

360-Degree Feedback: An Uncommon yet Effective Performance Appraisal Technique

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Abstract: Performance has been defined as completion of a task or activity, with application of required skills, ability and knowledge. It is very common practice to analyze the performance of managers for various reasons like reward, promotion, demotion, to take corrective measures in case the manager is off-track etc. The process of assessment as to how a manager has worked in a predefined time frame is known as appraisal. Thus, performance appraisal is the process of assessment of the work done by the managers within specific time period. This appraisal is done with the help of certain techniques like confidential report, rating, scaling, ranking, scoring, point system, reviews, various types of analysis, management by objectives etc. 360-degree feedback is also one such technique of performance appraisal. This technique is not very common yet it has been adopted by organizations like NTPC, SBI, Reliance, Infosys etc. it is not immaterial to appraise the performance of employees by the employers as the whole process of deciding about rewards and promotions is based on the performance appraisal system. Organizations adopt different appraisal techniques as suitable to the type of organization and type of the appraisee. 360-degree feedback technique is applied more for the performance appraisal of middle and top level managers and executives, reason being their higher involvement in vertical and horizontal hierarchical levels of the organization. Managers need to have more human skills in comparison to technical workers and thus, it makes sense to appraise the managers using 360-degree feedback technique as the technical workers can be appraised measuring the output of technical system which is not so in the case of managers.

Keywords: Performance, Appraisal, 360-degree Feedback

1. INTRODUCTION

As we all know, organizations are made of individuals who carry on various tasks and activities to achieve various organizational objectives in a given time frame. These individuals are categorized in various working groups like technical workers, first, middle and top level managers, semi-skilled workers etc. As the job description for various working groups is different and the ways to carry their jobs is different, it is obvious that the techniques adopted to appraise the performance of diverse working groups are also different. Of some groups the performance can be analyzed simply by counting the number of physical units being produced in

defined time period while it becomes difficult to analyze the performance of managers and executives as much human and interactive skills are required by them, in order to perform their duties. As we are aware that the structure of organization is pyramidal and as one moves up in the career ladder, there is lesser number of positions, in comparison to the preceding level. For example, all workers cannot be promoted as supervisor, all supervisors cannot become manager, all managers cannot become senior managers and all senior managers cannot get top level positions. Thus, in order to select the competent individual from all individuals serving at one level, it becomes imperative to analyze the performance of all such individuals. Performance appraisal is necessary to understand and improve upon employees' performance.[1] Organizations have to undertake this activity of performance appraisal, in order to decide upon the rewards and promotions to next level. Performance appraisal is a periodic activity for all individuals of the organization. It is conducted by either the next senior level or by the Human Resource(HR) Department. Whosoever conducts performance appraisal ensures that a proper and uniform technique is adopted for this purpose, for similar types of employees. Performance appraisal is nothing but the assessment of employees' performance during a specific time period which may vary from even one minute to one year or even many years. It is easy to appraise the performance where the output of the process is measureable for example, if 130 units of any product are being manufactured every hour and if 10% variation is allowed on either side, the range to be used as yard stick to measure performance is from 117 units to 143 units per hour. If the production falls below the acceptable level of 117 units per hour, the reason need to be found out. Now the machine operator's performance can easily be analyzed as numbers are involved. This is not the case, in case of managers as the outcome of their decision-making is not really calculative. Managers need to have more of conceptual skills and human skills and lesser technical skills. This makes their performance appraisal a little bit complex as in their case two plus two is not always four. Performance appraisal is done either by next level seniors, peer groups or subordinates, end users of products or services, individuals or groups within the organizations created for this purpose, outside agencies, hired consultants or by self. Performance appraisal is an important component of performance management. Performance is needed to be appraised as each individual employee is a unique bundle of attributes possessing different personality and different skill set, may be performing similar or different

tasks in the organization. [2]

2. CONCEPT AND METHODOLOGY

Every human being is a combination of genetic and environmental factors. All individuals are physically different from each other. These individuals are subjected to unique situations in life which mould their behavioural, mental and physical capacities according to which these individuals are going to perform different tasks in their life, to earn their livelihood, by working in different organizations. [3] As has already been said that most of the organizational structures are pyramidal and it is not possible for every employee to reach to the highest rung of the success ladder. In order to move from one level to the next level it becomes imperative for each performer to perform par excellence and lead ahead from one's peer performers, as it would be only one performer who would be moving to the next level out of the bunch of many performers. For example all sales executives cannot become team leaders and all team leaders cannot become sales managers. The process of selecting the deserving and competent performer is called as performance appraisal. Performance appraisal is a necessary part of performance management. [4] Performance appraisal is nothing but comparison of actual performance with either the standard performance or the expected performance. Standard performance is the performance in 100% ideal conditions which is usually not available in the organizations in many situations. This gives way to expected performance which suggests a range of output for in practical conditions. Actual performance is the real output in the specified time frame. Performance appraisal is a continuous process as well as a onetime activity, with different objectives. While the former one is carried on with objective of monitoring routine performance on day-to-day basis, the latter one is the objective of overall performance during a year, in order to appraise the employee from the viewpoint of awarding or promoting. Performance appraisal is carried on using various techniques like confidential reports by next level seniors, grading, rating, marking, scaling, setting objectives and comparing actual performance with the set objectives i.e. management by objectives, human resource accounting, through assessment centers, reviews, comparative analysis, checklist method, utilizing the services of outside agencies, self-appraisal technique etc. 360-degree feedback is also one such technique of performance appraisal. 360-degree feedback is defined a systematic collection and recording of the performance data of each employee of the organization, on the basis of feedback received from all other employees of the organization. [5] 360-degree feedback is a technique where the performance of each performer is assessed by all concerned individuals or groups. This is a multi party performance evaluation technique. Initially it was developed as a corrective measure for an individual employee wherein all concerned or related individuals or groups provided feedback to the individual employee with the objective of performance or behavioural improvement. Today, the 360-degree feedback technique is used to take decisions regarding rewards and promotions. In this technique of performance appraisal, the feedback about

the performance of any employee is received from multiple sources. This is actually helpful in getting true feedback of the employee, as different individuals provide feedback about the concerned employee. This type of feedback is also free from biases and if one or two individuals may be biased, all cannot be biased. Thus, it helps in providing an overall and fair picture of the employee's performance, behaviour, decision making capabilities and other such dimensions or attributes. In 360-degree appraisal technique, even the last line of workers can provide feedback regarding senior officials. 360-degree feedback is effective performance appraisal technique in the sense that it gives a comprehensive feedback about the performance of the individual employee not only from the working point of view but also about various other dimensions and attributes of the employee.

3. ADVANTAGES

There are many advantages of 360-degree feedback technique of performance appraisal. This technique is very comprehensive in nature as it covers all employees of the organization. As all employees are involved in the process of performance appraisal, it boosts up the morale of employees and also inculcates the feeling of faith in the system and strengthens emotional security in them. This technique of performance appraisal generates feeling of belongingness in employees and helps in retaining them and thus, it reduces the employees' turnover and increases retention rate. 360-degree feedback technique of performance appraisal improves overall organizational environment by increasing trust in employees relations with each other. As everyone gets a chance to give feedback about everyone, the employees try to perform effectively and behave appropriately in the organization. 360-degree feedback is a technique where feedback about a particular employee is collected from all stakeholders, his seniors, supervisors, peer group members, subordinates, from himself, distributors, customers, consultants etc. [6] This technique of performance appraisal also eradicates the unnecessary fear of next senior level as is the disadvantage with the technique of confidential report (CR). When the performance appraisal of any one employee is in the hands of only one of his senior official, it is very much possible that the appraisee is exploited by the appraiser and since it is confidential report the probability of such exploitation is even more. In case of female subordinates this exploitation may even cross the legal and legitimate limits. Even if there is no exploitation, it may happen that the senior is biased. Due to the bias of the appraiser, it is very much possible that a deserving person does not get rewards and promotions while an incompetent and not that much deserving employee gets rewards and promotions. Due to this reason, CR method of performance appraisal is losing its popularity. 360-degree feedback throws greater light from all angles, on the performance and behavior of an individual employee. It encourages the concerned employee for self change in positive direction. It motivates the individual employee for self improvement. 360-degree feedback appraisal technique is also helpful in understanding the strengths and weaknesses of the concerned employee. As feedback is received from all

directions, identification of strengths and weaknesses of the concerned employee is easier. Then the concerned employee can focus on further strengthening his strong skills or attributes and try to work upon his weaknesses. This is extremely helpful in grooming his personality and improving his performance at work. Thus, 360-degree feedback technique of performance appraisal is helpful in many ways, other than just appraising the performance.

4. LIMITATIONS

As it is with all techniques, 360-degree feedback technique is also not free from limitations. The larger amount of time consumption in carrying the exercise of collecting feedback of each employee from all other employees and then summing it up and presenting it to various authorities and providing feedback to concerned employee with the objective of improvement in future, is a very big limitation of 360-degree feedback technique of performance appraisal. It is not possible for larger organizations to adopt this technique due to this limitation. Larger number of HR personnel will also be required to conduct such exercise in big organizations, which means involvement of more money in the process of performance appraisal. Furthermore, employees may form informal groups and intentionally provide malice information about one particular employee. The opposite of this situation may also happen and an incompetent individual may get promoted. Such practices cannot be controlled in larger organizations. Seniors can also misuse the information so gathered and may disgrace an employee if anything negative is found against him. This technique requires trained HR personnel as obtaining feedback, recording and summing it and presenting it to the concerned seniors need to be done with caution. Some managers treat it as a waste of time as asking same questions about an employee, to many other employees in the organization does not make sense. They believe that answers are usually similar. Moreover, longer the process, the probability of making mistakes increases. It is also difficult for the employees to believe that the gathered information will be used only for developmental purposes. It is also believed that the information provided will not remain confidential and thus, making the information public may create certain behavioural issues in future amongst the employees. Another limitation of 360-degree feedback system is that there is no structured process to conduct this exercise. Different organizations may adopt different procedures to collect and to record the collected information about a particular employee. Thus, need of resources and absence of standard pattern, are the major limitations of 360-degree feedback technique of performance appraisal. 360-degree feedback technique is a process which continues over a considerable amount of time. [7] In real world, 360-degree feedback technique can be very sensitive and may fail to deliver results, in case it is not designed and implemented properly, as per the requirement of the organization, depending on the size and type of the organization. [8] There

can be lack of required skills, lack of confidence or even lack of resources like time and money to conduct the exercise of 360-degree feedback appraisal in the organization. There can be fear of misrepresentation of information by the appraiser or wrong or incomplete recording of facts by the appraiser, bias of appraiser etc. Even with all such limitations, 360-degree feedback technique of performance appraisal is gaining importance in contemporary corporate world. [9]

5. CONCLUSION

As it is known that all the employees of an organization cannot be rewarded or promoted equally or every time. In order to do justice with genuine performers, it is very necessary to appraise the performance of each and every employee of the organization. There are many techniques of conducting this exercise. 360-degree appraisal is one such technique. In this technique, feedback about the performance, behavior and other attributes of an employee is gathered from all other employees of the organization. For the employees who are in touch with outsiders to the organization like sales personnel, the feedback is also gathered from distributors, customers etc. 360-degree feedback technique of performance appraisal is gaining popularity day by day as it has advantages over traditional techniques of performance appraisal as it ensures the involvement of each and every employee of the organization in the process of performance appraisal. It inculcates the feeling of completeness in the employees of the organization, as they feel that they are also important and can provide feedback about the doings of their seniors.

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