

360 Degree Performance Effects on Employee Attitude, Professional Effectiveness and General Work Performance

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ARTICLE DETAILS

Article History

Published Online: 16 Apr 2020

Keywords

Performance, evaluation, development, tools, 360 degree performance review, beneficial, improvement, behavioral, change, feedback.

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ABSTRACT

Organizational frontrunners clearly have many choices when selecting performance evaluation and development tools. One tool that has gained popularity and has become a growing trend in recent years is the 360 degree performance review.

This popularity is based on the perceptions of organizational leader's that 360 degree reviews establish a culture for continuous learning and provide more global feedback for employees, which leads to improved performance. According to HR Consultant William M. Mercer, 40% of American companies used 360 degrees feedback in 1995, by 2000 this number jumped to 65%. In 2002, 90% of fortunate 500 companies were using a 360 degree performance review process. (Lineman, 2006) Conducting performance reviews in general provides a number of valuable functions for organizations which allows to:

- Transform department/organization's mission into specific attainable goals.
- Manage performance rather than react to it.
- Minimize overlay of job duties and ineffective, inefficient use of employee skills.
- Provide written acknowledgment of completed work.
- Beneficial to gain new information and ideas from the staff.
- Focus on skill and career development.
- Protect organization from unfounded charges of discrimination.
- Reduce stress for the supervisor –in managing rather than reacting.
- Reduce stress for the employee – what is expected is made clear.

In bringing about performance improvement through individual behavioural change, critical analysis helps to raise the questions of the relative effectiveness of the 360 degree performance review as compared to other forms of feedback.

1. Introduction

The process of conducting any type of employee review can be costly to an organization. Organizational leaders anticipate the cost of performance reviews to include the labour for supervisors to collect information to complete an evaluation and the time it takes to compose and deliver the feedback to the employee. If we see, 360 degree feedback is the most comprehensive and costly type of appraisal. Important hidden costs, employers may not be considering, are embedded in the employee's affective and behavioural reaction to the feedback. Negative reactions to feedback can be apparent in behavioural changes in the employee, such as drawing, a display of doubt and reduced level of commitment, reluctant to communicate or interact with colleagues and general defensiveness. These reactions should be of particular concern to organizations. An employee's affective and behavioural reaction to feedback can add to the cost for an organization since productivity can be negatively impacted as employees travel through the stages of receiving feedback which typically include: blues, rage, refutation and finally acceptance. (Computer Science Corporation, 2004) Employees focus and normal productivity levels at work may become interrupted and may become pre-occupied with their negative reaction to the feedback. Thus, 360 degree reviews are envisioned to give an employee the opportunity to understand and remedy any friction points or issues that may exist between themselves and the rest of the

organisation. If focus on friction points, it include concerns in the areas of interpersonal relationships, teamwork, coordination, communication and management panache. The true ability of a 360 degree review to remedy these types of issues is in question. While positive feedback serves to reinforce desired behaviours and motivate employees, whereas, an abridged level of job satisfaction and a decreased ability or desire contributes to an organization with negative feedback. An attempt is made through this paper to examine how the 360 process affects employee attitudes in the workplace, as well as their professional effectiveness and general work performance.

2. 360 Degree Performance Review Is More Precise

The 360 degree review process is purported to be superior to traditional forms of evaluation and feedback as it provides more complete and accurate assessment of the employee's competencies, behaviours and performance outcomes. In traditional performance review, one supervisor assesses a subordinate is no longer seen as an effective means of obtaining accurate feedback for employees. With traditional reviews, employees are rated by a single person, who may be biased or have an incomplete view of their work. Standard performance evaluations have been criticized for being ineffective for a variety of reasons such as the potential biases of the rater and the potential subjectivity of ratings. 360 degree feedback is viewed as more precise because, by nature of the

prove, it offers feedback on observed behaviours and performance from a circle of raters, as opposed to subjective viewpoints from a single individual. Multiple raters may offer similar feedback will send a reinforced message to the learner about what is working well and what needs to be improved. Feedback becomes more difficult to ignore when it is repeatedly offered by multiple sources. Generally, traditional reviews are good at identifying either excellent performers or poor performers, but don't differentiate well among the performers in the intermediate. Managers struggle with evaluations of employees who fall within the intermediate group and this becomes a problem when reviews are used as the basis for salary adjustments and nonusers. Rater carelessness; use of appraisals for political or personal reasons; the halo effect, where an employee's strengths in one area are spread to other areas, are all additional problems with traditional reviews. A multi-rater process like the 360 review can help avoid this problem as any skewed data is likely to appear as an anomaly when the feedback trends for that individual are examined. Part of a feedback coach's role is to assist the learner in examining common threads within the feedback, looking for reinforced messages. 360 degree reviews provide feedback on a learner's cooperation with people outside their department, helpfulness towards customers and vendors etc. which may not be reviewed by other types of appraisals. This alternative method can provide a more balanced view. The 360 degree performance review process intends to provide a more world-wide and precise 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 precision and scope of the assessment of the individual increases 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.(Church, A.H. & Braken, D. W., 1997)

In order for a 360 degree process to be successful, participants must feel the survey instruments are reliable and valid. An advantage to having an electronic system is that rater reliability can be more easily managed. For instance, if a rater used the same rating for all the survey questions, the system would flag the rater to consider if 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. (Edwards, Ewen, 1996) A validity caution such as this is not part of a paper process.

3. Impact of 360 Degree Review Feedback on Employee Attitude, Effectiveness And Performance

"Most theorists believe that behaviour is a result of a complex combination of conflict between cognitive and affective processes." (Scholl, 1995) Let's consider the theory of Emotional Intelligence to understand how 360 degree feedback influences human behaviour. This theory deals with how individuals respond to felt emotions with behavioural responses, like those

emotions evoked by receiving corrective feedback. The theory describes how a trigger or situation can arouse an emotional response, which leads to a behavioural response. It also explains the reaction a 360 degree review process provokes in learners. Individuals possess differing levels of Emotional Intelligence. Skills which allow them to deal with their own emotions as well as with other's emotions. Some individuals have the motivation or ability to control behavioural effects of negative. According to some theorist, individual high in this skill are likely to react to negative or disconfirming feedback by attempting to diagnose the causes of low performances and actually increase their effort directed at improving performance.(Scholl, 1995) These types of individual react to 360 degree reviews as organizational leaders' hope, motivated to change behaviour and improve performance. Others with low skill development in this area are likely to quit at the first sign of failure or invalidation, negatively impacting productivity of the organization. These individual are the most likely ones to reject and terminate the 360 degree process in cases where the learner has low skill development, sometimes the feedback can cause the learner to react poorly. While some level of defensiveness is generally understandable whereas some learner reacts in a more extreme manner.

As stated earlier in the paper, the group of raters is selected by the learner, but the author of the specific feedback is anonymous. Some learners will attempt to identify who has given the specific feedback and that can lead to the learner seeking out the rater and challenging them on the accuracy of their feedback. The learner may become aggressive and confrontational. These types of conversations can be very destructive to the process as well as to the relationship between the rater and the learner and the harmony within the organization. The role played by the feedback coach is to guide the learner through the process and to help them to understand. The offering of the feedback and its message is important and identification of the specific author is not important. If the learner becomes hostile towards the raters and the process, they are clearly not ready to accept feedback. In this type of situation, the learner's performance may suffer because they become too pre-occupied with the specifics of the feedback and are not focusing on quality performance. The organization experiences the loss in terms of employee's productivity and commitment.

Although some organizations report success in their ability to positively affect the performance behaviour and performance outcomes of their employees by implementing a 360 degree review process, true measurement supporting those improvements is virtually non-existent. Many organizations claim this process very beneficial to them, but true metrics do not exist beyond the occasional narrowly focused study. The documented effect that a 360 degree feedback process actually has on employees is quite limited and usually anecdotal at best. In theory, the concept of a 360 degree program is solid but evidence of specific results are lacking. The limited empirical analysis information that is available reveals that 360 degree programs unfortunately have at best, mixed reviews. (Luthans, Peterson, 2003) The major advantages of this process are:

- They provide rates with information on how they are perceived by others.

- They provide more information for improvement (by addressing weaknesses) than any other technique and
- Ratings and feedback from different groups with special insights can be obtained.
- The major problems include are:
- They provide an overwhelming amount of information, making it difficult for the rate effectively process all the information.
- It is difficult to reconcile the difference self-ratings and others' ratings, and
- There is need for a coach to figure out what to do with the conflicting information.

Although these systems are extremely popular, their effectiveness is unknown. (DeNisi, Griffin, 2001) Jai Ghorpadi, a professor of management at San Deige State University, wrote in the Academy of Management Executive that 'while it delivers valuable feedback, the 360 degree concept has serious problems relating to effectiveness.' Ghorpadi reported that out of more than 600 feedback studies, one third found improvements in employee performance, one third reported decreases in employee performance and the rest reported no impact at all John Sulliva, a professor of Human Resource Management at San Francisco State University says, "There is no data showing that 360 degree feedback actually improves productivity, increases retention or decreases grievances." (Pfau, Kay, 2002) One reason for the apparent lack of metrics is that typically, when 360 degree feedback is used for development the learner "owns" the data. The data is presented to the learner first, acknowledging the importance of complete confidentiality. The learner is often the only person to see the data, unless there is a feedback coach or the data is willingly shared with a supervisor. Occasionally Human Resources have access to the data, but not always. The upside of this is that the learner has a perceived safety net as they know the data is purely development. The downside is that the development is left completely up to the learner, which may or may lead to change and this accounts for the absence of measureable data. (Maylett, Riboldi, 2006)

While behavioural change and performance improvement may be common outcomes of the 360 degree process, this desired outcome is not always achieved and the proves can backfire on an organization in terms of an employee's affective and behavioural reaction, impacting their motivation and commitment . Most employees' fear of receiving 360 degree feedback, but all is undoubtedly curious about it. The anticipated moment of reviewing what others have said about you is an emotionally stressful time. The learner is generally very interested in the 360 degree program at the beginning. The interest level in the process can wane however, negatively affecting the program's success. There can be multiple factors affecting the learner's commitment to the program including, the quality of the learner/feedback coach relationship, the learner's comfort level with the process; the

learner's acceptance of the feedback, the time of commitment performance. The program will be ineffective without the commitments of the organizational leader, the learner and the feedback coach.

4. Conclusion

Feedback is a vital part of performance growth and development. Understanding ourselves and how we interact with others, to understand what impact we have on those around us. The perceptions of others within our circle of influence, whether those perceptions are accurate determine, to a large degree, our level of success. Regardless of the accuracy of these perceptions, our interactions with others bot influences and is influenced by the perceptions of others. This is the value of a 360 degree feedback program. In order to be persistently successful, people and organizations need to adapt continually to their environment .This requires information from the environment. The more active and open the feedback loops, the more effective the adaptation and change can be. A 360 degree process can support this. This process, even without available meaningful metrics, still offers the potential to deepen employee's understanding of their own performance. Organizational leaders who choose to use such a program must be accepting of the fact that some employees will reject feedback and development for those employees will be limited or non-existent. If leaders in an organization can accept the fact that implementing a 360 degree process is only likely to improve the performance behaviours and performance outcomes of those learners who can be moved from the precontemplation stage to the contemplation stage, and that this program will only benefit a certain percentage of participating employees, than the 360 degree process may be the right tool for them. The best performance reviews, regardless of the tool used, allows managers and employees to communicate, provide feedback, and share ideas, information and opinions. Organizations would benefit from any performance tool that allows for better communication with management, honest feedback from those they interact with regularly and an opportunity to understand specifically how they can improve their own performance. Clearly the 360 degree feedback process is popular. The perceived benefits of implementing such a program will only be realized if it is utilized in the right organizational climate with the appropriate expectations for success. In the wrong environment, without the presence or proper training of feedback coaches and raters, the results can be detrimental. Organizations should carefully weigh all the costs, including process related as well as the cost of behavioural outcomes. Success of such a program is predicated on implementing and sustaining long term behavioural change and development. Careful consideration should be given to the design of the process as well as to the implementation in order for the process to drive performance behaviours and performance outcomes.

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