

720 DEGREE APPRAISALS GAINING A WIDE ACCEPTANCE IN THE MODERN BUSINESS

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Abstract

The performance appraisal is a periodic event to reflect and evaluate past performance with the intent to identify strengths and weaknesses of an employee's performance and to identify developmental goals. Performance Appraisals is the assessment of individual's performance in a systematic way. Assessment should be confined to past as well as potential performance also. Many managers assess the employee performance on an annually basis in order to help them identify suggested areas for enhancement. It is a developmental tool used for all round development of the employee and the organization.

There are different method of Performance Appraisal based on the type of the organization, size of the organization and also the period when it is used. 720 Degree Performance Appraisal, considered an "all-round" appraisal, is one of the most recently introduced concepts. As the name suggest, 720 Degree is 360 Degree twice. 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. Many management experts feel that doing a comprehensive 360 Degree Appraisal is not complete in itself. 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. Here, an attempt is made to highlight the need and significance of 720 Degree Performance appraisal in the modern business world and also differentiate this new emerging technique from the 360 Degree Performance appraisal.

Keywords: Performance Appraisal, 360 Degree Performance appraisals & 720 Degree Performance Appraisal.

STATEMENT OF THE PROBLEM

This study is concentrated on the need and significance of 720 Degree Performance appraisal in the modern business world and also differentiates from the 360 Degree Performance appraisal. Organizations are slowly but steadily realizing the need for this new system, which is better than the existing 360 Degree evaluation.

OBJECTIVES

- I. To study the 360-degree appraisal feedback system.
- II. To study the comparative implication of the 720 degree performance appraisal with 360 degree performance appraisal system.
- III. To highlight the need and significance of 720 degree performance appraisal in the modern business world

RESEARCH METHODOLOGY

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

CONCEPT OF PERFORMANCE APPRAISAL AND ITS METHODS

Performance appraisal is a systematic, periodic and so far as humanly possible, the impartial rating of an employee's excellence in matters pertaining to his present job and to his potentialities for a better job. In the present highly competitive environment, organizations have to ensure peak performance of their employees continuously in order to compete at the market place effectively. A more widely used classification of appraisal methods into two categories, viz., traditional methods and modern methods. While traditional methods lay emphasis on the rating of the individual's personality traits, the modern methods, more emphasis on the evaluation of work results, i.e., job achievements than the personal traits! Modern methods tend to be more objective and worthwhile. The various methods included in each of the two categories are

I. Traditional Method

Traditional Methods are based on studying the personal qualities of the employees. It may include knowledge, initiative, loyalty, leadership and judgment.

- i.) *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.
- ii.) *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.
- iii.) *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 favorable comparisons is ranked the highest.
- iv.) *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.
- v.) *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.
- vi.) *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.
- vii.) *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.

II. Modern Method

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

- i.) *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.
- ii.) *Behaviorally 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.
- iii.) *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.
- iv.) *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
- v.) *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

vi.) *360 Degree appraisal*: It is a popular performance appraisal technique that involves evaluation input from multiple levels within the firm as well as external sources. 360 Degree feedback relies on the input of an employees, superior, colleague, subordinates, sometimes customers, suppliers and/or spouses

vii.) *720 Degree appraisal*: 360 degree appraisal method is practiced twice. When 360 degree appraisal is done, then the performance of the employee is evaluated and having a good feedback mechanism, the boss sits down with the employee again a second time and gives him feedback and tips on achieving the set targets.

CONCEPT OF 360-DEGREE APPRAISAL SYSTEM

A 360 degree appraisal is a type of employee performance review in which subordinates, co-workers, and managers all anonymously rate the employee. The appraisal is 360 degree in that information is collected & feedback is provided in full circular. 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 appraisal is also a powerful developmental tool because when conducted at regular intervals (say yearly) it helps to keep a track of the changes others' perceptions about the employees. A 360 degree appraisal is generally found more suitable for the managers as it helps to assess their leadership and managing styles.

of 360 Degree Appraisal

Stakeholders in Doing 360-Degree Assessment?

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. It has four integral components:

1. Self appraisal
2. Superior's appraisal
3. Subordinate's appraisal
4. Peer 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*: forms the traditional part of the 360 degree appraisal where the employees' responsibilities and actual performance is rated by the superior.
- *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*: gives the correct 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 Assessment

- This system provides a comprehensive view towards the performance of employees.
- It improves the credibility of the performance appraisal system
- The feedback from colleagues helps to strengthen the self development process of the employee
- It also increases the responsibility and alertness of employee towards their clients.
- The different ideas coming from different raters combined provide more accurate 360 degree assessment.
- More persuasive opinions can be gathered from different participants.

- Here not only manager but colleagues are also responsible for assessment of staff performance which empowers them.
- Employees get motivated who generally undervalue themselves.
- Honest culture can be established among the organization using 360 degree performance appraisal system.

Disadvantages of 360 Degree Assessment

- The process is very lengthy, complex and takes a lot of time.
- If the feedback got exchange among the employees it can create trouble and tension among the staff.
- A lot of effort has to be placed in order to train the employee to effectively use the 360 degree appraisal system.
- It is very difficult to figure out the results.
- Some feedbacks are useless and need to be deleted carefully.
- A suspicious environment can be created in the organization as the information is not available to everybody.

CONCEPT OF 720 DEGREE PERFORMANCE 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.

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.

720 Degree Appraisal Gaining a Wide Acceptance 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:

- i.) 720-degree performance appraisal method is more development focused than performance alone, and supplements training and development functions in a better way.
- ii.) Provide information about the performance ranks. Assist in taking decisions regarding salary fixation, confirmation, promotion, transfer and demotion.
- iii.) Provide timely feedback about the performance, set targets and monitor the performance based on the targets set.
- iv.) Helps to check the effectiveness of personnel procedures and practice i.e. validation.
- v.) It is needed to ensure that employees reach organizational standards and objectives.
- vi.) To discover the work potential and to understand the areas where training is required to guide the employees to perform their best.
- vii.) To understand the expectations of the employees and prevent grievances and in disciplinary activities.
- viii.) 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.
- ix.) Set realistic target, monitor the performance and provide timely feedback to ensure that the performance is enhanced

A Comparative Study of 360 Degree Appraisal System And the 720 Degree Appraisal System

Although 360 Degree appraisal system and the 720 Degree appraisal system are capable of re-assessment and 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, there are some differences between 360 Degree appraisal system and the 720 Degree appraisal system.

- ✓ The 720 Degree appraisal system is a kind of double check for the 360 Degree appraisal system.
- ✓ 360 Degree appraisal system means superior, subordinate, customer and peers and in 720 Degree appraisal system, they will be rechecking with the same persons who have given feedback and ask them twice.
- ✓ The 720 Degree 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 Degree appraisal system is focused on the internal customer's feedback on employee performance.
- ✓ The 720 Degree appraisal system is more focused on Management/ Higher level staffs while the 360 Degree appraisal system is general.
- ✓ 360 Degree appraisal system is done by superiors, peers, subordinates and internal customers of a firm whereas 720 Degree appraisal system consists of appraisal by all the persons consists of top management, superiors, peers, subordinates, internal clients and auditors, external suppliers, customers and all stakeholders of the firm.
- ✓ The 360 Degree has a Single evaluation cycle while the 720 Degree has dual evaluation cycles.
- ✓ The 360 Degree appraisal facilitates the formal assessment of an employee by the evaluators like the customer or the employee, possibly with the help of appraisal forms. But the 720 Degree appraisal goes one

step further and insists on a better focused, personalized and in depth review of the employees occupying managerial positions. The evaluation of the employee is usually done through detailed personal interviews with the performance evaluators.

CONCLUSION

720 Degree appraisal system is more development focused than performance alone, and supplements training and development functions in a better way. A powerful developmental tool because when conducted at regular intervals it helps to keep a track of the changes, others' perceptions about the employees. Many organizations are beginning to realize that the skill base of their executives and managers does not match the requirements of a rapidly changing environment. 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.

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