Chapter- I

Introduction
Traditional performance appraisal involves bosses assessing their staff. Yet the people who actually work with us – peers, subordinates, suppliers and customers – can often provide far more accurate and useful insights into our strengths, weaknesses and scope for development\(^1\) (parag 2011).

One of the more important ways that employees can develop is to receive ratings of their performance from their co-workers bosses, peers, subordinates, and others. Known as 360-degree feedback, this activity is now widely used by human resources professionals and in leadership development programs.

The US\(^2\) armed forces first used 360 degree feedback to support the development of staff in the 1940s. The system gained momentum slowly, but the 1990 most HR\(^3\) and OD\(^4\) professionals understood the concept. The problem that was collecting and collating the feedback demanded a paper-based effort reports. The first led to despair on the part of practitioners, the second of gradual erosion of commitment by recipients. Introducing the 360-degree feedback can loosen up a rigid corporate culture and cast light on the vital process factors – teamwork, communications, decision-making and morale – that underlie long-term business success. The essential principles are explained further.

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\(^1\) parag, p.w.m, p. 58  
\(^2\) United States  
\(^3\) Human Resource  
\(^4\) Organizational Development
When the first online 360 degree feedback tools appeared in 1998, it became possible to request feedback from raters anywhere in the world by email, to customize automated systems, and to generate reports for recipients in minutes. In recent years, internet-based services have become the norm, with a growing menu of useful features: e.g. multi languages reporting and aggregate reporting.

In human resources or industrial/organizational psychology, 360-degree feedback, also known as multi-rater feedback, multi source feedback, or multi source assessment, is employee development feedback that comes from all around the employees. “360” refers to the 360 degrees in a circle.

The feedback would come from subordinates, peers, and managers in the organizational hierarchy\(^5\), as well as self-assessment, and in some cases external sources such as customers and suppliers or other interested direct reports, or a traditional performance appraisal, where the employees are most often reviewed only by their managers. Interpersonal skills and behaviors have been consistently recognized as lying at the heart of satisfying clinical encounters\(^6\) (SIMPSON 1991; COUNCIL 1994, 2001; NEWBLE 1999; NORCINI 1999; SOUTHGATE 1999). Lack of such skills and inappropriate behaviors are a potent cause of system failure (EXCELLENCE 2001).

The results from 360-degree feedback are often used by the person receiving the feedback to plan their training and development. The results are


also used by some organizations for making promotional or pay decisions, which are sometimes called “360”-degree review.

**Typical 360 degree Evaluators:**

- Officers’ supervisor
- Peers/ colleagues
- Direct/ indirect reports
- The individual themselves

Typically, performance appraisal has been limited to a feedback process between employees and supervisors. This multiple-input approach to performance feedback is sometimes called “360-degree assessment” to connote that full circle.

360-Degree feedback is aimed at improving performance by providing a better awareness of strengths and weaknesses. The employee receives feedback, in anonymous form, on performance ratings from peers, superiors and subordinates (Kaplan 1994). Feedback from multiple sources, such as superiors, peers, subordinates and others has a more powerful impact on people than information from a single source, such as their immediate supervisor. Employees view performance information from multiple sources as fair, accurate, credible and motivating. They are more likely to be motivated to change their work habits to obtain the esteem of their co-workers than the respect of their supervisors\(^7\) (Edwards 1994).

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\(^7\) Edwards, M.R., and Ewen, A. J., p14
Many organizations have found that single source appraisals provide inflated evaluations, giving nearly all rate's high performance ratings. This process creates an environment in which employees feel entitled to regular raises and promotions without providing them the information needed for development. Managers find it difficult to provide specific and critical feedback so they tend to shy away from addressing performance problems. The 360-degree feedback appraisal, also known as multi-source assessment or full circle feedback, gathers evaluation data from all of those who work most closely with the person being evaluated, regardless of position. The collective intelligence these people provide gives the appraise a clear understanding of personal strengths as well as areas that need further development (Edwards 1994). A prime advantage is that 360 provides a more comprehensive view of employee performance. Not only does this method provide feedback from a variety of viewpoints, it also minimizes the bias problems that are inherent to evaluations.

The more appraisers an employee has, the more likely the biases of the raters will tend to cancel one another out, and the more their perspectives will combine to give a complete, accurate and honest picture.

**WHAT IS 360-DEGREE FEEDBACK?**

360-degree feedback has been labeled by many names as:

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8Edwards, M.R., and Ewen, A. J., p21
• Multi-rater feedback
• All-round feedback
• 360-degree feedback
• 360-degree appraisal
• 540-degree feedback
• 400-degree feedback
• 180-degree feedback
• Peer appraisal
• Upwards feedback

All these terms represent different ways of describing the same thing. The numbers indicate the different rater groups used. Thus 180-degree feedback describes top-down and bottom-up feedback, whereas numbers greater than this imply feedback from more groups across the organization. The definition, which applies to all these terms, is:

The systematic collection and feedback of performance data on an individual or group, derived from a number of the stakeholders in their performance\(^9\)(parag 2011).

The data collection is systematic, i.e. done in some systematic way via questionnaires or interviews. This formalizes people’s judgments coming from the natural interactions they have with each other. There is both a collection and a feedback process; data is gathered and then fed back to the individual participant in a clear way designed to promote the individual participant in a clear way designed to promote understanding, acceptance and

\(^9\) parag, p.w.m, p 64
ultimately changed behavior. The performance of either an individual or a group can be measured. The sources of data are stakeholders in the participant’s (the person being rated) performance. Stakeholders are people (called ‘respondents’) who are both affected by your performance and deal with the participant closely enough to be able to answer specific questions about the way you interact with them.

Thus 360-degree feedback symbolizes transition from top-down, single-stakeholder, results-only measurement to something much more multi-dimensional and process-oriented.

**What is a 360 degree review?**

A 360 degree performance review is a formalized process whereby an individual receives feedback from multiple individuals or “raters” who regularly interact with the person being reviewed, commonly referred to as “the learner”. The objective is to provide the learner with feedback on their performance behaviors and outcomes as well as their potential, while identifying and establishing development goals. As a result of this feedback, the learner is expected to be able to set goals for self development which will support the advancement of their careers and in turn benefit the organization. The raters typically represent the learner’s boss, peers, subordinates, customers and sometimes even their significant others. Their own self assessments complete the circle. (ALEXANDER 2006)
Multi-source feedback, or 360-degree assessment, is an important part of the assessment of people in the workplace, in both health and industry. Almost all published work concentrates on content validity and generalizability. However, an assessment system needs construct validity, and has to have practicability and acceptability, without sacrificing fitness for purpose, content validity or inter-rater reliability (Wood, Wall et al. 2006).

An organization needs to decide up front if the purpose of the feedback is developmental only, or if it will be evaluated and linked to the promotion and reward. A 360 degree process is most often used as an assessment tool for personal development rather than evaluative and experts warn that linking 360 degree feedback to administrative actions such as selection or pay could skew the feedback and become detrimental to the process. For example, if the results of a 360 degree process are tied to an employee’s eligibility for advancement either in pay or position, the rioters, who may see themselves as competitors, may become motivated to provide negative feedback. The process would be seen as a control tool, negatively impacting its reliability and validity within that organization (Alimo-Metcalfe 1998).

Raters respond to a variety of standardized questions evaluating the learner’s competencies, performance behaviors and performance outcomes either by inputting feedback into a computerized system or by recording responses using a paper format. Although the learner actively selects who the raters are, the author of the specific feedback is anonymous. The feedback is

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10 Alimo-Metcalfe, B., p. Pgs 6, 35-44.
typically collected and compiled into a report for the learner, breaking the feedback down into a series of ratings and scores on a numerical scale indicating areas of strengths and opportunities for development. The role of the feedback coach is to assist the learner with interpreting the report and to ultimately assist in identifying areas to be developed, so an effective plan for improvement can be established. A feedback coach may be anyone internal or external to the organization, which has been properly trained in this area. Often times it is a Human Resource professional, a manager, or someone in a leadership position within that organization. Some organizations discount the need for a feedback coach believing that simply providing feedback is enough to motivate a learner to change. There is existing empirical data however that shows the importance of a feedback coach in this process. Proper training of the feedback coach is critical to its success. Coaches need to understand how to analyze the data and must be trained in the skill of delivering feedback. Lack of training or ineffective training of the feedback coach can lead to the program’s loss of credibility and can sabotage future efforts.

The theory held by organizational leaders who choose this tool, is that this process will be embraced by its employees and the benefit to the organization will appear in the form of improved performers who are more aware of their strengths and developmental needs. Expert opinions vary regarding the validity of this theory(Kamen 2003). The 360 degree performance review process intends to provide a more global and accurate view of the employee’s performance. The accuracy of the 360 degree process depends on whether the respondents interact regularly with the learner and whether the learner reveals
him/herself to others. Since a learner can be different with each person, it would follow that there is a benefit to having many respondents involved.

The underlying assumption of the 360 degree technique is that the accuracy and scope of the assessment of the individual increase when consulting a full circle of daily business contacts, as opposed to one supervisor. The view of most practitioners is that the use of more raters leads to more accurate results for the individual\(^\text{11}\) (Church 1997).

In order for the ratings were accurate or simply careless. This feature serves to point out unusual trends in responses and might encourage the rater to be more thoughtful in their responses. It is possible that such a feature may increase the validity of the 360 degree feedback process over a paper process. A validity caution such as this is not part of a paper process\(^\text{12}\) (Edwards 1996).

**What Does It Actually Measure?**

Many organizations have developed sophisticated ways of measuring their success as corporate entities, the achievements of departments, and teams and the contribution of individuals, which demonstrate:

- The tendency when assessing individuals to look not just at the results achieved – but how they were achieved
- The increasing emphasis by organizations on measuring employee opinions on a number of issues, such as communications or morale, achievement of corporate standards of behavior or values

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\(^{11}\) Church, A.H.B., D. W, p. Pgs. 22,149-161.

\(^{12}\) Edwards, M.R., Ewen, A.J, p. 73, 3-4.
• The use of external measures by organizations to assess how others see them from outside, typically using market research or other forms of survey to assess customer satisfaction. Some asking for similar feedback from their suppliers.

• The assessment of teams and departments by looking at what happens within the group-communication and decision making processes. This data is coupled with the views of internal customers and others on team quality and service.

• The increasing use of business excellence models as part of the total quality movement and the need to have more precise, data-focused ways of measuring them.

Any or all of these circumstances may be suitable candidates for 360-degree feedback. In practice it is used to assess how teams interact with their members and customers, and how individuals interact with the stakeholders in their performance. Thus managers can be assessed in terms of the competencies they posses, or more specifically through the detailed behaviors which constitute them. Besides managers, power and value of 360-degree feedback has made engineers, pilots, Sales people, human resource professionals, customer service staff, secretaries and supervisors part of the assessment and feedback process.

**Does The Assessment?**

The answer is “Anyone who works with the participant closely enough to form a view.” The list of potential respondents is as follows:
• Yourself
• Boss
• Other bosses (previous boss, boss’s own boss etc.)
• Staff
• Team members
• Peers
• Internal customers
• External customers
• Suppliers
• Friends and family members
• Collection of people from a mixture of the groups listed above

**Can People’s Perceptions Be Trusted?**

Many organizational thinkers believe that perception is a reality. In other words what your colleagues see you doing or hear you saying is real to them, describes the person you are, and forms the basis of their opinion about you, it also governs how they respond to you. However people see only the tip of the iceberg and 360-degree feedback respondents comment only on what they see, because this for tem is reality. The intentions, background or reasons behind what they see might be perfectly rational and understandable – but if they remain invisible or unexplained then people will respond only to what appears on the surface. In 360-degree feedback there are as many realities as there are respondents.
What Impact Will 360-Degree Feedback Have On The Organization?

If 360-degree feedback is planned and implemented in a thoughtful manner the impact on the organization will be very beneficial especially in the following areas:

**Quality and quantity of data:** Large amount of detailed information, not hitherto available on a person’s performance, are generated by 360-degree feedback. The nature and variety of respondents and the face validity of the activities measured make it much easier for participants to understand what is said and use it as the basis for change and development.

- **Communications:** The application of 360-degree feedback is an exercise in open management. We now have communication upwards and across the organization, whereas before it may have only been downwards.

- **Motivation:** Organizations introducing a 360-degree feedback often finds that it has a morale-boosting effect. The feedback contains a mixture of strengths and areas for development. Obviously the former can be motivating per se, but for those people who try to change their behavior and succeed there is an even greater improvement in morale. Finally, 360-degree feedback changes attitude to performance, that what gets measured gets done.

- **Roles:** The role of everyone involved in a 360-degree feedback project is changed – sometimes subtly, sometimes dramatically. Participants find themselves asking for feedback information from colleagues. Respondents find themselves in a position of influence over participants. The boss’s role can change from being the handler down of judgments on performance based in relatively limited information to being a facilitator, coach, or counselor.
The role implications for human resources function are strategic as well as individual. The human resources function is in a much better position to measure the success of its strategic initiatives and to use this information for better planning and implementation in the future. 360-degree feedback also has profound implications for the skills of the individual human resources practitioner who has to work with the participant as a partner, drawing out his ideas, helping him make and implement development plans.

- **The customer:** 360-degree feedback gives internal as well as external customers the opportunity to make their views known about such matters as reliability of service, attention to their needs, communication, problem-solving, and working in partnership.

**How quickly can a 360-Degree Feedback Project Be Carried Out?**

The various stages in the 360-degree feedback process are as follows:

The minimum time required for the first five stages is two months, and that is after the project has been planned and communicated. The whole process from initial idea to the observation of a permanent improvement in performance, can take up to a year, and if any one stage is neglected then the results can be disappointing.

**Why has a 360-Degree Feedback become So Popular Recently?**

The following four forces have encouraged the rapid growth of 360-degree feedback in the recent years:
• Changes in the roles of the employee and what the organization expects of the employee such as Encouragement given to collaboration and team working, continuous improvements, reduction in employee numbers and levels of management, flexibility etc.

• An emphasis on measurement within organizations to assess views, suggestions, attitudes, motivations, morale, personalities, aptitude, skills, potential and career ambitions of employees

• The influence of new management concepts

• Management attitudes and receptiveness

The use and application of 360-degree feedback

Some uses of 360-degree feedback carry more risks than others. The implications differ with each use. However beginning the project with the understanding of the potential pitfalls helps to ensure the chance of success.

Statement of the problem

It is not unusual for both the managers and his or her raters to be anxious about how these data will be used. The expectations for what managers should do with their 360-degree feedback should be clear before the process begins. Managers should also be told what kind of organizational support will be made available to them. Co-workers who will be part of the process also need to know that this is an assessment for development not a performance appraisal, or part of a salary or promotion review. The attitudes of 360-degree users are critical to the system's effectiveness. Inaccurate feedback systems or more importantly the perception of inaccurate feedback process can lead to
any number of unpleasant outcomes including punitive feedback, inappropriate development goals, emotional distress, organizational cynicism and nonparticipation. In the research paper Subordinate Appraisal Of Supervisors An Improvement In Appraisal Technique (Simms 1996) recommended an action plan be developed to implement a subordinate appraisal system in the Texarkana, Texas Fire Department. The results of his study indicated that the subordinate appraisal of supervisors could be a viable accepted system that could improve the overall performance appraisal process.

David Lobdell in his research project Selecting An Appropriate Performance Appraisal Program For Spokane Valley Fire Department, (1997) recommended that 360 degree appraisal was the most beneficial for a fire department in today’s work environment. Four basic methods were identified in his research:

(1) The conventional top down,
(2) The peer rating,
(3) The bottom up where employees rate their supervisors,
(4) The 360 degree evaluation, which he states is a combination of the other three.

Lobdell recommended that the evaluation be implemented carefully and that they should be used only for employee self evaluation and development. The individual ratings should be kept confidential and should be fairly short. He recommended that training must be conducted for both giving and
receiving feedback before the program is implemented, and the program should be evaluated periodically and modified to meet the changing needs of the organization (Lobdel 1997).

He recommended the evaluation be fairly short and that it should be able to be completed in about thirty (30) minutes. The performance on which the employee is being rated should be clearly understood and related to the position held. There should be a minimum of five to six evaluators to protect anonymity and provide sufficient perspective. The immediate supervisor of the appraise should receive the completed evaluations. He should tabulate them onto a clean form with the comments13 (Palmer, Rayner et al. 2007).

**Importance of the study**

Conducting performance reviews in general, provides a number of valuable functions for organizations. They allow an organization to:

- Translate department/organization’s mission into specific achievable goals
- Manage performance rather than react to it
- Reduce overlap of job duties and ineffective, inefficient use of employee skills
- Provide written acknowledgment of completed work
- Gain new information and ideas from staff
- Discuss skill and career development
- Protect organization from unfounded charges of discrimination

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• Reduce stress for the supervisor -- managing rather than reacting

• Reduce stress for the employee – what is expected is made clear (ALEXANDER 2006).

• Feedback can provide organization value, allowing us to identify needs and set goals for organizational development and training within the university.

• Individual get a broader perspective of how they are perceived by others than previously possible.

• Gaining acceptance of the principle of multiple stakeholders a measure of performance.

• Clarified to employees critical performance aspects.

• Opens up feedback and gives people a more rounded view of performance than they had previously.

• Provides reliable and user-friendly feedback reports.

• Direct reports and peers, rather than management /supervisors are better to judge some skills such as leadership.

• An individual can better manage their own performance and careers.

• A rounded view of the individual’s /team’s/ organization’s performance and what the strengths and weaknesses are.

**Important Discourses**

A study in 360-degree feedback to leaders conducted by Arizona State University has supported the hypothesis that improvement in leaders consideration and employee development behavior will lead to positive changes in employee job Satisfaction and engagement, and reduce their intent to leave (Brett 2006).
A Watson Wyatt’s HCI\textsuperscript{14} study found that 360-degree Feedback programs were associated with a 10.6 percent decrease in shareholder Value. Nowak (1992) suggests that a necessary condition for initiating and sustaining behavioral change is the ability to interpret critical feedback from others in a positive fashion. We therefore recommend that, at a minimum, feedback recipients should have access to a qualified feedback giver who has experience with the assessment. These individuals will help managers make sense of the mounds of data by highlighting themes and helping to select target areas for development.

One study found that managers who follow up on their formal feedback. (E.g. Follow-up feedback sessions with raters) show significant improvement in their effectiveness as a leader. They also found a relationship between the frequency of follow-up and perceived positive change. This study and others have under-scored the importance of follow-up as a way to positively alter perceptions of the effects(Goldsmith 2001).

Atwater et al. (1998), has suggested that self other agreement reflects a self awareness and is related to several outcome measures including leadership and managerial effectiveness. In additional, this study explores the importance of the direction of disagreement, suggesting that those who are in-agreement with their other receive the highest ratings, followed by under-
raters (those who rate themselves below their other), and over-raters (those who rate themselves above their other) receive the lowest ratings.

Edwards, (1993) his studies based on the leadership serving of air force officers, he found that agreement between self and subordinates was more important in predicting promotion rates than agreement between self and supervisor or self and peers(Edwards 1994).

**Objective of the study:**

- To know the effect of 360 degree feedback, to increase awareness of the relevance of competencies;
- To identify key development areas for the individuals, a department and the organization as a whole;
- To study how 360 degree feedback Increases involvement of people at all levels of the university, as well as the university community;
- To increase awareness of managers' performance/work-related behaviors.

**Hypothesis:**

**Major Hypothesis**

- With regard to multiple variables on (knowledge and proficiency, communications, job performance, management resources, working with others, and planning and organization) there is not a meaningful difference between the opinions of different raters in appraising performance with 360-degree feedback method in Osmania University.

**Other Hypotheses**

1- With regard to variable of knowledge and proficiency there is not a meaningful difference between the opinions of different raters in appraising performance with 360-degree feedback method in Osmania University.
2- With regard to variable of communications, there is not a meaningful difference between the opinions of different raters in appraising performance with 360-degree feedback method in Osmania University.

3- With regard to variable of job performance, there is not a meaningful difference between the opinions of different raters in appraising performance with 360-degree feedback method in Osmania University.

4- With regard to variable of working with others, there is not a meaningful difference between the opinions of different raters in appraising performance with 360-degree feedback method in Osmania University.

5- With regard to variable of management resources, there is not a meaningful difference between the opinions of different raters in appraising performance with 360-degree feedback method in Osmania University.

6- With regard to variable of planning and organization, there is not a meaningful difference between the opinions of different raters in appraising performance with 360-degree feedback method in Osmania University.

Data Collection:

One of the important tasks for the researcher is data collection. The researcher pays attention to two types of data.

a) Primary Data

The primary data are those which are collected a fresh and for the first time. Thus it happens to be originals in character. The researcher would collect primary data from the sample, employees, officers, faculty member in colleges Osmania University in Hyderabad by personal field visits, questionnaire, direct interview, observation and analytical study method.

b) Secondary Data
The secondary data are those which have already been collected by someone else. They will collect through the study of various books written by eminent writers, published survey and reporters, Feeding journals, newspapers from several libraries.

**Scope of the study**: This research will be based on the data collected through primary and secondary sources from colleges in Osmania University. Place of study will be Hyderabad in India.

**Organization of the study**

The present study is organized into five chapters, a brief review of which is given below.

- Chapter one forms the introductory part highlighting the important aspects of 360 degree feedback with the study framework.
- Chapter two presents Survey of literature and methodology
- Chapter three analyzes the theoretical discourse of the study
- Chapter four discusses the data analysis.
- Chapter five is on the conclusion with key findings and suggestion.