360-Degree Performance Review And Its Effect On Employee Motivation

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Abstract: Selection of performance evaluation is supposed to be one of the most sensitive jobs as it involves humans and their emotions. There are many choices available for performance evaluation and development tools. 360-degree performance review has gained popularity in recent years. This may be the result of the perceptions of organizational leaders that 360-degree feedback system establishes culture for continuous learning and improved performance. This paper highlights that the 360-degrees review process affects organization performance and suggests that there is a significant relationship between the organizational use of 360-degrees appraisal tool and its performance. The paper recommends that the organizations evaluate the outcomes of 360-degree appraisal system and compare with the past tools/methods.

The details of this paper also reveal that in some organizations people praise about the multi-rater feedback and on the other hand some say it leaves people feeling betrayed and broken confidences. It would be beneficial to incorporate 360-degree feedback into a larger performance management process but clear communication about the implementation and execution of 360-degree has to be established.

Keywords: 360-Degrees Appraisal Tool, Feedback, Effectiveness, Performance Evaluation, Clear Communication

I. INTRODUCTION

Performance appraisal has continuously received attention over the years by employers and employees both as they are always on the look out of the most effective method of performance appraisal. The practice of evaluating employees has existed for centuries but the use of performance appraisal has become more technical and structured over the last few decades. Performance appraisal has been around for a long time and was originally developed for the Army. Civilian workforce was appraised much after that. Some other branches of the government began implementing formal evaluations which are now known as performance appraisals.

The private sector began tracking employee performance through an appraisal system. The nature of employee appraisal has evolved and changed since the early days in the Army.

Current appraisal systems can be very costly to implement and has developed over the course of century into a complex and costly management support tool.

Performance appraisal process involves performance reviews in general. This is an important tool to convert organization's mission into specific achievable goals. A good appraisal system manages performance and not reacts to it and avoids overlap of job duties and inefficient use of employee skills.

This is also noticeable that the stress level of employees is expected to be made clear. Analysis from time to time regarding the relative effectiveness of the 360-degree performance review has been in limelight and the level of motivation could connect with this. Comparison with the other forms of feedback in bringing about performance improvement through individual motivational level comes naturally. Written acknowledgment of completed work and new information and ideas from staff that come via 360-degree performance review bring in change in attitude and further motivates employee for better career development.

II. IMPORTANCE OF 360-DEGREE PERFORMANCE REVIEW PROCESS

This is an important issue to maintain the cost effectiveness while undertaking the employee performance review. Organizational leaders may anticipate the cost of performance reviews to gather information for evaluation and the time taken to provide feedback to employees.

The most comprehensive appraisal system is of 360-degree feedback. Hidden costs quite often are embedded in the employee's affective and behavioural reaction to the feedback received. As a result of negative reactions to feedback behavioural changes in the employee could easily be witnessed. Withdrawal, display of mistrust and lower level of commitment could be some of the changes in attitude and behaviour. This is, therefore, it becomes necessary to analyse the entire system and implementation of 360-degree performance review process. Organizations need to take caution of these possible reactions. The productivity can be positively/negatively impacted as employees sail through the different emotional stages of receiving feedback.

Employees get an opportunity to opt for remedial measures if any friction points or issues exist between them and the organization with the help of 360-degree reviews. Differences often occur in the areas of interpersonal relationships, teamwork, communication and management style. 360-degree Review Process in true sense provides remedy to these types of issues is in question. While positive feedback serves to reinforce desired behaviour and motivate employees, negative feedback can contribute to a reduced level of job satisfaction, and a decreased desire to contribute to the organization. 360-degree review process affects employees' attitude in the workplace and also their professional effectiveness and general work performance.

There might be some negative feelings associated with traditional top-down performance appraisal systems. But at the same time there can be numerous benefits to be taken out from a 360-degree performance appraisal system. Given an opportunity, if co-workers can open up with each other and hold each other accountable for performance and productivity then the working relationships would improve and the productivity will go high. When implemented properly, subordinate appraisal systems enhance workers' job satisfaction and morale. The 360-degree appraisal also can help the employees to discover their own strengths and weaknesses. Through feedback employees are able to see where a co-worker excels. They also assess where the person needs to improve. Relatively low cost of implementation is an added benefit of 360-degree appraisal system. The cost is quite effective if compared with introducing an appraisal system from outside or developing an assessment centre approach. Organisation may calculate number of reasons to employ a 360-degree appraisal programme to have an effect on employee performance, managerial performance and productivity,

For continuous growth and motivation managers also need sources of appraisal additional to their superiors to further enhance productivity and make positive changes. The 360-degree appraisal helps in assessing the strengths and weakness. With this comes the ability to communicate better

and faith in self's managerial abilities. The manager's changed behaviour works as stronger working relationship between the manager and the subordinates. Eventually the validity of 360-degree appraisal proves to be higher than the traditional *'top-down'* appraisal.

III. THE ROLE OF FEEDBACK IN ATTITUDE AND MOTIVATION OF EMPLOYEES

Behavioural change is something that could be witnessed as a result of feedback (both positive and negative). And of course behaviour will not change until a person wants something to happen. The acceptance of feedback works as the catalyst if opted for a 360-degree process. Feedback provides individual motivation if employees accept it.

Different individuals experience, process and behave differently based on their emotions but get motivated more or less the same way. The basic premise of effective motivation theories is that individuals experience emotional reactions to certain situations.

The emotions for example fear & joy, anger & frustration, anxiety and excitement are involved in the motivation of behaviour. Motivation is the force that energizes, directs, and sustains behaviour.

Behavioural change is determined by the employees' state of emotion and the level of motivation at the time of receiving 360-degree feedback. Those who end up with negative attitude and do not wish to move from will resist behavioural change and will represent a loss to the organization. Attitude in three forms would affect the level of motivation viz-e-viz 360-degree feedback system and i.e. Positive, Neutral and Negative state.

✓ Positive state - relaxation, excitement, pleasure or joy.
✓ Neutral state - little or no feelings.
✓ Negative state – emotional pain, anxiety, guilt, frustration, boredom, or anger.

An employee enters a phase once he/she decides that there is a need to take some action. The employee discusses the intricacies of the feedback and identifies areas of improvements in the 360-degree process. The employee actually takes action and begins to change behavioural patterns. Some employees resent since beginning and therefore reject feedback at once without realising that unless the feedback is accepted, change cannot occur. There lies a real challenge of 360-degree feedback process.

IV. POINTS OF CAUTION WHILE IMPLEMENTING THE 360-DEGREE FEEDBACK PROCESS

✓ CLARITY OF PURPOSE

One of the main reasons for the successful implementation of a 360-degree feedback process is clarity of purpose. The feedback doesn't address an organizational performance issue or strategic need. Since many word-class organizations are doing it, it has become the latest management trend setting new benchmarks. Specific performance issues and problems could be addressed and

resolved by using 360 degree system. After defining the clear purpose Multi-rating interventions can be introduced and can prove to be powerful. If an organisation finds that the compensation and reward systems are out-dated, 360-degree feedback may bring about substantial change. In case of rigid organizational hierarchy 360-degree feedback may develop a different culture that emphasizes continuous feedback and improvement.

✓ PARTICIPATION OF KEY-PLAYERS

This is an important point of consideration to involve key players in designing and implementing a 360-degree process. The key-role playing employees, stakeholders should be made aware of important decisions and the logics for the same. Their input to such decisions and assistance may be highly fruitful while implementing the process. Feedback can affect people's image and reputation in both ways positive and negative. It becomes more important for key players to participate if the organisation intends for enhanced accountability and information-sharing. Identification of key players should be done with utmost care. Key players can be senior managers, their immediate supervisors or managers, staff, peers, team members and customers. Their involvement is critical to ensure people's support and commitment to a fair, objective, and constructive feedback process. The senior management's commitment and involvement is required in complete sense rather than just being the lip service. The willingness to take part and receive feedback would make the system truly participatory.

✓ EFFECTIVE AND COMPLETE COMMUNICATION

The real meaning of 360-degree feedback system would only be achieved if the cycle of communication is complete effectively. The purpose must be communicated clearly to avoid misunderstanding or emotions of betrayal. Also the confidentiality of issues and its sanctity is to be maintained by clear and fair communication. Many minor and apparently unimportant issues could actually be very crucial. Interaction with all key players and stakeholders must have been done thoroughly and their views are put forth before implementation.

The coordination and execution are critical for the success of a 360-degree feedback intervention. No matter which medium/instrument is being used for survey for example on-line, paper-and-pencil or email or formats, the decisions should reflect clear communication and understanding. The route should be clear to people. The communication on how the written feedback will be transcribed verbatim or summarized for example the administration, scoring, and overall feedback process, should be communicated and told clearly that their interests would be safeguarded whether positive or negative feedback received.

✓ PILOT STUDY – 'A MUST' BEFORE IMPLEMENTING 360-DEGREE FEEDBACK SYSTEM

The integration of a 360-degree feedback system with existing performance management and merit systems needs to be done in a strategic manner. Organizations just should not 'cut and paste' them. Research suggests that (unless there are considerable precautions) ratings are inflated when they are integrated into pay-for-performance systems compared with ratings used solely for development purposes. A Pilot study before implementing the 360-degree system could be highly fruitful for the health of organisation.

The focus of a 360-degree process can primarily be measured by numerical scores and their weight in overall performance evaluation ratings. It is important to clarify before-hand the evaluation of performance factors, behavioural terms, system of feedback ratings, number of feedback providers, selection method, weighing of results and collection and summary of overall score for the feasible Pilot study.

A thorough job of piloting and evaluation lead to the successful integration of a 360-degree feedback system into their performance management and merit systems. Usually team of HR, line management, and field staff-is created to design and pilot the new performance management system. It can take several steps and measures to fine-tune the pilot stage. To proceed with the introduction of 360-degree ratings would definitely improve rather than hinder performance management.

V. CONCLUSION

Successful implementation of 360-degree process could only be possible if it is duly evaluated its effectiveness and given space for alterations. An evaluation could be conducted through surveys or about employee grievances and employee satisfaction surveys, quantitative performance measures, implementation of development plans or dynamics in relationships. It's important to determine exactly how 360-degree feedback can be used to improve both individual and organizational performance.

The 360-degree process may not always highlight the desired outcome and the process can backfire on the system itself. This can further affect employees' behavioural reaction, their level of motivation and commitment.

Most employees' are undoubtedly curious about receiving the feedback. The anticipated moment of reviewing what others have said could bring an emotionally stressful time. The employees are generally very much interested in the 360-degree program. The commitment of the organizational leaders and the employees is essential to make 360-degree process effective. Three-sixty degree feedback can make some people emotional about the responses to the feedback and they find it difficult to decide what and how much behavioural change is required.

The benefits of a 360-degree process could only be drawn by the organisation if employees accept the feedback and are ready to take appropriate action for improvement and rectification.

Once accepted the feedback, employees become very motivated to change behaviour and are dedicated to the process. It has been observed that there are both benefits and potential problems associated with 360-degree reviews. For the best outcome this should primarily be used as an

evaluation system and not just as a personal development technique.

Due consideration and carefulness should be taken while designing the 360-degree review process and implementation in order to motivate performance behaviour and performance outcomes. The most important advantage of 360-degree review is that it provides something which a traditional review process usually does not i.e. a chance to know about self from a group of people. The perceptions of others whether accurate or inaccurate may decide to a large extent our level of success hence feedback becomes a vital part of performance growth and development.

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