reasons like salary adjustments and bonuses. Rater carelessness i.e. the use of appraisals for political or personal reasons; the halo effect, where an employee's strength is evaluate on a single basis and spread it to all other becomes the reasons of frustration and automatically creates depression among them which reduces productivity in an organization.. A multi-rater process like the 360 review can help avoid this problem as any skewed data is likely to appear as an anomaly when the feedback trends for that individual are examined. Three-sixty degree reviews provide feedback on a learner's cooperation with people outside their department, helpfulness towards customers and vendors etc., which may not be reviewed by other types of appraisals. This alternative method can provide a more balanced view. The 360 degree performance review process intends to provide a more global and accurate view of the employee's performance. .Since a learner can be different with each person, it would follow that there is a benefit to having many respondents involved. The underlying assumption of the 360 degree technique is that the accuracy and scope of the assessment of the individual increases when consulting a full circle of daily business contacts, as opposed to one supervisor. In order for a 360 degree process to be successful, participants must feel the survey instrument is reliable and validly managed. For instance, if a rater used the same rating for all the survey questions, the system would flag the rater to consider if the ratings were accurate or simply careless. This feature serves to point out unusual trends in responses and might encourage the rater to be more thoughtful in their responses.

The results from top-down appraisal reflect what the person's supervise /oversees and usually does not look at improving the performance. The top-down appraisal meetings can be adversarial with the manager telling the employee what they have done wrong. This can make both the employee and the manager apprehensive about the whole process. The manager doesn't usually want to be viewed as too hard or too easy. The employee doesn't want to get negative feedback. The result of this anxiety can be anger and frustration whereas the results from a 360 appraisal reflect what not only the manager has observed from the employee but also what peers and coworkers have seen as well.

Review of Literature

Performance appraisal is a formal management system that provides for the evaluation of the quality of an individual's performance in an organization [4]. As mentioned by Dessler, G [5], performance appraisal has the means to evaluate an employee's current and past performance relative to the employee's performance standards. It is a process which involves creating work standards; evaluate employee's actual performance relative to those work standards; and giving feedback to employee so as to motivate him or her to improve the job performance or to eliminate performance deficiency. In addition to that, Terrence, H. M and Joyce, M. [6] stated that, some potential aims of performance appraisal might include identifying particular behavior or job. Various techniques or methods have been used by human resource management experts to evaluate the performance of an employee. As outlined by Vicky G. [7], some of the appraisal methods include ranking; trait scales; critical incident; narrative; and criteria-based. Terrence, H. M. and Joyce, M. [6] mentioned few other methods including management-by-objectives (MBO), work planning and review, 360o appraisal and peer review. With all the available techniques, it is essential to understand that different organization might use different technique in assessing staff performance. Since all the techniques mentioned above has their own advantages and disadvantages, most organizations might mix and match different techniques for their own performance appraisal system that can fulfill their organizational needs. Performance appraisal system has become one of the most valuable management tool in which organization members use to achieve collective goals. In order to ensure that the results of the performance appraisals are useful and reasonable to the superior when evaluating their subordinates, it is important for the performance appraisal system to consistently produce reliable and valid results for the management of an organization.

Rao (2005) Has recounted his study titled as —Making Performance Appraisal an Open System. The organization preferred for the study is a public sector unit based at Bangalore. The study encrusts 50 executives, chosen at random out of the total strength 200. The aim of study was to interpret how the executives respond to the given appraisal system being built on open system. The outcome of study showed that the execution appraisal system should consider training needs of personnel. A good performance appraisal system helps in producing product-oriented officers in the highest posts. The performance appraisal system should introspect on individual characteristics like his nature, career development, attributes, potential for advancement, training needs,

shortcomings, overall execution etc. If the performance appraisal is made open, it can lead to proficiency. This study can be used for administrative, informative, developmental, informative, developmental purposes

Objectives of Research Paper

1. To study the 360 degree feedback performance appraisal
2. To study the uses of 360 degree feedback for development
3. To study the advantages/disadvantages of 360 degree feedback
4. To study influence of 360 degree feedback in education sector
5. To find out the impact of 360 degree feedback in relation to Emotional Intelligence of employees
6. To gather information about the raters providing feedback be anonymous

Research Methodology

Type of Research

The topic for the research study is to study the 360 degree feedback performance appraisal and the nature of the topic is theoretical and descriptive. So the conduct the research study the type of research suitable is descriptive research only.

Sources of Data

For the study purpose secondary data is used. The secondary data collected from records of the company records. The data of past sales also have been collected.

1.360 degree performance appraisal: A 360 degree performance review is a formalized process whereby an individual receives feedback from multiple individuals or “raters” who regularly interact with the person being reviewed, commonly referred to as “the learner”. The objective is to provide the learner with feedback on their performance behaviors as well as their potential, while identifying and establishing development goals .As a result of this feedback, the learner is expected

to be able to set goals for self development which will support the advancement of their careers and in turn benefit the organization. The raters typically represent the learner's boss, peers, subordinates, customers and sometimes even their significant others and their own self assessments complete the circle. The results of this appraisal system is used for making many decisions like for updating personnel records , revising job descriptions; deciding about transfers ,implementing layoffs and recalls, carrying out termination and handling probations. PA validates the procedures used to promote good performers and demoting poor ones.

PA results help managers to identify and diagnose job-design errors for purposes of correcting poor performance and making improvement over the poor one. These errors occur because of flaws in managing HR activities such as HR planning, forecasting, skills audits, and its utilization. If HR activities are poorly conceived, there is a likelihood of over or under-staffing, lack of person-job fit, ineffective retention and poor employee engagement. These impediments can lead to faulty job design and, eventually, poor performance. So, it basically supports & streamlines HR functions in an organization.

2. Should 360-degree feedback be used for development or for management decisions such as raises and promotion only or for supporting or for improving interpersonal decisions?

No, this answer has a broad perspective as 360 degree performance appraisals is not relevant in taking developmental decisions only but also supports the foundation for taking various interpersonal decisions which could help in sustaining long term improvement & increasing productivity of employees .

If this multi rater feedback is used only for advancement of employees such as to find out employee's eligibility for rise in pay or position, the raters may take wrong judgments if they see the learners as their competitors and provide the negative feedback which could ultimately affects the reliability & validity of the feedback process. So , this feedback process must be used for other purposes like developing HR systems, supporting HR activities ,managing employee relations, developing employee engagement towards work, meeting & understanding emotional needs, developing teamwork attitude and ultimately focuses upon continuous learning & development of employees in all spheres at the personal & professional level.

3 .Advantages / Disadvantages of 360 degree system :

360 degree feedback is the most comprehensive and very costly type of feedback system which replaces the appraisal process upside down and it assesses the performance of an employee from multi perspectives and provides a better awareness of strengths and weakness that sets goals for improvement. Important hidden costs, employers may not be considering, are embedded in the employee's affective and behavioral reaction to the feedback .Generally , positive reactions to feedback reinforces the employees and channelize their energy in a right direction but a negative reactions to feedback can be evident in behavioral changes in the employee, such as withdrawal, a display of mistrust and decreased level of commitment, unwillingness to communicate or interact with colleagues and general defensiveness. So, this appraisal system has certain advantages and at the same time it suffers from certain weakness/disadvantages:

Advantages of this system are as follows:

- Manage performance rather than react to it
- Reduce overlap of job duties and ineffective, inefficient use of employee skills
- Provide written acknowledgment of completed work
- Gain new information and ideas from staff
- Discuss skill and career development
- Protect organization from unfounded charges of discrimination
- Reduce stress *for the supervisor* -- managing rather than reacting
- Reduce stress *for the employee* – what is expected is made clear.
- Feedback from multiple sources has a more powerful impact than information from a single source.
- Employers are more strongly motivated to change work behaviors to obtain the esteem of their co-workers

Disadvantages of this system are:

- If co-workers like the individual being rated, they are concerned about doing or saying anything that may hurt them.
- If raters disliked the individual they may decide that this is a good time to get even.
- Even when the feedback is anonymous, the recipient may be able to identify the source.
- Subordinates often cannot evaluate the supervisor's work as it relates to management objectives

- There should be five or six evaluators to provide sufficient perspective and to protect anonymity.
- Raters may lack proper training

4 .Influence of 360 degree feedback in education sector

This system is a holistic approach incorporating views from many angles, multi level & multi source appraisal. Different methods are available to assess the performance. Proper questionnaire has to be designed. For a teaching staff member, feedback from principal, students, colleagues, HOD & lab assistant will play an important role. Different methods are available to assess the performance. Subject results should be compared with the university results. While taking feedback from students, rating of students should also be decided. Following aspects are important for teaching staff member: Subject matter Mastery Contribution to curriculum development, Instructional designs & delivery, establishing a positive learning environment completing related administrative requirements, Community partnership includes developing partnerships with individuals, groups, social organizations outside the Institution.

Various aspect needs to be considered while evaluating staff performance like The planning & preparation of course(effectiveness & punctuality) which includes centric instructional contents/course objectives, assessing student learning ,The class room environment(maintaining class room discipline & control of class) which includes creating an environment , establishing a culture for managing class room, The delivery of instruction(communication & knowledge skills) which includes using questioning and discussion techniques, engaging student in learning, providing feedback to students. In this way, the understanding between the students and the teachers improves a lot.

5 .Impact of 360 degree feedback in relation to Emotional Intelligence of employees:

To better understand the impact of 360 degree feedback influence on employees, it is better to understand the theory of Emotional Intelligence. This theory deals with how individuals respond to felt emotions with behavioral responses. Every individual possess different levels of Emotional Intelligence Skills which helps them to deal with their own emotions and the with the emotions of others. Some individuals are very positive and even after having a lot of emotions like anger, fear and anxiety, they perform in a better way even when their emotional state is negative and they don't get frustrated with the negative feedback and continuously increases their effort to improve performance on the other hand individuals with the low level of motivation are likely to quit at the

first sign of failure or invalidation which negatively impact the productivity of the organization,. Some learners react in a more extreme manner and If the learner becomes hostile towards the raters and the process, they are clearly not ready to accept the feedback and in this type of situation, the learner's performance may suffer because they become too pre-occupied with the specifics of the feedback and are not focusing on quality performance. The organization experiences the loss in terms of employee productivity and commitment.

6. should the raters providing feedback is anonymous?

Many employees will not provide feedback without respondent anonymity. When anonymity is not guaranteed their responses tend to be highly inflated.360 degree works best when the secrecy of the rater will be maintained. Every person who is rating others doesn't want people to confront them directly to provide positive information. No amount of training to the rater changes this aspect of human behavior if in any chance their feedback can be traced by the learner/appraisee.

Impact of 360 degree appraisal system

Generally, three affective states are passes through when 360 degree is imposed on an individual:

A. **Positive Affective State** is when the individual is experiencing positive feelings, such as relaxation, excitement, or pleasure.

B. **Neutral Affective State** is when the individual is experiencing little or no noticeable feelings at the present time.

C. **Negative Affective State** is when the individual is experiencing negative feelings and emotions such as emotional pain, anxiety, guilt, frustration, , restlessness or sometimes it converts into an anger

When a learner sees a consistent/constant pattern of feedback, that feedback is more likely to become reinforced and is more difficult to write off as invalid. There is a possibility that multi-rater feedback from a 360 degree review is more likely to be accepted by the employee. Once an individual accepts feedback there is an increasing likelihood of behavioral change and performance improvement. Prior to the 360 degree process, learners are usually in the stage that is Pre contemplation stage like an unfreezing phase of Kurt Levin's model of change , at which there is no intention to change behavior in the foreseeable future. This is when learners are unaware of problems or that there is a need for change. Once the 360 degree process is implemented and the

learner begins to receive feedback, they move into the Contemplation stage or the freezing stage, in which individuals have identified a problem.

So, there are multiple effects of this system on different persons involved in it like:

Self appraisal

- □ Selfratings are particularly useful if the entire cycle of performance management involves the employee in a self-assessment.
- It is valuable in situations where the supervisor cannot observe the work behavior with
The superior

Impact of Self appraisal:

- the improved communication between supervisors and subordinates
- the value of self rating is widely accepted as it contribute to a very great extent to a fair and all round appraisal.

It is a comparative or validation process

Appraisal by peers

- Peers have a unique perspective on a co-worker's job performance and
- It can be used when the employee's expertise is known or the performance and results can be observed

Impact of appraisal by peers

- Rating by peers is an excellent input & a source of motivation for employee development
- Peer ratings are remarkably valid and reliable in rating behaviors and "manner of performance

Appraisal by subordinates

- The Subordinates ratings provide particularly valuable data on performance elements concerning managerial and supervisory behaviors.
- It is the most controversial features of a "full circle" performance evaluation program.

Impact of appraisal by subordinates

- A formalized subordinate feedback program will give supervisors a more comprehensive picture of employee issues and needs
- The feedback from subordinates is particularly effective in evaluating the supervisor's interpersonal skills

Appraisal by customers

- Internal customers are defined as users of products or services supplied by another employee or group within the agency or organization.
- External customers are outside the organization

Impact of appraisal by customers

- Customer feedback should serve as an “anchor” for almost all other performance factors
- □ Including a range of customers in the 360-degree performance assessment program expands the focus of performance feedback in a manner considered absolutely critical to reinventing Government

Suggestions for effective execution of 360 degree appraisal system

There are few suggestions for the effective execution of 360 degree plan:

- Confidentiality: it should be maintained during the process of review. Reliable results are likely to produce within an environment of privacy.
- It must be disassociated with salary review only.
- Full-service counseling at the time of results
- Coaching sessions must be arranged to encourage the learner to; look within themselves to examine the behaviors that might be triggering the feedback; reflect on their interactions with others; examine their own performance level; be honest with themselves about the development needed.
- The performance on which the employee is being rated should be clearly understood and related to the position held
- The evaluation should be fairly short
- All participant should have complete knowledge of 360 degree feedback
- All personnel trained in how to provide feedback.
- All personnel trained in how to receive feedback.

Conclusions

While behavioral change and performance improvement may be common outcomes of the 360 degree process which has a impact on their motivation and commitment. The anticipated moment of reviewing what others have said about you is an emotionally stressful time. The more active and

open the feedback loops, the more effective the adaptation can be.

Organizational leaders who choose to use such a program must be accepting of the fact that some employees will reject feedback and development for those employees will be limited or nonexistent. If leaders in an organization can accept the fact that implementing a 360 degree process is only likely to improve the performance behaviors and performance outcomes of those learners who can be moved from the pre contemplation stage to the contemplation stage,, than the 360 degree process may be the right tool for them

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