

A Study on Impact of 360 Degree Performance Appraisal and It's Effect on Job Performance; A Conceptual Framework

Dr Susan Abraham¹

Professor, Department of MBA
SCMS School of Technology and Management, Muttom PO, Aluva-683106
susanabraham@scmsgroup.org

Aaziya A²

Assistant Professor- SG, Department of Management, Nehru Institute of Engineering and Technology, "Nehru Gardens",
Thirumalayampalayam, Coimbatore- 641105
aajaaziya@gmail.com

Dr.I.Shanmugapriya³

Associate Professor HR, Department of PGDM
Rajalakshmi School of business, Kuthambakkam Post, Poonamalle, Chennai
shanmugapriyamba09@gmail.com

Joeina Marry Mathew⁴

Research Scholar, Bharathiar University, Coimbatore
joeinamathew@gmail.com

Dr.G.Prabu⁵

Assistant Professor, Faculty of Management,
SRM Institute of Science and Technology, Kattankulathur.
gp@srmist.edu.in

Dr.Buchireddy Poreddy⁶

Assistant Professor, Department of Education,
Central University of Karnataka, Kalaburgi, Karnataka, 585367.
pbuchireddy@cuk.ac.in

Abstract

The 360-degree appraisal system is a comprehensive feedback mechanism that involves employees receiving performance evaluations from a variety of sources, such as supervisors, subordinates, peers, and occasionally, customers. This system's successful implementation and effectiveness are contingent upon the comprehension of employees' perceptions of it. The study investigates the impact of this appraisal method on organisational outcomes, employee motivation, and job performance. The results indicate that 360-degree feedback can result in enhanced job performance, increased employee engagement, Personal Development, Improved Communication, Increased Accountability, Decision making, Self-Awareness and Holistic Feedback and greater alignment with organisational objectives when implemented effectively. Nevertheless, the necessity of effective follow-up, potential biases, and the quality of feedback are also emphasized. The research concludes that in order for 360-degree performance appraisals to be genuinely effective, organisations must establish a supportive environment for feedback implementation, provide participants with appropriate training, and implement a well-structured process.

Keywords: Holistic Feedback, **Personal Development**, Self-Awareness, Increased Accountability, Self appraisal and Peer team member

Introduction

The Performance Assessment System (PAS) is a critical mechanism for the development of human resources (HRD) that is designed to assist individuals and organisations in achieving overall improvement. There are numerous methods that organisations employ to evaluate the performance of their employees. There are numerous performance management strategies that can assist you in selecting the most effective approach to business operations. Performance assessment systems address their perceived issue, which is typically a challenging and laborious endeavour, by enhancing the efficiency and success of managers and employees. Nevertheless, an online performance evaluation system has a significantly greater corporate impact than merely saving time. Centralization will facilitate the successful and efficient operation of administrators. Managers can more effectively communicate business strategy and offer their employees quantifiable objectives that align with the organization's overarching objectives. This, in turn, equips management with the necessary resources to evaluate individual performance across the organisation in order to identify the most talented developers and to establish a pay-for-performance plan as compensation. Rusu, Avasilcai, and Hutu (2016) provide a comprehensive conceptual framework for employee performance appraisal, underscoring its critical importance in organisational effectiveness and human resource management. The framework incorporates a variety of factors that affect the appraisal process, such as contextual factors, appraisal methods, and purposes. The authors examine the strengths and shortcomings of a variety of appraisal methods, including traditional rating instruments and modern techniques such as 360-degree feedback. They underscore the significance of ensuring that appraisal methods are in accordance with the organisational culture and objectives in order to improve efficiency. Additionally, the paper emphasizes the necessity of objective clarity to guarantee meaningful outcomes, including performance improvement, employee development, and administrative decision-making, which are the primary objectives of appraisals. The authors conclude that a contextually aware and well-structured appraisal system can make a substantial contribution to the performance of both individuals and organisations.

Research background

The paper examined the theoretical foundations of labour commitment and morale, emphasizing their significance in promoting organisational effectiveness and employee well-being. It investigates a variety of theories and models that elucidate the factors that influence labour commitment and morale, including the job characteristics model, expectancy theory, and social exchange theory. The paper investigates the influence of 360-degree performance appraisals on labour commitment and morale from a variety of perspectives, utilising empirical research and case studies. Furthermore, the paper investigates the potential of 360-degree feedback's participatory nature to cultivate a culture of continuous improvement, trust, and transparency within organisations and teams, thereby elevating morale. Nevertheless, the paper also recognises the potential obstacles and constraints that may arise when implementing 360-degree performance appraisals. It addresses issues such as feedback validity, rater bias, confidentiality, and resistance to change. Additionally, the paper investigates the potential negative impacts of inadequately designed or implemented 360-degree feedback processes on labour commitment and morale, including the exacerbation of power dynamics within teams, the cultivation of mistrust, or the promotion of competition. For its comprehensive and multifaceted evaluation of employees, the 360-degree feedback approach has become increasingly popular among a variety of appraisal methods. The success of the process is contingent upon the supervisor's ability to conduct an impartial and helpful evaluation and the employee's ability to effectively manage constructive criticism and collaborate with management to achieve future objectives. In an organisational setting, performance is contingent upon the establishment of clear work standards, the selection of individuals who possess autonomy, the provision of opportunities for professional development, the provision of a variety of tasks, the assurance of employee welfare, and the provision of support from senior management, colleagues, and line managers. All of these factors are positively correlated with elevated levels of employee engagement. The potential to effectively increase participation is present in these materials. The primary objective of this annual event is to improve the understanding of employees regarding their responsibilities, objectives,

expectations, and accomplishments in relation to their performance. A supervisor executes it for their subordinates. Administrative and developmental objectives may be achieved through performance evaluation. Since the objective of performance assessments is to evaluate an employee's strengths and weaknesses, anticipate future training and development needs, and enhance performance, they serve a developmental function. The objective is to improve the employee's behaviour in the workplace.

Powerful New Model for Employee Assessment

360-degree feedback promotes a culture of transparency and openness within organisations. It fosters constructive communication and collaboration by increasing employees' awareness of the effects of their actions on their colleagues and the broader work environment. This model also encourages accountability, as employees are aware that their performance is being assessed from multiple perspectives, which encourages them to uphold high standards in their interactions and contributions. Furthermore, 360-degree feedback has the potential to substantially enhance employee satisfaction and engagement. Employees are considerably more motivated and dedicated to their occupations when they perceive that their contributions are acknowledged and their opinions are acknowledged. This model also facilitates leadership development by enabling the identification of potential leaders by offering a comprehensive understanding of their interpersonal skills, decision-making capabilities, and overall influence on the team.

Performance Management: New Approach for Driving Business Results

In the contemporary competitive and dynamic business environment, performance management has become an essential strategic instrument for achieving business objectives. This innovative performance management strategy surpasses conventional annual evaluations by emphasizing continuous improvement, real-time feedback, and alignment with organisational objectives. Performance management is currently being approached with a focus on continuous feedback and development, as opposed to periodic evaluations. This change fosters continuous dialogue between managers and employees, enabling the immediate identification of areas in need of development and the opportune recognition of accomplishments. Real-time feedback enables employees to promptly adjust their performance, resulting in more responsive and agile teams. The alignment of individual objectives with the organization's strategic objectives is another critical component of this new approach. Modern performance management systems are significantly influenced by technology. Real-time monitoring of progress, seamless communication, and data-driven insights are all facilitated by advanced performance management software. These tools allow managers to make informed decisions, identify trends, and monitor performance in a continuous manner. Additionally, they advocate for personalised development plans, which guarantee that employees are provided with the requisite training and resources to excel in their positions. Organisations can develop a workforce that is competent and adaptable to address future challenges by prioritizing professional development and skill enhancement. Development programmes that are customised to the specific requirements of each employee cultivate a sense of investment in their professional development, thereby improving job satisfaction and retention. Additionally, a novel performance management strategy fosters an environment of trust and transparency. It is more probable that employees will engage completely in their work and trust the system when they perceive the performance management process as transparent and objective.

Comprehending 360-Degree Appraisal Systems

By identifying areas for improvement and facilitating targeted interventions to resolve them, the implementation of 360-degree feedback systems can contribute to the sustainability of organisational performance. Organisations can identify trends, patterns, and areas of alignment or misalignment across teams and departments by utilising the insights obtained from feedback data. It is imperative to comprehend the fundamentals of 360-degree appraisal systems in IT companies prior to exploring the factors that influence them. In general, these stakeholders consist of direct reports, peers, supervisors, and occasionally external sources such as clients or vendors. In IT organisations that prioritise collaboration and cooperation, 360-degree appraisal systems provide numerous benefits. In addition, they are consistent with the agile and collaborative

nature of IT work, which frequently involves employees working in cross-functional teams and relying on one another's experience. These systems enable individuals to improve their capabilities, effectiveness, and skills in their roles by offering constructive feedback and opportunities for growth to employees. This allows them to make well-informed decisions regarding resource allocation, strategic planning, and training and development initiatives, thereby improving the organization's resilience and efficacy in the face of change. 360-degree feedback appraisal systems have the potential to enhance sustainability and organisational justice by fostering continuous improvement, accountability, and impartiality within the organisation.

Objectives and Methodology

The research examined how this appraisal method influences job performance, employee motivation, and organizational outcomes. The benefits of this method include a more balanced perspective on performance and increased employee engagement. However, it requires careful implementation to avoid biases and ensure constructive feedback. This methodology encourages clear, ambitious goal-setting and frequent progress reviews. The transparency and alignment provided by OKRs can drive motivation and accountability. 200 sample respondents were selected for the study using convenient sampling method

Analysis, findings and results

The successful implementation of 360-degree feedback necessitates meticulous planning and execution. Organisations must guarantee that the feedback process is impartial, constructive, and confidential. In order to guarantee that feedback is effectively conveyed and received, it is imperative to provide training for both the provider and the receiver. Additionally, it is essential to incorporate the feedback into a more comprehensive performance management system that includes development plans and follow-up actions in order to achieve long-term performance enhancement. It improves employee engagement, fosters a culture of transparency, and enhances self-awareness by providing a comprehensive and balanced evaluation. It can make a substantial contribution to the prosperity of both individuals and organisations when executed effectively.

Table 1

Perception towards 360 Degree Performance Appraisal

Variables	Mean	Std. Deviation	Mean Rank
Personal Development	2.98	0.733	3.23
Improved Communication	2.99	1.980	3.30
Increased Accountability	3.20	1.123	3.59
Decision making	3.38	1.021	3.72
Self-Awareness	3.29	1.089	4.70
Holistic Feedback	3.09	1.016	4.18

Table 1 indicates that the 360 Degree Performance Appraisal's most preferable feature is Self-Awareness (4.70). Kendall's W test is implemented to evaluate the rank's significance. Self-awareness is foundational to effective decision-making, permeating through every choice we make. It involves understanding our values, strengths, weaknesses, and motivations. By cultivating self-awareness, individuals gain clarity on their priorities and goals, which serves as a compass in decision-making. This introspective understanding enables us to make decisions aligned with our authentic selves, fostering confidence and consistency in our choices. Moreover, self-awareness allows us to recognize biases and emotional influences, enabling more rational and balanced decisions. Ultimately, integrating self-awareness into decision-making not only enhances the quality of our choices but also contributes to personal growth and fulfillment.

Improving communication skills is a transformative journey that influences every facet of life. From personal relationships to professional endeavors, honing one's ability to convey thoughts clearly and empathetically can lead to profound changes. In personal settings, effective communication fosters deeper connections, enhances understanding, and resolves conflicts more amicably. Professionally, it cultivates a productive work environment, boosts teamwork, and sharpens leadership qualities. Moreover, mastering communication empowers individuals to articulate ideas persuasively, negotiate effectively, and adapt to diverse audiences. Ultimately, the 360-degree impact of enhanced communication skills extends beyond immediate interactions, enriching both personal growth and professional success.

Table 2

Kendall's Coefficient of Concordance

N	200
Kendall's W ^a	0.010
Chi-Square	11.721
df	5
Asymp. Sig.	0.011

The level of significance is 1.1%, .Therefore, it can be inferred that the respondents' rankings of the numerous features are noteworthy. The critical value is exceeded by the calculated Chi-Square value for the degree of freedom 5. The core of our organization will always be its capacity to learn, grow, and develop. The strategy of a business is to select the business models, market, supply chain, and resources that will satisfy the needs of our community, environment, and target consumers. The 360-Degree feedback technique is a contemporary performance assessment approach that incorporates multi-stage information from both domestic and foreign sources.

Table 3

Perception according to Age group

Age group	Perception			Chi-Square	Sig.
	Below 25	25-40	Above 40 years		
N	64	71	65	0.026	0.611
Mean rank	112.41	105.27	103.15		

The mean ranks are not significantly different across the age groups, as shown in Table 3. The perception is most prevalent among the youthful age group (112.41), followed by the intermediate age group (105.27). However, the Chi-Square value (0.026) indicates that the age group does not significantly influence the perception of internet banking services (0.611).

Discussion

It is imperative for every organization to acquire a comprehensive understanding of all aspects of business in order to make informed and effective decisions during the negotiation and adoption process. It is imperative that each organization actively manage its relationships with all relevant groups, such as shareholder demand, environmentalist governments, community and other parties, and consumer groups, by listening to, comprehending, and responding to their demands. The primary demands for the outcomes of our approach are achieved by combining all of the aforementioned. This will be consistently monitored by our shareholders and required of the managers. The subsequent phase for our ideal organization is the

development of a strategy, which will enable the organization to execute strategies and operations in conjunction with operations and operations. The 360-Degree approach provides workers with feedback that is exclusively administrative, in contrast to traditional performance. Many organisations utilise the results of 360-Degree programmes for succession planning, education, and professional development. Something cannot be supplied as a result of mutation, which is ineffectual. Modern performance evaluations are increasingly emphasizing the development of employees and the advancement of their careers. Development programmes are customised to meet the unique requirements and objectives of each individual, offering a clear path for professional growth and skill development. These programmes cultivate a sense of investment in the futures of employees, thereby improving job satisfaction and retention. The difficulty resides in the development of personalised, actionable plans and the provision of the requisite resources and support to employees. Modern appraisal methodologies are facilitated by advanced performance management software tools, which provide features such as real-time feedback, goal monitoring, and data analytics. These instruments facilitate data-driven decision-making, continuous monitoring, and seamless communication. Additionally, they advocate for the integration of a variety of appraisal methodologies, which facilitates the implementation of comprehensive performance management systems. The primary obstacle is the selection of software that is compatible with the organization's requirements and the subsequent assurance of its successful implementation.

Conclusion

The new performance management approach is a potent catalyst for business outcomes. Organisations can establish a high-performance culture that facilitates long-term success by prioritizing transparency, continuous feedback, goal alignment, technology integration, and employee development. In a business environment that is swiftly evolving, this contemporary performance management paradigm not only improves individual performance but also fosters organisational development and competitiveness. Rather than annual evaluations, continuous performance management emphasizes ongoing feedback and regular check-ins. This method prioritizes real-time communication between managers and employees, which facilitates the prompt identification of issues and the opportune recognition of accomplishments. It is essential in fast-paced environments to facilitate agile goal setting and adjustments. The primary obstacle is guaranteeing that managers and employees participate in these routine interactions on a consistent basis. Financial performance, customer satisfaction, internal processes, and learning and development are among the numerous performance metrics that are integrated into the balanced scorecard approach. This multi-dimensional assessment assists organisations in maintaining a balanced perspective on performance and strategically aligning individual endeavours with broader business objectives. The implementation and maintenance of a balanced scorecard system can be a significant challenge, necessitating a significant amount of resources and expertise. Modern performance appraisal methodologies represent a substantial transition from conventional annual evaluations to more dynamic, continuous, and comprehensive approaches. Organisations can establish a performance management system that is more engaging and effective by incorporating techniques such as 360-degree feedback, continuous performance management, OKRs, balanced scorecards, and development plans. The incorporation of performance management software further advances these methodologies by offering the necessary tools for data-driven insights and real-time feedback. Although these contemporary methods provide significant advantages, their successful implementation necessitates meticulous planning, ongoing dedication, and the appropriate technological support.

Reference

1. Aarons, G. A., & Ehrhart, M. G. (2022). Leading implementation by focusing on the strategic implementation leadership. In *Implementation Science* (pp. 178-180)
2. Ail, A. Y. (2016). A study of modern methodologies in performance appraisals, *International Journal of advanced trends in engineering and technology*, 1(1), 126-128.
3. Al-Jedaia, Y., & Mehrez, A. (2020). The effect of performance appraisal on job performance in the governmental sector: The mediating role of motivation. *Management Science Letters*, 10(9), 2077- 2088.

4. Avolio, B. J., & Hannah, S. T. (2008). Developmental readiness: Accelerating leader development. *Consulting Psychology Journal: Practice and Research*, 60(4), 331-347.
5. Basu, T. (2015). Integrating 360 degree feedback into performance appraisal tool and Development process, *IOSR journal of business and management*, 17(1), 50-61.
6. Bernardin, H. John, and Joyce E. Russell. "Human Resource Management: An Experiential Approach." McGraw-Hill Education, 2018.
7. Edwards, M. R., & Ewen, A. J. (2017). 360-degree feedback: The powerful new model for employee assessment & performance improvement. AMACOM.
8. Garavan, T. N., Morley, M., Gunnigle, P., & Collins, E. (2001). Human capital accumulation: The role of human resource development. *Journal of European Industrial Training*, 25(2/3/4), 48–68.
9. London, M. (2002). *Job feedback: Giving, seeking, and using feedback for performance improvement*. Lawrence Erlbaum Associates.
10. Obisi, C. (2011, December). Employee performance appraisal and its implication for individual and organizational growth. *Australian Journal of Business and Management Research*, 1(9), 92–97
11. Peeters, M. A., Van Tuijl, H. F., Rutte, C. G., & Reymen, I. M. (2006). Personality and team performance: A meta-analysis. *European Journal of Personality*, 20(5), 377–396.
12. Pulakos, Elaine D., and Manuel London. "Performance Management: A New Approach for Driving Business Results." John Wiley & Sons, 2009.
13. Rai, H., & Singh, M. (2013). A study of mediating variables of the relationship between 360 feedback and employee performance. *Human Resource Development International*, 66(1), 56–73.
14. Rusu, G., Avasilcai, S., & Hutu, C.-A. (2016). Employee performance appraisal: A conceptual framework. *Annals of the University of Oradea*, 53–58
15. Steelman, L. A., & Rutkowski, R. D. (2004). 360-degree feedback: The powerful new model for employee assessment & performance improvement. AMACOM.
16. Thayumanavar and Sreekanth (2023) Gap analysis on performance appraisal system in Indian based multinational company – A SURVEY, *Shodha Prabha*, pp.145-147
17. Tsai, W. C., & Chen, H. C. (2010). Integrating the perspectives of self-review and others' feedback: A review of empirical findings. *Human Resource Development Review*, 9(3), 291–318.
18. Verbeeten, F. H. (2009). Performance management practices in public sector organizations: Impact on performance. *Management Accounting Research*, 20(1), 10–31.
19. Ward, Kevin. "360-Degree Feedback: The Powerful New Model for Employee Assessment & Performance Improvement." Kogan Page Publishers, 2016.
20. Yukl, Gary. "Leadership in Organizations." Pearson Education, 2012.
21. Zenger, Jack, and Joseph Folkman. "The Extraordinary Leader: Turning Good Managers into Great Leaders." McGraw-Hill Education, 2009.