

## IS 360 DEGREE FEEDBACK THE BEST METHOD FOR PERFORMANCE EVALUATION?

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### **Abstract:**

360 degree feedback method takes feedback of all the co-workers, customers and staff members. The feedback provided may not be correct as there may be lot of biasing. If the feedback is provided fordrgopal.jahagirdar@mgi.ac.in the appraisal, promotion or dismissal of the employee, the co-worker may not give the feedback in favor of the employee due to envy or if the person is a close friend he may try to provide the feedback in the favor of the employee. There are advantages and disadvantages of this method. This research paper makes an attempt to find whether 360 degree feedback method is a good or a bad method. It also tries to find out whether it provides true feedback of an employee. In addition, it also tries to find out what can be the other advantages and disadvantages of this method.

**Keywords:** appraisal, promotion, dismissal, feedback, supervisors, co-workers, ratings, rater, criteria

### **Introduction:**

360-degree feedback is a review method to know the performance of the employee from managers or supervisors, reporting staff members, coworkers & customers and four to eight peers. Apart from getting feedback from supervisors and managers feedback is also taken from peers, co-workers, customers hence it is called 360 degree feedback. In this different perspectives are collected from the seniors and the co-workers to know the strengths and weaknesses of the person. 360-degree feedback helps in improving teamwork, using different resources and addressing the procedural issues which may go unnoticed. The value of 360 degree feedback can improve decision making power for employee compensation and teamwork. It provides the knowledge about the skills and desired behavior required to fulfill the mission, vision, goals and values required. The changed behaviors can help in fulfilling customer expectations. The opinions of the co-workers also add some information which may help adding value to the appraisal of the

employee. For e.g. co-worker may react by saying this worker is sincere and completes work before deadline. Major advantages and disadvantages of the 360 degree feedback method are -

#### **Advantages of the 360 degree feedback**

- Various perspectives are received for providing feedback to the employees
- It strengthens accountability and team work.
- Procedural issues of the employees can be solved which may affect the growth of the employee
- Specific areas for career development can be found
- provides feedback to improve output
- Consideration of various opinions reduces discrimination and bias
- Provides information for training needs

#### **Disadvantages of the 360-degree feedback**

- If not implemented properly can cause issues in the organization
- Helps in small portion of the performance measurement system
- If not added properly in the existing performance plans fails to add value
- Employee shortcomings and weaknesses are considered more as compared to strengths
- As the process is unnamed prevents recipient from getting information
- Huge data collection and processing is required
- Feedback is sometimes provided by inexperienced raters, some groups may provide incorrect information [1]

#### **Objectives**

- 1) To study the effectiveness of 360 degree feedback.
- 2) To find the advantages and disadvantages of the method.
- 3) To find the reasons for its success and failure.
- 4) To find the challenges to 360 degree feedback.

#### **Literature Review**

360 degree feedback is important today for the organizations as it helps organizations find the opinion of the customers and employees. It also is necessary for minimizing negative impact on organizations. Various authors have written a lot of material related to 360 degree feedback. The research done by few researchers is given below –

Moxley in 1996 stated that 360 degree feedback is a part of management development process and is making managers more effective. It motivates and encourages the individuals. Managers can reengineer and motivate themselves throughout their career with the help of 360 degree feedback. This feedback is obtained for development of individuals and should be used carefully.

In 2008 Newbold stated that 360 degree appraisals are classics and help in making powerful performance management system. He further added that it should be aligned with the strategic aim of the organization. It is successful only when few factors like readiness of the organization, clear purpose, way of using, preparedness of the organization, effective feedback delivery.

According to Tesla there is direct relation between self-perceptions and perception on leadership effectiveness. If the decision is taken without knowing full information it may not be the correct

decision. When the stakeholders accept the organization positively organization can be successful. When all the team members understand their responsibility towards each other and find solution for it

Rowe in 1995 initiated that 360 degree feedback depends on its culture. Without cultural fitness, feedback cannot be taken back in the later time. If large numbers of people are involved in the process quality of feedback is improved. Each one of them can make the process more effective. Morse in 2007 pointed out the gender differences in the 360 degree performance appraisal. In the study it was found that gender differences are not discriminated in the 360 degree appraisal system. Male managers are not treated separately as compared to female managers. This is the accurate method for data collection.

Whiddett & Galpin in 2002 found out that 360 degree feedback method should be designed as per the organizational objectives and needs. Feedback can be used effectively in training, development and appraisal process which can lead to effective organizational performance. Before the implementation of this feedback system organizations should know the objectives and the process as a whole. It should also be clear that who will be rating and who should be rated. [2]

360 degree feedback can fail as it collects the opinions of all. Even if the opinion given by one person is unfair and inconsistent the overall feedback will not be up to the mark. Secondly the understanding of the criteria for the appraisal is necessary then only designing and using the criteria will be useful. Also the relationship between assessor and assessee is mediated with the use of a particular criteria and the appraisal process hence careful design of the criteria is necessary. The climate of the organization must also be checked for the particular criteria utilization. It also can be the case that one group interprets the observation differently than another group. It may impact the 360 degree appraisal. Sometimes the problem can be that self-ratings are different than ratings by others. Self-ratings cannot be accurate than ratings from peers and supervisors. Many times it happened that the raters may not be able to recall the past correctly. Sometimes it may be due to lapse of memory, oversimplification, wrong interpretation, improper justification. It also may be due to natural tendency of the people to show them favorably, rosily and in socially required colors. The bias can also due to protecting their self-esteem. People tend to hide their faults and highlighting their merits. Because of all these reasons self-rating can differ with the supervisors, co-workers etc. According to Campbell & Lee the difference in self and supervisor ratings comes due to – 1) unlike assessment criteria and perceptions. 2) Various disturbing processes like showing oneself innocent, projection and self-denial 3) Different cognitive processes. 360-degree appraisal depends upon -1) proper formulation of criteria 2) climate to express the strengths and weaknesses of each other 3) accurate operationalization.

Even though there are problems in the self-ratings it is necessary and advantageous. According to Levine there are four reasons why people should assess themselves -1) people can see the results of their actions. 2) They can get the information by observing others. 3) They get the opinions about their work 4) they can spend enough time to evaluate themselves. According to Fox and Dinur (1988), individuals are capable of evaluating themselves correctly and using it predicting the performance. According to Mabe and West the validity of self-assessment is more when self-

appraisal is for external criteria. When they are asked to compare with each other and when privacy is guaranteed people have only two motives – present themselves accurately or favorably. Availability of the information for comparison increases the accuracy of the self-ratings.

Multi characteristics of job behavior is seen while evaluation of work performance. Behavior of the employee can be different at different situations and time. His feelings, inner states, dispositions over a period of time can be different. [3]

One advantage which can be obtained by the organization is strengthening the contacts between ratees and raters. It can also provide one more advantage to the raters. Raters may feel empowered and they will understand their right to speak. In addition employees can understand the improvement areas in their performance. 360 degree feedback can also provide misalignment between internal and external stakeholder and they may communicate for the same. Deci and Ryan stated that good performance proved by 360 degree feedback may improve employee motivation. Heathfield in 2001 pinpointed that 360 degree feedback decreases race, gender and age discrimination. [4]

360 degree feedback can fail for the reason that the feedback given by the co-workers may not be accurate when it is used for administrative purpose like promotion, increment, bonuses or for possibility of layoff. Feedback may not be impartial, fair and honest because they know that it might affect someone's pay or promotion. Employees may resist & sabotage such program. When ratings are for evaluation purpose and not for developmental purpose the ratings are changed by the rater. On the other hand the employee knows that his appraisal is negative, he may be under tension and may feel that all employees are against him. Also privacy of the appraisal is an important factor which will be problematic as employees may discuss the matter openly with each other and the privacy will be lost. [5] Weaknesses of 360 degree feedback includes requirement of substantial amount of cost. Levy and Albright (1995) stated that multi rater feedback may create discrepancies. It is also criticized for free choice of raters, as receivers can choose the raters which are close to them. One more negative aspect of this feedback is threat of negative emphasis on the performance of the receiver. The rater may point out the weaknesses of performer due to this appraising of managers will be difficult with the new work responsibilities. In order to avoid this manager should work carefully which will increase their work related to their jobs. [6]

Another disadvantage of 360 degree feedback is it takes long time to complete. It may take 1-3 weeks to communicate the purpose and process, as to how the feedback will be collected & used. 1-2 weeks are required to select raters. Distributing can take one week and completing feedback may take 2-4 weeks. Feedback meeting can take 1-2 weeks. 6 -12 weeks are required to complete the process.

In addition to maintain the privacy the employees cannot respond to the feedback which they think unfair. They can't ask for clarification and cannot make any improvements.

Favoritism can be one problem, lack of biasing is simply not possible with almost all employees & due to this the results obtained are not correct.

One more problem of 360 degree feedback is employees are given lot of suggestions owing to the data collected from the feedback. But it is very difficult for the employees to change the

behavior. The habits can be changed but bringing a lot of change is simply difficult. Instead employees can be provided with smart objectives which they can follow to get the expected results. Moreover 360-degree feedback is not reliable. US military also has criticized 360 degree feedback for its reliability and validity. According to them the reviews provided by the raters were inaccurate for the employees known for more than a year. They were written favorably or unfavorably. It has also been seen that 360-degree feedback do not improve performance and it reduced market value in some cases. The data is also not available for improving productivity, reducing grievances, improves retention and helps improve performance appraisal system.

Generally 360 degree feedback highlights negative points more as compared to positive. Employees do not agree with the strong points of others. Negativity does not provide encouragement and motivation. [7]

360 degree feedback implementation has many challenges which can be listed as under –

- 1) Difficulty in rating peers: The employees find it difficult to rate peers and due to that they are reluctant for it. Employees may hesitate to provide feedback if it negative. For rating it is also necessary to right questions and rating scale. It is necessary to consider soft skills and attitude along with performance.
- 2) Negativity of employees towards feedback: Receiving negative feedback can be stressful as everybody expects positive feedback. You should check that the feedback is correct. In addition reviewees are interested in how the feedback will be used and for what purpose. They also would like to know its impact on promotion and increment decisions.
- 3) Privacy concerns for 360-degree feedback: Respondents are always worried about their feedback privacy. So it is necessary to maintain privacy of the feedback so that it will not be disclosed.
- 4) Inaccurate ratings: The feedback given can be biased as the employees can be soft towards their peers. Apart from this natural biases can also affect the validity of the ratings.
- 5) Suggestions given on negative feedback can't help improve performance: Suggestion given by the peers may not be correct this is because the employees experience will be less to judge the colleagues.
- 6) 360-degree feedback needs various viewpoints and perspectives. This can be problem with the small organizations where it will be difficult to gather the feedback.
- 7) 360-degree feedback does not provide results: It is very difficult to draw conclusion from large amount of data with different competencies and factors.
- 8) Time consuming process: Degree feedback is a time consuming process in which time is wasted in planning, designing and implementation. Time is also required to give feedback for many of the colleagues. HR team & Supervisors then has to extract the meaningful information from it which also requires some time.
- 9) Open feedback culture: To have open feedback culture employees should be able to give feedback without any hesitation and fear. This type of culture needs to be developed.
- 10) Unwillingness of top management towards 360 degree feedback

Top management may not be interested in implementation of the 360-degree feedback. They find the process useless. [8]

Findings:

- 1) Generally, 360-degree feedback highlights negative points more as compared to positive.
- 2) Employees do not agree with the strong points of others.
- 3) Negativity does not provide encouragement and motivation.
- 4) It has also been seen that 360 degree feedback do not improve performance and it reduced market value in some cases.
- 5) Employees are given lot of suggestions owing to the data collected from the feedback.
- 6) 360 degree feedback can fail for the reason that the feedback given by the co-workers may not be accurate when it is used for administrative purpose like promotion, increment, bonuses or for possibility of layoff.
- 7) One disadvantage of 360 degree feedback is it takes long time to complete.
- 8) 360 degree feedback helps in strengthening the contacts between ratees and raters.
- 9) Self-ratings are important as they can provide a lot of information to the employee about their work, results of their actions, opinions about their work, time for evaluating themselves.
- 10) The value of 360 degree feedback can improve decision making power for employee compensation and teamwork.
- 11) 360 degree feedback is great tools to get lot of insights for help them grow and develop.

#### **Conclusion:**

360-degree feedback is not an effective method as it does not provide the accurate feedback of the employee. Moreover it also takes a lot of time to complete. 360-degree appraisal depends upon - 1) proper formulation of criteria 2) climate to express the strengths and weaknesses of each other 3) accurate operationalization. Privacy cannot be maintained in 360 degree feedback. Multi rater feedback may create discrepancies. It is also criticized for free choice of raters, as receivers can choose the raters which are close to them. One more negative aspect of this feedback is threat of negative emphasis on the performance of the receiver. The rater may point out the weaknesses of performer due to this appraising of managers will be difficult with the new work responsibilities. In order to avoid this manager should work carefully which will increase their work related to their jobs. Another disadvantage of 360 degree feedback is it takes long time to complete. Favoritism can be one problem, lack of biasing is simply not possible with almost all employees & due to this the results obtained are not correct. One more problem of 360 degree feedback is employees are given lot of suggestions owing to the data collected from the feedback. But it is very difficult for the employees to change the behavior. The habits can be changed but bringing a lot of change is simply difficult. Instead employees can be provided with smart objectives which they can follow to get the expected results.

Some benefits of 360 degree feedback can be – 1) it gives opportunity to the employee to study himself, to know his strong and weak points, to know opinion of others about him, get information by observing others, get the opinion about their work, results of their actions. It can also provide one more advantage to the raters. Raters may feel empowered and they will understand their right

to speak. In addition employees can understand the improvement areas in their performance. 360 degree feedback can also provide misalignment between internal and external stakeholder and they may communicate for the same. Good performance proved by 360 degree feedback may improve employee motivation.

### **Suggestions:**

- 1) Instead of 360 feedbacks, continuous feedback can be used to avoid bias. Managers can meet frequently and check, discuss, suggest about the performance.
- 2) For the success of the 360-degree feedback reliable raters should be chosen carefully to get correct information.
- 3) The time required for the feedback process should be reduced in order to get maximum benefit out of it and to reduce cost.
- 4) The climate of the organization must also be checked for the particular criteria utilization for the feedback.

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