

360 Degree Evaluation Boon for Self Development of Employees

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Abstract

Multi-source feedback extends traditional performance appraisal by collecting information from subordinates, peers, supervisors and customers. Ratees often receive the results along with normative data and self-ratings. This paper explores how multi-source feedback goes beyond traditional performance appraisal by providing ratees with comparative information. Focusing on person, perception and information processing dynamics, this paper develops a model and associated propositions to explain the effects of multi-source feedback on perceptions of goal accomplishment, re-evaluation of self-image, and changes in outcomes such as goals, development, behavior and performance. Moderators of relationships between the major components in the model include individual difference variables (self-image, feedback seeking, self-monitoring, task-specific self-efficacy, and impression management) and situational conditions (the content and process of multi-source feedback and organizational performance standards). Issues of research and practice intended to improve understanding and effectiveness of multi-source feedback are discussed.

Keywords: Performance Appraisal, Ratees, TQM, 360 Degree, Evaluation.

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1. INTRODUCTION

Performance appraisal, also known as employee appraisal, is an ongoing process of any organisation that involves determining and communicating to an employee, how he or she is performing the job and ideally (generally in terms of quality, quantity, cost and time), establishing a plan of improvement. It is a establishing a plan of improvement. It is a continuous function and not merely an issue of formal reports at particular points of time. It is a part of career development, a regular review of employee performance within organizations.

A performance appraisal is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. Other aspects of individual employees are considered as well, such as accomplishments, potential for future improvement, strengths and weaknesses, etc. It helps the subordinate answer two key questions: first, "What are your expectations of me?" second, "How am I doing to meet your expectations?"

According to Heyel, performance appraisal can be defined as - "The process of evaluating the performance and qualifications of the employees in term of the requirements of the job for which he is employed, for purpose of administration including placement, selection for promotions, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally."

Michael Armstrong prefers to use the term performance management. He defines it as "A process for establishing shared understanding about what is to achieved, and an approach to managing and developing people in a way which increases the probability that it will be achieved in the short a long term."

The nature of performance appraisal and its effectiveness depend a great deal on how human resources are viewed and treated in an organization. The strength of any organisation is its people. If people are attended to properly by recognizing are likely to be dynamic and grow fast. Unlike the physical resources, human resources have the capability of expanding to unlimited extents.

The most important goal of any dynamic organization is to ensure that its people are capable of doing the variety of tasks associated with their roles/position. Thus, appraising and motivating the employees from time to time and rewarding them for their performance is a must. For this performance appraisal serves as an indispensable tool and those who does not recognize the importance of this process, tend to sabotage unknowingly their own development opportunities.

2. LITERATURE REVIEW

Several studies (Hazucha *et al.*, 1993; London and Wohlers, 1991; Walker and Smither, 1999) indicate that the use of 360-degree feedback helps 136 people improve performance. In a 5-year Walker and Smither (1999) study, no improvement in overall ratings was found between the 1st and 2nd year, but higher scores were noted between 2nd and 3rd and 3rd and 4th years. A study by Reilly *et al.* (1996) found that performance increased between the 1st and 2nd administrations, and sustained this improvement 2 years later. Additional studies show that 360 feedbacks may be predictive of future performance (Maylett and Riboldi, 2007). Some authors maintain that 360 processes are much too complex to make blanket generalizations about their effectiveness (Bracken, Timmreck, Fleenor and summers, 2001b; Smither, London and Reilly, 2005). Smither *et*

al. (2005) suggested, "We, therefore, think that it is time for researchers and practitioners to ask, under what conditions and for who is multi-source feedback likely to be beneficial? " (Rather than asking, does multi source feedback work?)." Their meta-analysis of 24 longitudinal studies looks at individual and organizational moderators that point to many potential determinants of behaviour change, including positive feedback orientation, positive reactions to feedback, goal setting, and taking action.

3. PERFORMANCE APPRAISAL METHODS

An article of Smriti Chand (PMO) titled "Performance Appraisal Methods: Traditional and Modern Methods!" which focuses on the topic "Each method of performance appraisal has its strengths and weaknesses may be suitable for one organisation and non-suitable for another one. As such, there is no single appraisal method accepted and used by all organisations to measure their employees' performance. All the methods of appraisal devised so far have been classified differently by different authors. While DeCenzo and Robbins' have classified appraisal methods into three categories: absolute methods, relative methods and objective methods; Aswathappa has classified these into two categories past-oriented and future-oriented.

A more widely used classification of appraisal methods into two categories, viz., traditional methods and modern methods which is given by Strauss and Sayler. The traditional methods lay emphasis on the rating of the individual's personality traits, such as initiative, dependability, drive creativity, integrity, intelligence, leadership potential, etc.; while the modern methods, on the other hand, place more emphasis on the evaluation of work results, i.e., job achievements than the personal traits

Traditional Methods		Modern Methods	
1.	Ranking Method	1.	Management by Objectives (MBO)
2.	Paired comparison	2.	Behaviourally anchored rating scales
3.	Grading	3.	Assessment centres
4.	Forced distribution method	4.	360-degree appraisal
5.	Forced choice method	5.	Cost accounting method
6.	Checklist method		
7.	Critical incident method		
8.	Graphical scale method		
9.	Essay method		
10.	Field review method		
11.	Confidential report		

3.1 Traditional Method

3.1.1 Performance Ranking Method: Ranking is a performance appraisal method that is used to evaluate employee performance from best to worst. Manager will compare an employee to another employee, rather than comparing each one to a standard measurement.

3.1.2 Paired comparison analysis: Paired comparison analysis is a good way of weighing up the relative importance of options. A range of plausible options is listed. Each option is compared against each of the other options. The results are tallied and the option with the highest score is the preferred option.

- 3.1.3 Grading Method:** In this method, certain categories of worth are established in advance and carefully defined. There can be three categories established for employees: outstanding, satisfactory and unsatisfactory. There can be more than three grades. Employee performance is compared with grade definitions. The employee is, then, allocated to the grade that best describes his or her performance.
- 3.1.4 Forced ranking (forced distribution):** Forced ranking is a method of performance appraisal to rank employee but in order of forced distribution. For example, the distribution requested with 10 or 20 percent in the top category, 70 or 80 percent in the middle, and 10 percent in the bottom.
- 3.1.5 Forced-Choice Method:** The forced-choice method is developed by J. P. Guilford. It contains a series of groups of statements, and rater rates how effectively a statement describes each individual being evaluated. Common method of forced-choice method contains two statements, both positive and negative.
- 3.1.6 Weighted checklist:** This method describe a performance appraisal method where rater familiar with the jobs being evaluated prepared a large list of descriptive statements about effective and ineffective behaviour on jobs.
- 3.1.7 Critical incident method:** The critical incident for performance appraisal is a method in which the manager writes down positive and negative performance behavior of employees throughout the performance period
- 3.1.8 Graphic rating scales:** The Rating Scale is a form in which the manager simply checks off the employee's level of performance. This is the oldest and most widely method used for performance appraisal.
- 3.1.9 Essay Evaluation:** This method asked managers / supervisors to describe strengths and weaknesses of an employee's behavior. Essay evaluation is a non-quantitative technique. This method usually use with the graphic rating scale method.
- 3.1.10 Field Review Method:** When there is a reason to suspect rater's biasedness or his/her rating appears to be quite higher than others, these are neutralised with the help of a review process. The review process is usually conducted by the personnel officer in the HR department. The review process involves the following activities: (a) Identify areas of inter-rater disagreement. (b) Help the group arrive at a consensus. (c) Ensure that each rater conceives of the standard similarity.
- 3.1.11 Confidential Report:** It is the traditional way of appraising employees mainly in the Government Departments. Evaluation is made by the immediate boss or supervisor for giving effect to promotion and transfer. Usually a structured format is devised to collect information on employee's strength weakness, intelligence, attitude, character, attendance, discipline, etc.
- 3.2 Modern Methods**
- 3.2.1 Management By Objectives (MBO):** MBO is a process in which managers/ employees set objectives for the employee, periodically evaluate the performance and reward according to the result. MBO focuses attention on what must be accomplished (goals) rather than how it is to be accomplished (methods).

- 3.2.2 Behaviourally anchored rating scales (BARS):** This method is used to describe a performance rating that focused on specific behaviors or sets as indicators of effective or ineffective performance. It is a combination of the rating scale and critical incident techniques of employee performance evaluation.
- 3.2.3 Assessment Centres:** An assessment centre is a central location where managers come together to participate in well-designed simulated exercises. They are assessed by senior managers supplemented by the psychologists and the HR specialists for 2-3 days.
- 3.2.4 360 degree performance appraisal:** 360 Degree Feedback is a system or process in which employees receive confidential, anonymous feedback from the people who work around them.
- 3.2.5 Cost Accounting Method:** This method evaluates an employee's performance from the monetary benefits the employee yields to his/her organisation. This is ascertained by establishing a relationship between the costs involved in retaining the employee, and the benefits an organisation derives from him/her.

4. 360° APPRAISAL SYSTEMS

360-degree Appraisal is an assessment process used to improve managerial effectiveness by providing the manager with a more complete assessment of their effectiveness, and their performance and development needs. 360-degree feedback is an evaluation method that incorporates feedback from the worker, his/her peers, superiors, subordinates and customers. Results of these confidential surveys are tabulated and shared with the worker, usually by a manager. Interpretation of the results, trends and themes are discussed as part of the feedback. The primary reason to use this full circle of confidential reviews is to provide the worker with information about his/her performance from multiple perspectives. From this feedback, the worker is able to set goals for self-development which will advance their career and benefit the organization. With 360-degree feedback, the worker is central to the evaluation process and the ultimate goal is to improve individual performance within the organization. Under ideal circumstances, 360-degree feedback is used as an assessment for personal development rather than evaluation (Tornow, W., 1998). Unfortunately, not all circumstances are ideal.

360 degree feedback provides a comprehensive view of the skills and competencies of the individual as a manager or as a leader. The individual gets a feedback on how other people perceive and assess him as an employee. 360 degree feedback is beneficial to both an individual as well as organization. It leads to pooling of information between individual and other organizational members. It encourages teamwork as there is full involvement of all the top managers and other individuals in the organization. It stresses upon internal customer satisfaction. It develops an environment of continuous learning in an organization. Based on a 360 degree feedback, the individual goals and the group goals can be correlated to the organizational strategy, i.e., the individual and the group can synchronize their goals with the organizational goals.

5. HISTORY

The German military first began gathering feedback from multiple sources in order to evaluate performance during World War II. Others also explored the use of multi-rater feedback during this time period via the concept of T-groups.

One of the earliest recorded use of surveys to gather information about employees occurred in the 1950s at Esso Research and Engineering Company. From there, the idea of 360 degree feedback gained momentum, and by the 1990s most human resources and organizational development professionals understood the concept. The problem was that collecting and collating the feedback demanded a paper-based effort including either complex manual calculations or lengthy delays. The first led to despair on the part of practitioners; the second to a gradual erosion of commitment by recipients.

However, due to the rise of the Internet and the ability to conduct evaluations online with surveys, Multi-rater feedback use steadily increased in popularity. Today, studies suggest that over one-third of U.S. companies use some type of multi-source feedback others claim that this estimate is closer to 90% of all Fortune 500 firms in recent years, Internet-based services have become standard in corporate development, with a growing menu of useful features (e.g., multi languages, comparative reporting, and aggregate reporting.

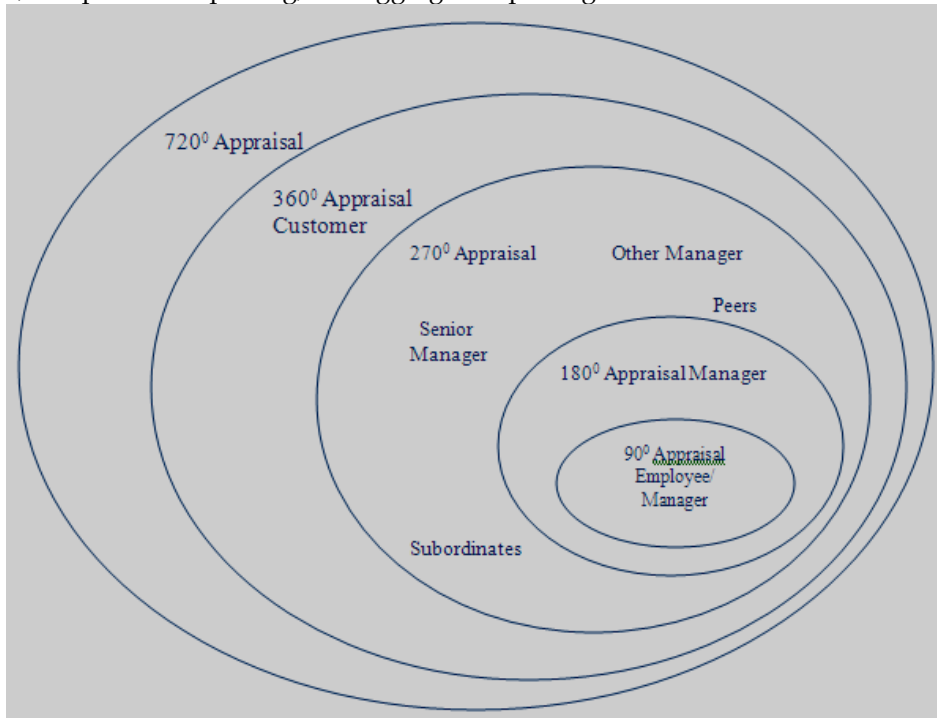


Fig. 1

The above diagram has shown the various centric types of feedback systems, some of them were previously used some are in use and some will be used in future. Every time the peripheral of collecting the feedback has increased as it gives an intense analysis of various types of competencies present and required for the development of employees. Starting with the 90 degree appraisal where only employee manager relationship is of utmost importance it first increased to one upper level of manager than to peers and subordinates and finally reaching to all four parts and including the customers as well.

360 degree feedback is the system which is currently being used in many corporate lobbies but now a day's more recent topic is 720 degree feedback system which simply means twice the 360 degree system as feedback is taken before and after the work has been done.

Table 1: Implementation Model of 360- Degree feedback

Using 360° for Appraisal	Using 360° for Development
<ul style="list-style-type: none"> • Emphasis on assessment of performance • Participation in compulsory • The manager select respondents (or has the right of veto) • The manager has access to the report • Manager needs training to interpret and give feedback constructively • The outcome is agreement on the assessment of current performance and targets for improvements 	<ul style="list-style-type: none"> • Personal development is main priority • Participation is (usually) voluntary • The subject of the questionnaire selects the respondents • The subject receives the report (and decides what to share with the manager) • Subject needs support to interpret the report • The outcome is development plan

6. STAKEHOLDERS OF 360° ASSESSMENT

The stakeholders of 360° assessment employees' may be peers, managers (i.e. superior), subordinates, team members, customers, suppliers/ vendors - anyone who comes into contact with the employee and can provide valuable insights and information or feedback regarding the "on-the-job" performance of the employee. 360 degree appraisal has four integral components:

1. Self appraisal
2. Superior's appraisal
3. Subordinate's appraisal
4. Peer appraisal.

Self-appraisal gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance.

Superior's appraisal forms the traditional part of the 360 degree appraisal where the employees' responsibilities and actual performance is rated by the superior.

Subordinates appraisal gives a chance to judge the employee on the parameters like communication and motivating abilities, superior's ability to delegate the work, leadership qualities etc.

Peer appraisal allows feedback given by peers which can help to find employees' abilities to work in a team, co-operation and sensitivity towards others.

Self-assessment is an indispensable part of 360 degree appraisals and, therefore, 360 degree Performance appraisal have high employee involvement and also have the strongest impact on behaviour and performance. It provides a "360-degree review" of the employees' performance and is considered to be one of the most credible performance appraisal methods.

7. PROS AND CONS OF 360 DEGREE APPRAISAL

Pros of 360 degree appraisal:

- More comprehensive system because responses are gathered from multiple perspectives.

- Feedback from peers and others may increase employee self-development.
- It may lessen prejudices because the feedback comes from more people, not just one person.
- Quality of information is better.
- It complements TQM initiatives by emphasizing internal/external customers and teams.
- Increases responsibilities of employees to their customers.
- The mix of ideas can give a more accurate assessment.
- Not only manager should make assessments on its staff performance but other colleagues should do, too.
- People who undervalue themselves are often motivated by feedback from others.
- If more staff takes part in the process of performance appraisal, the organizational culture of the company will become more honest.

Cons of 360 degree appraisal:

- Requires training to work.
- Employees could give dishonest and invalid feedback and it can be expensive too.
- Complex system in combining all responses.
- Feedback can be intimidating. Employees could feel like they are being “attacked”.
- Could be conflicting opinions, but accurate from their own standpoints.
- Extension of exchange feedback can cause troubles and tensions to several staff.

8. CONVENTIONAL VS 360° FEEDBACK SYSTEM

Table 2:

Categories	Traditional Appraisals	Modern, Systems Appraisals
Guiding Values	Individualistic, Control oriented, Documentary	Systematic, Developmental, Problem solving
Leadership Styles	Directional, Evaluative	Facilitative, Coaching
Frequency	Occasional	Frequent
Formalities	High	Low
Rewards	Individualistic	Grouped, Organizational

9. CONCLUSION

360 degree feedback is a process for providing a person with structured feedback from a group of people who have a range of different perspectives. For example, a manager can receive feedback on their leadership, communication and planning & organising capabilities from their direct reports, peers, their own manager and possibly internal and external customers. Feedback is almost always a sensitive matter. People are often curious, sometimes fearful and occasionally emotional about it. Many companies like HCL, Infosys, LG Electronics India Ltd., IndiaPlaza.com are now using this system.

360 Degree feedback allows wonderful opportunities for increasing insight and awareness, improving communication, identifying learning and development needs, prioritizing learning activities, motivating building confidence and program evaluation. In choosing a 360 Degree Feedback system, consider the question of Role. Does the system you choose deliver practical, flexible and meaningful results, in a cost and time effective manner? And does it do this while

maximising learner interest and relevance, while minimising anxiety, fear and resistance? Increasing individual's performance with 360-degree evaluations will lead to overall success for a firm. The feedback must be confidential so as to ensure its reliability and legitimacy. The feedback must be accepted with positivity and an open-mind. The effectiveness of the feedback must be evaluated and analyzed on a regular basis

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