

# From 90 degree to 720 degree performance appraisal

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**Abstract :** *In today's scenario, human resources are to be considered as a very important asset of the company and the importance of human resources is very well known to the organization. The success of any organization depends on its ability to correctly measure the performance of its members and use that measure to neutrally boost and optimize their performance. Performance appraisal is important, because it plays a vital role in any organization's human resource framework. There are clear benefits from managing individual and team performance to achieve organizational objectives. Performance appraisal is an important tool in the hands of personal management because this technique accomplishes the main objective of the department of the development of people by appraising the worth of the individual. Performance Appraisal is a concept that started in the early 20th century. It is the process of obtaining, analyzing and recording information about an employee to evaluate and improve their performance. The success of the organization depends on the performance of the employees and it is the human tendency to judge everything and everyone around them. In modern business scenarios where job roles have become more diverse it's not easy to measure the performance of any employee. This is where performance appraisal methods can be really helpful. This paper reviews the future oriented performance appraisal methods and identifies advantages and disadvantages for using each method.*

## Introduction

All organizations aim at being effective and achieving their objectives, in order to do this it is important to monitor or measure the performance of the employees on a regular basis. Effective monitoring also includes giving timely feedback, reviewing the performance according to pre-determined standards and timely recognition of the accomplishments, that motivates the employee to perform better each day. It is rightly said that, "Encouraged people achieve the best; dominated people achieve second best; neglected people achieve the least." as recognition and reward at the right time is the best encouragement. From the time Human beings have evolved they have employed different methods to appraise the performance

starting from the traditional "comparison method" to the modern "720 degree appraisal method". This article discusses the development of performance appraisal methods from 90 degree, 180 degree, 360 degree, 540 degree appraisal to 720 degree appraisal. "720 degree performance appraisal", is the latest appraisal method that has been introduced in New economy companies.

## Methods of performance appraisal

There are various techniques/methods used for conducting performance appraisals, each having their own advantages and shortcomings. Depending upon the needs of an employee or an organization a performance appraisal method needs to be selected. All performance appraisal methods can be divided into two different categories namely past oriented methods (Traditional) and future oriented methods (Modern methods).

### Past oriented Methods

Traditional Methods are relatively older methods of performance appraisals. This method is based on studying the personal qualities of the employees. It may include knowledge, initiative, loyalty, leadership and judgment.

1. Ranking method: In the ranking method, the evaluator places employees from a particular group in the order of overall performance, starting with the top performer--who is rated the highest--and moving down to the poorest performer in the group who receives the lowest ranking
2. Graphic Rating Scales: A scale that lists a number of traits and a range of performance for each, the employee is then rated by identifying the score that best describes his or her performance for each trait
3. Paired comparison method: Paired comparison is a variation of the ranking method in which the performance of each employee is compared with every other employee. The employee who receives the greatest number of favourable comparisons is ranked the highest
4. Forced Distribution method: To eliminate the element of bias from the rater's ratings, the evaluator is asked to distribute the employees in some fixed categories of ratings like on a normal distribution curve. The rater chooses

the appropriate fit for the categories on his own discretion

5. Critical incident method: The critical incident method requires the evaluator to maintain records of employees' favorable and unfavorable performances. These critical incidents become the basis for evaluation
6. Essay method: In the essay method, the evaluator writes a brief narrative of the employee's performance. The major criticism of this method is that it is very subjective because the evaluation criteria left entirely to the discretion of the evaluator and the results are dependent on the writing skills of the evaluator.
7. Checklist method: The rater is given a checklist of the descriptions of the behaviour of the employees on job. The checklist contains a list of statements on the basis of which the rater describes the on the job performance of the employees.

#### Future oriented methods

Modern Methods were devised to improve the traditional methods. It attempted to improve the shortcomings of the old methods such as biasness, subjectivity, etc

1. Management by objectives (MBO): MBO is a results-based system that relies on the manager and the employee to jointly agree on objectives, the attainment of which becomes the basis of evaluation for the next appraisal period.
2. Behaviourally Anchored Rating Scale (BARS): BARS combines elements from critical incident and graphic rating scale approaches. The supervisor rates employees" according to items on a numerical scale.
3. Assessment Centers: Employees are evaluated over a period of time; say one or three days, by observing their behaviors across a series of selected exercises or work samples.
4. Psychological Appraisals: These appraisals are more directed to assess employees' potential for future performance rather than the past one. It is done in the form of in depth interviews, psychological tests, and discussion with supervisors and review of other evaluations
5. Human Resource Accounting (HRA): The people are valuable resources of an organization or enterprise, Information on investment and value of human resource is useful for decision making in the organization.

The remaining modern methods of appraisal like, 360 Degree, 720 Degree appraisals are discussed below.

#### Statement of the problem

The 720 degree evaluation is emerging as a possible alternative appraisal technique. Organizations are slowly but steadily realizing the need for this new system, which is better than the existing 360 degree evaluation, especially in terms of the focus of the evaluation and the involvement of the evaluators in the process. Now, recently *Cadbury* introduces '720-degree' feedback. This study is concentrated on the need and significance of 720 degree Performance appraisal in the modern business world and also differentiates this new emerging technique from the 360 degree Performance appraisal. The method of 720 degree Performance appraisal developed through different stages from 90 degree, 180 degree, 360 degree, 540 degree appraisal to 720 degree appraisal. "720 degree performance appraisal", is the latest appraisal method that has been introduced in new economy companies.

#### Objectives

- To examine the development of 720 degree performance appraisal from 90 degree appraisal.
- To examine the comparative significance of the 720 degree performance appraisal with 360 degree performance appraisal system.

#### Methodology

The secondary data is used for the study. The secondary data is collected from the various books, journals, articles etc.

#### Development of 720 degree appraisal

Employee performance appraisals are now universally conducted, considering to be the most important channel, to provide feedback to employees on their past performance. Precisely, the appraisals are the significant opportunities for managers when they can discuss the strengths and weaknesses of their team members and guide them to develop extraordinary skills to excel professionally.

Since ages, we have seen traditional performance reviews taking place in organizations where the manager and the HR take control over the entire appraisal process. However with the changing time and technology, the approach to conduct annual performance evaluations have altered dramatically, giving a wider scope to include other participants in the process. Today, we're here to share some critical information on different employee performance appraisal methods

and how advanced HR tools can make the entire process easier and faster.

### 90 degree appraisal



90 Degree appraisal is the most basic form of performance appraisal. In this method the appraiser/manager gives their evaluation of the employee. This appraisal method does not provide any self-evaluation system to the employees. It facilitates only one way and top down communication.

### 180 degree appraisal



180 degree appraisal is one of the simplest ways to appraise employees. The employee evaluation process starts with self-evaluation step where the employee fills a form giving appropriate ranking to himself / herself and shares feedback on their own performance. After completion of this step, the manager discusses the self-appraisal of the employee in a review meeting. Once all the information is agreed by both the parties, including the manager and the employee, appraisal is finalized.

### 360 degree appraisal



As the name implies, this method uses multiple appraiser, including supervisor, subordinates and peer of the targeted persons. The appraisal is 360 degree in that information is collected & feedback is provided in full circular fashion top to bottom & back to top. It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self. In fact anyone who has useful information on

how an employee does a job may be one of the appraisers. This technique is highly useful in terms of broader perspective, greater self-development and multi-source feedback is useful. 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills. However on the negative side, receiving feedback from multiple sources can be intimidating, threatening etc. Multiple raters may be less adept at providing balanced and objective feedback. The style of 360 degree performance appraisal is a method that employees will give confidential and anonymous assessments on their colleagues.

### Components of 360 Degree Appraisal

360 degree respondents for an employee can be his/her peers, managers (i.e. superior), subordinates, team members, customers, suppliers/vendors - anyone who comes into contact with the employee and can provide valuable insights and information or feedback regarding the "on-the-job" performance of the employee. 360 degree appraisal has four integral components:

- Self-Appraisal: Self-appraisal gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance
- Superior's appraisal: Superior's appraisal forms the traditional part of the 360 degree appraisal where the employees' responsibilities and actual performance is rated by the superior
- Subordinates appraisal: Subordinates appraisal gives a chance to judge the employee on the parameters like communication and motivating abilities, superior's ability to delegate the work, leadership qualities etc.
- Peer Appraisal: feedback given by peers can help to find employees' abilities to work in a team, co-operation and sensitivity towards others.

### Advantages of 360 degree appraisal

The 360 Degree Feedback has the following benefits:

- Offer a more comprehensive view towards the performance of employees.
- Improve credibility of performance appraisal.
- Such colleague's feedback will help strengthen self-development.
- Increases responsibilities of employees to their customers.
- The mix of ideas can give a more accurate assessment.
- Opinions gathered from lots of staff are sure to be more persuasive.

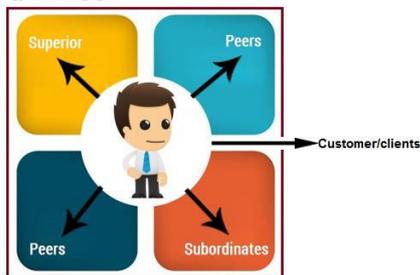
- Not only manager should make assessments on its staff performance but other colleagues should do, too.
- People who undervalue themselves are often motivated by feedback from others.
- If more staff takes part in the process of performance appraisal, the organizational culture of the company will become more honest.

#### Disadvantages of 360 degree appraisal

The 360 Degree Feedback suffers from the following limitations:

- Taking a lot of time, and being complex in administration
- Extension of exchange feedback can cause troubles and tensions to several staff.
- There is requirement for training and important effort in order to achieve efficient working.
- It will be very hard to figure out the results.
- Feedback can be useless if it is not carefully and smoothly dealt.
- Can impose an environment of suspicion if the information is not openly and honestly managed.

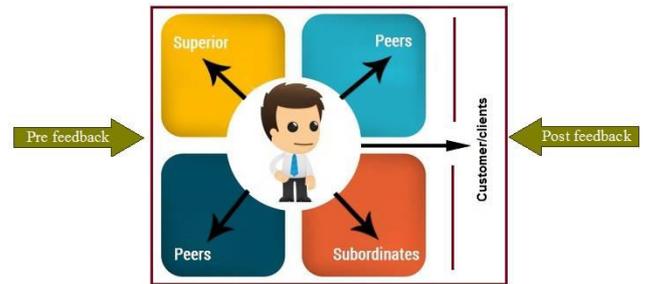
#### 540 degree appraisal



In 360 degree appraisal, performance data on an employee is derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self. 540 degree appraisal adds an external element as feedback is also collected from customers or clients. It has 5 dimensions: appraiser/manager, the appraisee (self-appraisal), peers, subordinates and customer/clients.

In order to survive in the current competitive market, organizations aim at achieving high customer satisfaction. Customer or client feedback helps to analyze the customer point of view and help to improve the person and the organization.

#### 720 degree appraisal



A 720 degree appraisal is basically a 360 degree appraisal performed twice. A second 360 degree is performed at a timely interval and compared against the results of the first 360 degree appraisal. 720 Degree Performance Appraisal, considered an “all-round” appraisal, is one of the most recently introduced concepts. The major setback in the previous methods of appraisal was that it did not guide the employee after the appraisal hence the 720 Degree Appraisal was introduced when the employees performance is measured, analyzed and targets are set in the first appraisal and after a short period his performance is measured again and proper feedback and guidance is given to ensure that the employee achieves the target. Hence, 720 degree performance appraisal can be stated as twice 360 degree performance appraisal: once when the appraisal is done and the targets are set and the second where the feedback is given and the boss gives tips to achieve the goals. Hence, there is a pre and a post round of feedback. The 720 Degree Performance Appraisal system is a kind of double check for the 360 Degree Performance Appraisal system. 720 Degree Performance Appraisal is the evaluation of an employee from all the aspects and giving timely feedback to ensure that the person is able to achieve the set goals before the next appraisal. In other words a 720 Degree Appraisal is basically a 360 Degree Appraisal performed twice. A second 360 Degree is performed at a timely interval and compared against the results of the first 360 Degree appraisal. Cadbury introduces ‘720- degree’ feedback on April 2010.

All the current IT organizations aim at achieving higher rate of employee satisfaction and transparency in the working environment. In order to achieve the above goals, 720 degree performance appraisal would be a vital tool as it is used to appraise the performance of an employee from different dimensions and helps to overcome the barriers of bias, prejudice and discrimination.

#### Dimensions of 720-degree performance appraisal

The performance is appraised from 5 dimensions and feedback or the appraisal meeting

is conducted twice (pre and post feedback) to ensure the efficient performance of the employee. Including the pre and the post feedback, that plays a vital role, the 720 Degree performance appraisal has 7 phases.

- a) Pre Appraisal Feedback: This is the first appraisal step that is done after the feedback is collected from the different dimensions or people with whom the employee would interact. In this step, the performance is evaluated, targets are set and feedback or training is organized to help the employee achieve the target.
- b) Self-Appraisal: The employee is given a questionnaire and asked to evaluate his performance and through this method, the employee gets an opportunity to express his thoughts and his valuation of strengths, weakness and judge his performance.
- c) Peers/Colleagues Appraisal: The feedback from the peers or colleagues is important as it helps to understand the ability of the employee to work as a team, co-operate, coordinate with others and bring out the best.
- d) Customer Appraisal: In order to survive in the current competitive market, Organizations aim at achieving high customer satisfaction. Customer feedback helps to analyze the customer point of view and help to improve the person and the Organization.
- e) Sub-Ordinates Appraisal: The feedback of the sub-ordinates is essential to analyze the organizing skills of the employee and to understand his abilities like communication and motivating abilities, ability to delegate the work, leadership qualities and way of handling responsibilities.
- f) Managers/Superiors Appraisal: In this, the performance, responsibilities and the attitude of the employee is evaluated by the Superiors or Managers.
- g) Post Appraisal Feedback: It is this step that makes the 720-degree performance appraisal different and better than the 360-degree performance appraisal method. In this step, the performance is evaluated based on the target set in the Pre appraisal and feedback is given. Timely feedback and guidance helps to make the employee improve his performance.

#### **Merits of 720-degree performance appraisal**

- a) It helps in better analysis and improved feedback from different dimensions
- b) Helps to develop a better and co-operative team
- c) Reduces the appraisal barriers like prejudice, bias and discrimination
- d) Customer feedback is valued do better customer service and satisfaction can be obtained

e) Encourages transparency and feeling of treated justly.

#### **720 Degree Performance Appraisals in the Modern Business World**

The main need of 720 degree performance appraisal is the improvement of the performance of the people in their jobs and to ensure that the expectations of the employer, employee and the customers are met. The main need of 720-degree performance appraisal can be summarized as follows:

- 720 Degree Performance Appraisal is the evaluation of an employee from all the aspects and giving timely feedback to ensure that the person is able to achieve the set goals before the next appraisal.
- 720 Degree performance appraisal is a method that gives paramount importance to feedback as there is a pre and post feedback session.
- 720-degree performance appraisal method is more development focused than performance alone.
- It assists in taking decisions regarding salary fixation, confirmation, promotion, transfer and demotion.
- It helps to check the effectiveness of personnel practice of the enterprise.
- It is needed to ensure that employees reach organizational standards and objectives.
- To discover the work potential and to understand the areas where training is required to guide the employees to perform their best.
- It enhances the accountability and transparency of the performance appraisal system.
- To understand the expectations of the employees and prevent grievances and in disciplinary activities.
- Provide information to diagnose deficiency in the employee regarding skill, knowledge, determine training, and prescribe the means for employee growth and information for correcting placement.
- Set realistic target, monitor the performance and provide timely feedback to ensure that the performance is enhanced
- The 720 Degree performance appraisal method as an objective method that cannot be influenced by personal bias and a method that suits the new economy companies as it gives feedback and follows up to ensure that the appraised reach the goal.

### 360 degree and 720 degree performance appraisal

#### Similarities between the 360 degree performance appraisal & 720 degree performance appraisal

- Both the 360° appraisal system and the 720° appraisal system provide alternatives to the traditional appraisal system.
- They are both useful in Learning Organization.
- They both involve the use of more than one evaluator, which in turns means that the different components of the appraisal system are handled by different people unlike the traditional appraisal system, which is based on a unitary system of evaluation.
- The 360° and 720° appraisal mechanisms are more reliable, focused and consistent.
- They are capable of re-assessment which is the opposite of what happens with the traditional system.
- They both guarantee confidentiality, unlike the traditional appraisal system.

#### Differences Between the 360o & 720o Appraisal Systems

- The 720° appraisal system is more focused on the customer's feedback on specific position in the organization such as directors, managers and other higher or mid level managers and is therefore reliant on the Voice of the external customers while the 360° appraisal system is focused on the internal customer's feedback on employee performance.
- The 720° appraisal system is more focused on Management/ Higher level staffs while the 360° appraisal system is general.
- The 360° has a Single evaluation cycle while the 720° has dual evaluation cycles.

#### Conclusion

From this we conclude that there are many techniques that used for performance appraisal. It is very difficult to say that which technique is better than other technique because it depends upon the type and size of organization. Each technique has its own pros and cons. Compared to any other appraisal system 720 Degree performance appraisal method is effective and would be successful as this is the method that includes both giving candid feedback and follow up (post feedback). The 720

Degree performance appraisal method as an objective method that cannot be influenced by personal bias and a method that suits the new economy companies as it gives feedback and follows up to ensure that the appraised reach the goal.

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