

## A 360 DEGREE-Appraisal – A Performance Assessment Tool

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### **Abstract:**

degree appraisal is an effective strategy for developing a person's multidimensional competency that taps into the expertise of those in the person's immediate circle of influence, including peers, supervisors, and direct reports.

As we transition from the Industrial Age/Cold War to the Globalization and Information Age, the case for multi-dimensional performance feedback is presented in the context of these issues.

According to a research of successful firms, many employ similar techniques for administrative performance rating and 360-degree feedback for the development of contemporary competence.

The efficacy criteria, design and implementation considerations, and some areas of potential advantages are revealed by research on 360-degree appraisals.

Strong recommendations are made for the usage of 360-degree feedback in the article's conclusion for both competence development

In today's changing and volatile world organizations are continually looking for ways to improve performance, and satisfy the demands of all stakeholders. Achieving this almost inevitably involves change, which then becomes the pivotal dynamic for success. For an organization to evolve the people working within it will have to adapt; and for this to be successful, they first of all need to know what it is about the way they are currently performing that needs to change. This is where 360 degree feedback is playing a growing role in organizations through its ability to provide structured, in depth information about current performance and what will be required of an individual in the future to enable detailed and relevant development plans to be formulated. Professionally managed, 360 degree feedback increases individual self-awareness, and as part of a strategic organizational process it can promote:

- increased understanding of the behaviors required to improve both individual and organizational effectiveness.
- more focused development activities, built around the skills and competencies required for successful organizational performance.
- increased involvement of people at all levels of the organization.
- increased individual ownership for self-development and learning.
- increased familiarity with the implications of cultural or strategic change.

Typically, performance appraisal has been limited to a feedback process between employees and supervisors. However, with the increased focus on teamwork, employee development, and customer service, the emphasis has shifted to employee feedback from the full circle of sources depicted in figure 1. This multiple-input approach to performance feedback is sometimes called "360-degree assessment" to connote that full circle.

360 - degree appraisal is a questionnaire-based process that gathers structured feedback from a number of sources about the behavior and style of an individual or team at work. For each individual, questionnaires on observable behaviors are completed by the individuals themselves, by the staff they manage, their peers, their customers and their boss. The results are compiled into a feedback report, in which data from each

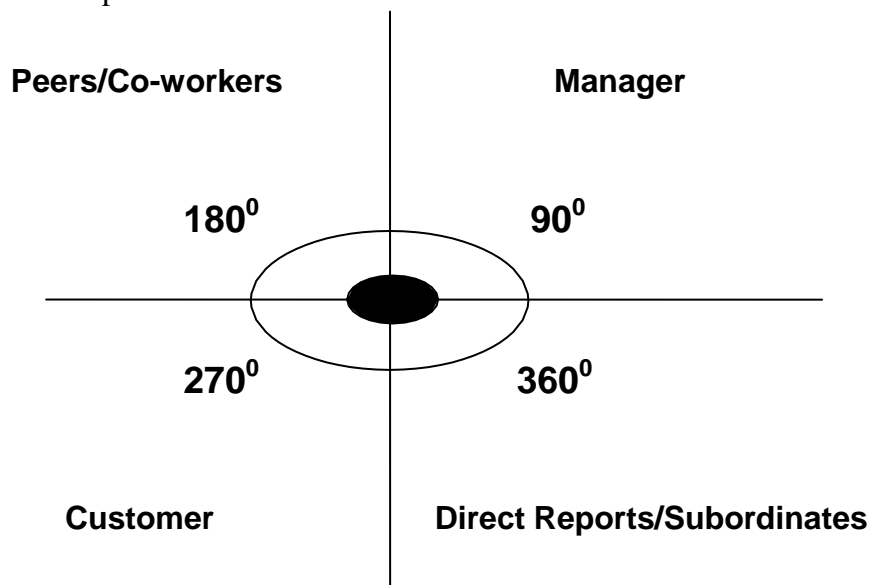
source is presented separately. This is provided to the individual who then plans how to build on competencies and improve personal performance. Research has shown that the reliability, fairness and acceptability of the feedback process are increased when the input is drawn from multiple sources.

Competencies are requisite human capabilities for an organization to maintain and develop competitive edge. These have casual relationship with effective and/or superior performance in a job situation, and therefore are predictive for an individual's behaviour/performance.

Many organizations have performance-appraisal system. These usually operate on an annual basis and involve an interview with the line manager and use of pre-interview question sheet. Most criticisms of this system stem from the use of measures which are very difficult to assess and of rating scales which generally lead to assessors taking the ‘middle-road’ as an easy opinion. Competence-based assessment as the basis of performance appraisal provides a more specific measure of performance. To use the full potential of competence based assessment within performance appraisal often requires a complete rethinking of the existing process and a broader view of appraisal as one part of a wider performance management system.

***“360 - degree appraisal is the systematic collection and feedback of performance data on an individual or group, derived from a number of the stakeholders in their performance which in turn helps the organization to build the required competencies amongst individuals and groups.”***

Whereas traditional performance appraisal is a top-down process in which supervisors or managers evaluate subordinates, 360 - degree appraisal refers to seeking input from others in the workplace, including superiors, coworkers, subordinates, and even customers. In a competency application, this means that anyone in the organization who has interacted with the employee could potentially complete an assessment on that individual. 360 - degree assessment is often considered superior to self-assessment. Similar to teams, the belief is that a group view provides a better gauge of an individual’s competence. *First*, the team approach to assessment is thought to eliminate any blind spot or bias existing in self-assessment. *Second*, it is felt that teams make better decisions than individuals because members synergistically supplement each other’s efforts in terms of competencies.



**Figure 1**

**Superiors:** Evaluations by superiors are the most traditional source of employee feedback. This form of evaluation includes both the ratings of individuals by supervisors on elements in an employee’s performance plan and the evaluation of programs and teams by senior managers.

#### **What cautions should be addressed?**

- ◆ Research demonstrates that appraisal programs that rely solely on the ratings of superiors are less reliable and valid than programs that use a variety of other rating sources to supplement the supervisor’s evaluation.
- ◆ Superiors should be able to observe and measure all facets of the work to make a fair evaluation. In some work situations, the supervisor or rating official is not in the same location or is supervising very large

numbers of employees and does not have detailed knowledge of each employee's performance.

- ◆ Supervisors need training on how to conduct performance appraisals. They should be capable of coaching and developing employees as well as planning and evaluating their performance.

**Self-assessment:** This form of performance information is actually quite common but usually used only as an informal part of the supervisor-employee appraisal feedback session. Supervisors frequently open the discussion with: “How do you feel you have performed?” In a somewhat more formal approach, supervisors ask employees to identify the key accomplishments they feel best represent their performance in critical and non-critical performance elements. In a 360-degree approach, if self-ratings are going to be included, structured forms and formal procedures are recommended.

#### **What cautions should be addressed?**

- ◆ Research shows low correlations between self-ratings and all other sources of ratings, particularly supervisor ratings. The self-ratings tend to be consistently higher. This discrepancy can lead to defensiveness and alienation if supervisors do not use good feedback skills.
- ◆ Sometimes self-ratings can be lower than others’. In such situations, employees tend to be self-demeaning and may feel intimidated and “put on the spot.”
- ◆ Self-ratings should focus on the appraisal of performance elements, **not on the summary level determination**. A range of rating sources, including the self-assessments, helps to “round out” the information for the summary rating.

**Peers:** With downsizing and reduced hierarchies in organizations, as well as the increasing use of teams and group accountability, peers are often the most relevant evaluators of their colleagues’ performance. Peers have a unique perspective on a co-worker’s job performance and employees are generally very receptive to the concept of rating each other. Peer ratings can be used when the employee’s expertise is known or the performance and results can be observed. There are both significant contributions and serious pitfalls that must be carefully considered before including this type of feedback in a multifaceted appraisal program.

#### **What cautions should be addressed?**

- ◆ Peer evaluations are almost always appropriate for developmental purposes, but attempting to emphasize them for pay, promotion, or job retention purposes (i.e., the rating of record) may not be prudent. The possible exception is in an award program as opposed to performance appraisal. Peer input can be effectively used for recognition and awards.
- ◆ There is a difference of opinion about the need for anonymity of the peer evaluators. Generally, it is advised that the identities of the raters be kept confidential to assure honest feedback. However, in close-knit teams that have matured to a point where open communication is part of the culture, the developmental potential of the feedback is enhanced when the evaluator is identified and can perform a coaching or continuing feedback role.
- ◆ It is essential that the peer evaluators be very familiar with the team member’s tasks and responsibilities. In cross-functional teams, this knowledge requirement may be a problem. In these situations, the greatest contribution the peers can make pertains to the behaviors and effort (input) the employee invests in the team process.
- ◆ The use of peer evaluations can be very time consuming. When used in performance ratings, the data would have to be collected several times a year in order to include the results in progress reviews.
- ◆ Depending on the culture of the organization, peer ratings have the potential for creating tension and breakdown rather than fostering cooperation and support.
- ◆ Employees and their representatives need to be involved in every aspect of the design of appraisal systems that involve peer ratings.

**Subordinates:** An upward-appraisal process or feedback survey (sometimes referred to as a SAM, for “Subordinates Appraising Managers”) is among the most significant and yet controversial features of a “full

circle” performance evaluation program. Both managers being appraised and their own superiors agree that subordinates have a unique, often essential, perspective. The subordinate ratings provide particularly valuable data on performance elements concerning managerial and supervisory behaviors. However, there is usually great reluctance, even fear, concerning implementation of this rating dimension. On balance, the contributions can outweigh the concerns if the precautions noted below are addressed.

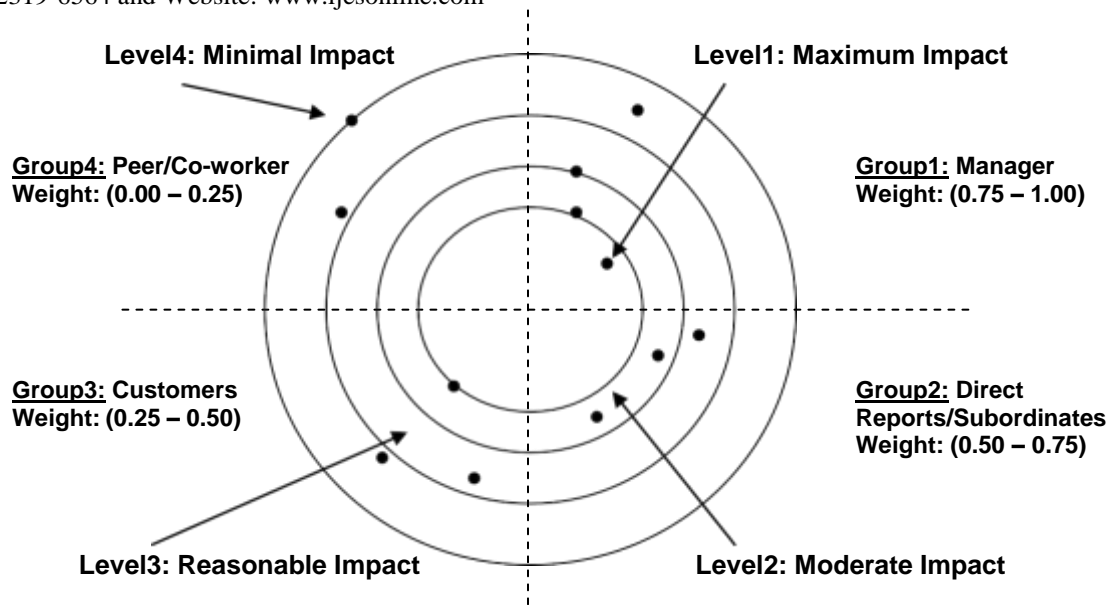
### **What cautions should be addressed?**

- ◆ The need for anonymity is essential when using subordinate ratings as a source of performance feedback data. Subordinates simply will not participate, or they will give gratuitous, dishonest feedback, if they fear reprisal from their supervisors. If there are fewer than four subordinates in the rating pool for a particular manager, the ratings (even though they are averaged) should not be given to the supervisor.
- ◆ Supervisors may feel threatened and perceive that their authority has been undermined when they must take into consideration that their subordinates will be formally evaluating them. However, research suggests that supervisors who are more responsive to their subordinates, based on the feedback they receive, are more effective managers.
- ◆ Subordinate feedback is most beneficial when used for developmental purposes. It also can be used in arriving at the performance rating of record, but precautions should be taken to ensure that subordinates are appraising elements of which they have knowledge. For example, if a supervisor’s performance plan contains elements that address effective leadership behaviors, subordinate input would be appropriate. It may not be appropriate for the employee to appraise the supervisor’s individual technical assignments.
- ◆ Only subordinates with a sufficient length of assignment under the manager (at least 1 year is the most common standard) should be included in the pool of assessors. Subordinates currently involved in a disciplinary action or a formal performance improvement period should be excluded from the rating group.
- ◆ Organizations currently undergoing downsizing and/or reorganization should carefully balance the benefits of subordinate appraisals against the likelihood of fueling an already tense situation with distrust and paranoia.

**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 and include, but are not limited to, the general public.

### **What cautions should be addressed?**

- ◆ With few exceptions, customers should not be asked to assess an individual employee’s performance. The value of customer service feedback is most appropriate for evaluating team or organizational output and outcomes. This feedback can then be used as part of the appraisal for each member of the team. The possible exceptions are evaluations of senior officials directly accountable for customer satisfaction and evaluations of individual employees in key “front line” jobs personally serving internal or external customers.
- ◆ Customers, by definition, are better at evaluating outputs (products and services) as opposed to processes and working relationships. They generally do not see or particularly care about the work processes, and often do not have knowledge of how the actions of employees are limited by regulations, policies, and resources.
- ◆ Designing and validating customer surveys is an expensive and time-consuming process. The time and money are best spent developing customer feedback systems that focus on the organization or work unit as a whole.



**Figure 2**

360 degree feedback is a process whereby an individual (the recipient) is rated on their performance by people who know something about their work (the raters). This can include direct reports, peers and managers and in some cases customers or clients, in fact anybody who is credible to the individual and is familiar with their work can be included in the feedback process. This is usually in addition to completing a self-assessment on performance. The resulting information is presented to the individual with the aim of helping them to gain a better understanding of their skills and development areas. Each source can provide a different perspective on the individual's skills, attributes and other job relevant characteristics and thus help to build up a richer, more complete and accurate picture than could be obtained from any one source.

### **How does 360 degree feedback compare to other organizational interventions?**

As a process, 360 degree feedback sits alongside a number of other processes used in organizations to harness the potential and competence of individuals. Indeed, although not intended to replace any of these processes, it does draw on specific strengths of each, bringing them together in a new form.

#### Assessment and Development Centres

360 degree feedback builds on the principles of structured and rigorous assessment against competencies, which is the core of assessment and development centres.

#### Employee Surveys

360 degree feedback draws on the principles of wider involvement and consultation evident in employee attitude and opinion surveys, but with a focus on individual performance rather than organizational culture and climate.

#### Performance Appraisals

360 degree feedback builds on the principle of regular feedback on performance evident in performance appraisals, but because a wider range of people are involved can be seen as fairer and more credible.

#### Coaching, Counseling and Career Development Interventions



Fundamental to 360 degree feedback is the objective of increasing self-awareness, which is one of the key objectives of coaching, counseling and career development activities.

One of the major considerations for organizations which have gone for 360 - degree appraisal has been strategic integration and alignment of performance management with business goals in the increasingly competitive environment. It has helped them create a mechanism for integrating inputs, creating an appropriate work culture, and under-bidding the company's competence assessment and development programme. Although it would be desirable to have a 360 - degree appraisal system in the entire organization, the experience in India shows that it has so far been largely introduced at the top and in a few cases at the middle levels in progress.

A 360 - degree approach shares many of the advantages of self-assessment, and it makes even more sense. Intuitively, if a person's self-analysis is useful, then a group of second party opinions must be even more valid. Many organizations are already involved in some form of 360 - degree appraisal and have achieved a level of workplace acceptance for the process. Administratively, 360 - degree assessment is relatively easy to set up, circulate and tabulate, and it can be automated readily.

Yet there are serious concerns. The problem of a respondent not having the qualifications to assess competencies accurately is multiplied. Coworkers have less knowledge about the jobs of others than those performing them. For example, in the case of subordinates assessing managers, the subordinates may not have ever had any managerial experience or training, and they therefore have no real basis upon which to make the assessment. What is the validity of individuals assessing coworkers when the assessors –

1. may only interact with the person,
2. may never have actually done the job,
3. don't necessarily understand the processes involved, and
4. have never been trained in assessing others?

Finally, perceptual bias still exists with 360 - degree techniques. The only thing the respondents are truly expert on concerning their coworkers is their own feeling. In many 360 - degree systems, respondents are not really assessing competencies; they are merely indicating how satisfied they are with a coworker's interaction with them. Even with careful efforts in the creation of competency models and instruments, a 360 - degree process can quickly deteriorate into little more than a satisfaction survey. 360 - degree assessment is a common tool for many of the organizations, but its basic assumptions can be challenged. Without significant support and validation processes built into a competency application, 360 - degree assessment can deliver results with only minimal validity. In an unhealthy organizational culture, 360 - degree techniques can turn the workplace into a war zone where coworkers can take anonymous shots at each other and at management. In either case, these are significant challenges to assessing competencies successfully.

360 degree feedback, also known as multi-level, multi-source feedback, is a very powerful and sensitive process. It can increase the individual's awareness of how their performance is viewed by their colleagues and indeed how it compares with their own view of their performance. It can serve as a strong spur for development and behavior change. Its very power means that it needs to be managed professionally. There can be costs, both for the individual and the organization in getting it wrong. These guidelines have been written to provide a framework for introducing and managing 360 degree feedback. The guidelines offer checks and balances to consider, ensuring the process works effectively and fairly, avoiding some of the potential costs.

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