

How Effective is the 360-Degree Feedback Appraisal Method for Evaluating Employee Performance?

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Abstract:

360-degree feedback, also known as multisource feedback, multi-rater feedback, or the 360-degree review system, is a comprehensive employee evaluation method designed to promote the all-around development of employees. Unlike traditional top-down appraisal methods, this system gathers input from various sources to create a holistic view of performance and areas for improvement. The 360-degree feedback process is designed to be continuous, supporting ongoing development throughout the year, rather than relying solely on periodic evaluations. This approach helps to address performance issues and foster growth on a regular basis, promoting a culture of continuous improvement.

Keywords: 360-Degree feedback system, Human Resource Management, Historical context, key findings from prior research, strengths and weakness

Introduction:

In every organisation, employee performance is playing vital role, to rate employee performance in order to measure the returns an organization gets in exchange of pays. Without rating they cannot be well informed about how smoothly they are working.

It is an employee evaluation method that assemble inputs from various sources about performance and areas of development. It is a comparison between internal and external stakeholder's feedback. A 360-degree feedback system is a performance appraisal tool that gathers feedback from a variety of sources to provide a comprehensive view of an individual's performance.

Unlike traditional performance reviews, which typically come from a direct supervisor, 360-degree feedback involves input from multiple perspectives, including: The individual being reviewed evaluates their own performance, Colleagues or team members provide feedback on the individual's work. Direct reports or employees under the individual's supervision give their perspectives. The individual's direct manager or supervisor assesses their performance. Sometimes, feedback is also gathered from external sources like clients or suppliers, depending on the role.

The goal of this approach is to provide a well-rounded view of an individual's strengths and areas for improvement, highlighting aspects that might not be visible from just one perspective. It can be used for various purposes, including professional development, performance evaluations, and leadership development.

Purpose of the Study

1. Evaluate the effectiveness of the 360-degree feedback system in delivering comprehensive performance evaluations.
2. Determine the advantages and disadvantages of the 360-degree feedback system from the viewpoints of various stakeholders, including employees, managers, and peers.
3. Explore how the feedback from a 360-degree system impacts employee performance, growth, and career advancement.
4. Investigate the broader organizational results that come with the use of 360-degree feedback, such as changes in organizational culture or employee engagement.
5. Identify and examine obstacles and barriers that emerge during the implementation of the 360-degree feedback system.
6. Analysis can provide benchmarks and best practices for implementing and using 360-degree feedback systems, helping other organizations enhance their feedback processes.

Literature Review

Historical Context

The term "360 degree" originated from pilots' visual checks before takeoff (Shea, 1999; cited by Rohan-Jones, 2004, pp.2-3), rooted in military terminology. Professor Mark Edwards, a US Navy pilot, first used the term. The concept comes from peer review in US military institutions (Rohan-Jones, 2004). Other than its name, the multi-rater feedback procedure originates from 'employee attitude survey, performance appraisal, and personal development plans and assessment centres' (Chivers and Darling, 1999, pp.16). These three components have shaped 360 degree feedback as an instrument. According to Chivers and Darling (1999), between 1996 and 1998, the extent of 360 degree feedback use was summarized as follows: in 1996, 38% of 119 organizations implemented the multi-rater feedback procedure, in 1997, 11% of 388 companies used it, and in 1998, 47% of 216 firms adopted the practice.

Theoretical Framework

- In 1960s – 1970s early adopters used methods like self-assessment and peer review in addition to supervisor evaluations. However, these practices were not yet formalized or widely accepted.
- In 1980s - 1990s The formalization of 360-degree feedback began in the 1980s when organizations like General Electric and Motorola started using multi-source feedback systems.
- 1990s - Early 2000s: During the 1990s, 360-degree feedback systems gained traction across a broader range of industries and organizations. Companies increasingly adopted these systems not only for leadership development but also for broader employee assessments.
- Late 2000s - 2010s: The 2000s saw a shift towards more sophisticated and technology-driven 360-degree feedback systems. Software solutions emerged that facilitated the collection and analysis of feedback, making the process more efficient and scalable.
- It is integrated with performance management, career planning, and training initiatives to enhance individual growth and organizational effectiveness.

Summarize key findings from prior research on the effectiveness and challenges of the 360-degree feedback system.

1. Communication Theory Set by Johari Window in the 1950s:

The is a model for understanding self-awareness and interpersonal communication. It divides feedback into four quadrants: Open Area, Blind Spot, Hidden Area, and Unknown Area.

2. Goal-Setting Theory Proposed by: Edwin Locke in the 1960s:

Setting specific and challenging goals enhances employee performance. Goals should be clear, measurable, and attainable to motivate employees and improve performance.

3. Equity Theory suggests by: John Stacey Adams in the 1960s:

Employees are motivated by fairness and equity in the workplace. Perceptions of inequity, where employees feel they are not receiving fair rewards relative to their contributions compared to others, can impact motivation and job satisfaction.

4. 360-Degree Feedback Model Developed By:

Various contributors over time. This model involves gathering feedback from multiple sources—peers, subordinates, supervisors, and sometimes external stakeholders—to provide a comprehensive view of an employee's performance.

5. Self-Determination Theory (SDT) put forward by Edward Deci and Richard Ryan in the 1980s:

Motivation is driven by the fulfilment of basic psychological needs: autonomy, competence, and relatedness. Employees are more motivated when they feel that their work is self-directed and meaningful.

6. Behaviourally Anchored Rating Scales (BARS) Developed By:

Various researchers in the 1970s. BARS involves creating specific, behaviour-based examples that represent different levels of performance. This method provides a detailed and objective basis for evaluating performance.

Research Methodology:

I have prepared my research paper based on secondary data collection method for that I have studied various research papers and journals of 360- Degree Feedback system. Research data can be broadly divided into primary and secondary data. Primary data are the original data derived from your research endeavours. This type of data is gathered through various methods such as surveys, interviews, experiments, and observations. Secondary data are data derived from your primary data, academic journals, Newspapers, Trade association, Govt. publications, Educational Institutional, Govt. records, International publications, Libraries, focus group, commercial agencies, data from internet, Historical records, organizational record etc. Research design is a structured plan for conducting research, outlining

the procedures for collecting and analysing data. It ensures that the research question is answered effectively and that the study's results are reliable and valid. Descriptive method, Analytical methods, Exploratory method are some types of Research Design. Whereas I have used Descriptive method a detailed account of characteristics or phenomena e.g., surveys, case studies and Analytical method to investigate relationship or casual effects of experiments and longitudinal studies. some common types of research methodology include quantitative research, Qualitative Research Methodology, mixed-method research, experimental research, and case study research.

Weakness, Limitations and Challenges

lead to discrepancies: Levy and Albright (1995) argue that feedback from multiple sources can lead to discrepancies. Different raters may have varying perspectives, which can complicate the feedback process and its interpretation.

Fiscal Cost: can be costly to implement, which can be a significant limitation for organizations with limited budgets (Rohan-Jones, 2004; Ward, 2004; Nickols, 2007).

Selection Bias in Rater Choice: Ward (2004) notes that the free choice of raters by the receivers may result in less objective feedback and more bias.

Negative Emphasis on Performance: An issue is that feedback may disproportionately focus on the weaknesses of the appraisees' performance (Ward, 2004). This negative emphasis could affect morale and lead to a less constructive feedback experience.

Managerial Burden: Implementing 360-degree feedback adds additional responsibilities to managers. The process can be demanding, requiring careful management and potentially leading to increased workload and complexity (Ward, 2004).

Finding ways to manage or reduce expenses: such as by streamlining the process or utilizing cost-effective technologies, could help mitigate this limitation.

Ensuring Objective Feedback: To address the issue of discrepancies and bias, it's essential to ensure that the feedback process is well-structured and that raters are selected to provide a balanced perspective. Training for raters and implementing standardized criteria can help improve the objectivity of the feedback.

Balancing Positive and Negative Feedback: To counteract the tendency to focus on weaknesses, organizations should train facilitators and managers to provide balanced feedback. Emphasizing both strengths and areas for improvement can create a more constructive and motivational experience for the appraisees.

Managing Managerial Workload: Reducing the burden on managers can be achieved through efficient process design and clear guidelines. Providing support and training for managers on how to effectively administer and use 360-degree feedback can also help in managing their additional responsibilities.

Strength and Benefits:

Reduction of Discrimination: Heathfield (2001) claims that multi-sourced feedback can reduce gender, race, and age discrimination by providing a more balanced view of performance from multiple perspectives.

Legal Protection: Carter et al. (2005) and Gitlespie and Parry (2006) suggest that multi-rater feedback can offer legal protection by providing a documented, systematic approach to performance evaluation,

which can help defend against claims of bias or unfair treatment. Analysis Enhanced Communication and Empowerment.

Comprehensive Feedback: The multi-source approach provides a more rounded view of performance, leading to more accurate and actionable insights.

Increased Engagement: Encouraging employees and offering constructive feedback can improve motivation and enhance team dynamics.

Self-Awareness and Improvement: The valuable feedback provided in this context can be advantageous for the purpose of personal development and enhancing performance.

Aim to achieve interpersonal and Organizational goal: Involving employees in the feedback process can boost engagement and collaboration within the organization. Ensuring fairness and equality in the evaluation process can contribute to the development of a more inclusive workplace.

Best Practices for Implementation

Designing the Feedback System

While Developing an effective 360-degree feedback system involves creating a comprehensive, balanced, and fair process for gathering feedback from multiple perspectives. With the help of following points we can design or implement a successful 360-degree feedback system:



By resinous to these guidelines, you can create a 360-degree feedback system that is effective, fair, and supportive of individual and organizational growth.

Importance of Training Participants

By providing Training to participants and clearly communicating the purpose and process of a 360-degree feedback system are crucial for its success.

1. **Ensures Effective Use of the System:** Training helps participants understand how to use the feedback tools and provide meaningful input. Proper training ensures that feedback is specific, relevant, and based on observations rather than hearsay or assumptions.
2. **Promotes Constructive Feedback:** Training guides participants on how to give constructive feedback that is objective and actionable rather than vague or overly critical. It helps raters focus on behaviours

and competencies rather than personal biases.

3. **Enhances Self-Awareness:** Training can encourage participants to reflect on their own performance and how their feedback might be received by others. Helps participants understand how to set personal development goals based on the feedback received.
4. **Increases Engagement and Buy-In:** When participants understand the purpose and benefits of the feedback system, they are more likely to engage with it seriously. Training can boost motivation by showing how feedback can contribute to personal growth and career advancement.
5. **Prevents Misuse and Misunderstandings :** Training helps prevent misuse of the feedback system by clarifying expectations and the appropriate use of feedback. Educates participants on how to handle potentially sensitive feedback constructively.

Conclusion: with help of 360-Degree Feedback study

Employees gain a clearer understanding of their strengths and areas for improvement, Enhanced self-awareness often leads to changes in behaviour and performance. Feedback highlights specific skills or competencies that need development, employees can seek relevant training and development.

Continuous and Real-time feedback helps employees make necessary adjustments to their performance, enhancing overall effectiveness.

Multiple sources encourage employees to be more accountable for their performance and behaviour which creates a transparent environment.

Employees can set specific, measurable goals based on feedback to track their development and progress. Feedback often highlights areas where additional mentorship or coaching may be beneficial, leading to targeted support and guidance.

Enhanced Communication Skills Learning to accept and act on feedback, engage in discussions about their performance and development. Employees also learn how to give constructive feedback to others, a critical skill for effective leadership and teamwork.

Employees can identify and build on their strengths, making them more competitive for promotions and new opportunities. Feedback helps employees understand what skills or experiences they need to advance in their careers, allowing them to plan their professional development accordingly.

Summary

Overall, a well-executed 360-degree feedback system positively impacts employee performance, growth, and career advancement by delivering comprehensive insights into performance and areas for improvement, facilitating targeted development and skill enhancement, supporting personal and professional growth through actionable feedback, and enhancing visibility and recognition, which leads to career advancement opportunities. To maximize these benefits, organizations should ensure that the feedback process is transparent, supportive, and integrated with other development and performance management practices.

Recommendation for future

The use of a 360-degree feedback system can lead to a range of positive broader organizational results:

Organizational Culture: Promotes openness, transparency, accountability, and inclusivity.

Employee Engagement: Increases involvement, job satisfaction, motivation, and reduces turnover.

Organizational Effectiveness: Enhances decision-making, team dynamics, leadership, and alignment

with organizational goals.

For these benefits to be realized, it's important that the 360-degree feedback system is implemented thoughtfully, with clear communication, support, and a commitment to using feedback constructively to drive organizational improvement.

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