

# 720 DEGREE PERFORMANCE APPRAISAL: AN EMERGING EVALUATION TECHNIQUE

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*Abstract* : Performance evaluation plays a very important role in any organization. It helps in identifying organization's as well as individual's strength, weaknesses, skills and how it can be managed to improve performances on a regular basis in order to achieve personal and professional goals.

The effectiveness of performance appraisal can be increased if it is clearly understood and communicated to both appraisers as well as appraisee in the organization. Mostly 360 degree appraisal gives almost a holistic view of employee's performance but nowadays employers after taking timely feedback evaluate again the employee's performance based on the targets that are set and thereby introducing a new performance evaluation method as 720 degree performance evaluation making it as an integrated method of the evaluation process.

## I. INTRODUCTION

"Evaluate what you want -- because what gets measured gets produced" ~ **James A. Belasco**

"To win in the marketplace you must first win in the workplace." ~ **Douglas Conant**

Recently performance appraisal has been emphasized, systematized and strategized in organizations because everyone understands the strategic importance of human resources in creating a high-performance organization. Today, organizations consider its human resource as an asset rather than cost.

There are several factors against which performance can be evaluated like leadership skills, team spirit, innovation oriented, flexibility, punctuality, integrity, employee's mental as well as physical health. As in performance appraisal, both appraisee and appraiser is human beings so there are always chances of arguments between the choices, perception of an individual. So, to minimize this factor it is very important to evaluate the performance by taking feedback from various sources related to the employee's performance in the organization.

## II. NEED FOR 720 DEGREE PERFORMANCE EVALUATION

The need of 720 degree performance appraisal method is summarized below:

- 1) Its holistic and integrated approach:** It just not focuses on performance evaluation of employees but also on their training and development as well in the organization.
- 2) Future realistic career planning:** It helps both employees as well as managers to identify their strengths, weaknesses, skills required to take up more ambitious role in the organization in the future.
- 3) Setting organization objectives:** It is very much needed to ensure that organization attains all its set objectives in a particular given time frame with great efficiency.
- 4) Information about performance ranks:** It is needed to get maximum information in order to assist in decision making related to probation, promotions, demotion, transfer, salary fixation, incentives etc.
- 5) Timely feedback:** It helps in providing timely feedback which will help managers to set targets, monitor the performance of employees based on the set targets in the organization.
- 6) To identify training and development needs:** It helps in identifying the areas of strength and weaknesses of employees by receiving feedback from multiple sources related to the employee and helping him/her in improving those areas where some skills/knowledge/behavior needs to be improved.
- 7) Understanding behaviors, expectations and grievances:** It helps an organization in understanding an employee's certain behavior, related expectations and handling grievances issues in a much better way. The feedback received helps in taking disciplinary actions/counselling against the employee.
- 8) More focused:** The method is more focused on what matter the most which can be related to customer or investor perceptions as well.

**9) More intense, integrated, personalized:** The process involved is more intense, personalized and integrated and gives a bigger picture to the management in which they understand their investors and customers in a much better way in order to maximize its profit.

**10) Prevents unrealistic, ulterior clashes:** The method involved helps in preventing unrealistic and ulterior clashes of perception and interests of employers, employees, investors and customers but at the same time it gives people a very different and positive view of themselves as leaders and growing individuals in the organization.

### III. OBJECTIVES OF THE STUDY

- 1) To increase the awareness of both employers as well as employees related to 720 degree performance evaluation.
- 2) To differentiate between 360 degree and 720 degree performance evaluation processes

### IV. DIMENSIONS OF 720 DEGREE PERFORMANCE REVIEW

Every organization expects its employees to be highly motivated, skilled and satisfied with their job profile in order to achieve organizational aims and objectives in the best possible manner. So, in order to achieve the above mentioned goals it is very important for organization's to follow 720 degree review as it seems to be more accurate in results with minimum biasing, prejudice, discrimination involved.

720 degree review has 5 dimensions for evaluating an employee's performance and to ensure efficient performance of employees feedback is received twice (PRE AND POST FEEDBACK). So, including the pre and the post feedback 720 review has 7 phases:

- 1) **Pre appraisal feedback:** It is the first step of the evaluation process. In it, the setting of various goals, sub-goals, individual targets are set and the corresponding training, feedback is arranged.
- 2) **Self-appraisal:** By the help of a questionnaire, employees evaluates themselves which helps them in identifying their strengths, weaknesses, skills required, present opportunities and threats. It marks the second phase of the process.
- 3) **Peers/Colleague appraisal:** In this third phase, an employee is evaluated by his/her peers who helps in making that employee aware of his leadership skills, team skills, group behaviors, cooperative attitude as they are directly working with the employee.
- 4) **Customer appraisal:** It is very important for an organization to be aware of how its customers perceive in order to gain competitive edge in the market. Customers give their valuable feedback for an employee with which they mostly deal with.
- 5) **Sub-ordinates appraisal:** It is the fifth phase in which subordinates of that employee are requested to give their valuable feedback about the concerned employee as it gives the information about his leadership skills, communication skills, team skills, inter-personal skills.
- 6) **Mangers/superior's appraisal:** It is the sixth phase in which managers provide their feedback about the concerned employee as to how responsible the employee is in his/her tasks, attitude towards the work profile and other employees.
- 7) **Post appraisal feedback:** It is the last phase which makes it different from 360 degree review as the performance is again evaluated based on the target set in the pre appraisal phase and on this basis feedback is given to the employee.

### V. A COMPARATIVE STUDY OF 360 DEGREE APPRAISAL SYSTEM AND 720 DEGREE APPRAISAL SYSTEM

Unlike the traditional appraisal system which is unitary in nature, both 360 degree review and 720 degree review involves more than one evaluator for performance appraisal of an employee and there is always a scope of re-assessment involved.

However, there are a few differences which make both 360 degree and 720 degree review a bit different from each other. They are summarized as follow:

- 1) In the 720 degree performance appraisal system, 360 degree appraisal method is practiced twice. After the completion of 360 degree review, the manager sits with the employee for the second time for providing feedback and tips to help him/her achieve the set targets.
- 2) Unlike 360 degree review, 720 degree review provides an employee and employer a bigger picture which involves everyone related to the organization.
- 3) 360 degree review is also known as "multi rater" which is basically designed to include additional inputs from customers, suppliers or vendors and other interested stakeholders whereas 720 involves ongoing "feed forward" on the basis of employee's performance.
- 4) The employees get constant feedback in 720 degree review which ensures them to attain their set goals before the next appraisal cycle begins which is not the case in 360 degree review.
- 5) 360 degree is more generalized in nature whereas 720 degree review is more focused on upper level employees or management of the organization.

- 6) 360 degree review is mainly done by the superiors, peers, subordinates and customers related to the employee whereas 720 degree review includes getting feedback from the superior, subordinates, peers, customers, stake holders, auditors and external suppliers of the organization.
- 7) 360 degree appraisal is more reliant on internal customers whereas 720 degree review is mainly on the voice of external customers on employee's performance.
- 8) 360 degree review comprises of single evaluation cycle whereas 720 degree is dual evaluation cycles.
- 9) 360 degree review facilitates the formal assessment of employees performance whereas 720 degree review is more intense, integrated, personalized and focused which brings in the perception of the customers as well as of investors.
- 10) Unlike 360 degree review, 720 degree review includes more people leading to the reinforcement of acceptability of the process leading to more transparency supporting rational ideas, preventing unrealistic and ulterior clashes of perceptions and interests.

## VI. IMPORTANCE OF 720 DEGREE PERFORMANCE APPRAISAL

Following are the importance of 720 degree review which can play a tremendous role in developing the effectiveness and efficiency of employees in an organization:

- 1) No wonder, in many organizations 720 Degree Appraisal is a reality like IBM using since 1980, Johnson and Johnson Ltd. since 1980's, Xerox since 1980, Wipro Technologies since 2002,. And they are deriving various benefits from its existence. Some of them are summarized below:
  - 1) It helps in providing a clear detailed feedback of employee's performance from several dimensions.
  - 2) It helps in minimizing appraisal barriers like prejudices, biasness and discrimination among employees of the organization.
  - 3) It is more intense, focused, transparent, integrated method for evaluating an employee's performance which gives employee the feeling of being treated justly.
  - 4) 720 degree helps managers understanding perceptions, behaviors, and attitudes of employees better as they are given constant feedback which helps them in taking certain important decisions in the organization.
  - 5) 720 degree review provides a new way of addressing issues related to employee's performance and it helps in reducing the burden of evaluating an employee's performance in the next cycle due to continuous evaluation.
  - 6) 720 degree review helps in understanding and promoting the culture of leadership, succession planning.
  - 7) 720 degree performance appraisal system is a kind of double check for the 360 degree performance appraisal system which helps in increasing an employee's awareness of his/her impact on others and enhancing the effectiveness as a leader.

## VII. LIMITATIONS OF 720 DEGREE PERFORMANCE APPRAISAL SYSTEM

There are certain limitations which come with 720 degree performance appraisal process and they are summarized below:

- 1) The whole process involved is time consuming.
- 2) The cost involved in the evaluating performance of employees by the help of 720 degree review is comparatively higher than other performance appraisal methods.
- 3) 720 degree appraisal system might fail in some organizations if they make an attempt to assimilate information and feedbacks with the help of traditional survey research scheme as large sized data which is not even relevant can be counterproductive as well.
- 4) Employees and employers generally develop exceptional expectations for 720 degree review process which may demotivate them a bit.

## VIII. CONCLUSION

Many management experts believe that today employees expect their workplace to be more innovative, progressive which values their human resource. Today, not only feedback matters but organizational culture, environment plays a vital role in attracting, aligning, retaining and motivating employees. Several organizations have started believing that 360 degree review lacks in many aspects and 720 performance reviews is comparatively more accurate and effective in achieving organizational aims and objectives and can replace 360 degree performance evaluation method.

The pre and post feedback session of 720 degree review process helps both the appraiser as well as appraised equally. In his article, Andrew E. Schwartz explains about the dual benefit from 720-degree review "The How-To's of Effective Performance Appraisal" as all employees need periodic discussions with their supervisors to determine the effectiveness of their performance. In addition, appraisals help supervisors insure that their own goals are being met". In this aspect, there is a high possibility that in coming few years more and more organizations will go for 720-degree performance appraisal as giving and getting candid and

constructive feedback from several dimensions and then followed up twice on the same will ensure that every employee achieves his/her set target and system works in the best possible manner.

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