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## The new essence in performance management system: A focus on 720 degree performance appraisal

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### Abstract

The Concept of Performance Appraisal started in the early 20th Century. This is the process of obtaining, analyzing and recording information about an employee to evaluate and improve their performance. There are different methods of Performance Appraisal used based on the type of organization, size of the organization and also the period when it is used. Performance Appraisal is evaluated in terms of Quality, Quantity, Time and Cost and also analyses the value, which the employee adds to the goals of the organization. Before 720-degree appraisal the companies were using 360-degree system. This appraisal system has started from 90-degree to the 720-degree till date.

720-degree Performance Appraisal is one of the most recently introduced concepts. As the name suggests, 720-degree performance appraisal an Integrated Method, where the employee's performance is evaluated from 360-degree (Management, Colleagues, Self and Customers) and timely feedback is given. The performance is evaluated against the set targets. Therefore, we can state 720-degree appraisal as twice 360-degree appraisal. The major setback in the previous methods of appraisal was that it did not guide the employee after the appraisal. Hence 720-degree appraisal was introduced when the employee's 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. In this paper, we are going to evaluate the awareness of the 720-Degree Performance Appraisal in the Organizations, which is an extended version of 360-Degree Feedback and not limited only within the organization, but also outside the organization including shareholders, customers, vendors, etc. This study is targeting the requirement and significance of 720-degree Performance appraisal within the fashionable business world and conjointly differentiates this new rising technique from the 360-degree Performance appraisal. The method of 720-degree Performance appraisal developed through totally different stages from 90-degree, 180-degree, 360-degree, 540-degree appraisal to 720-degree appraisal.

**Keywords:** Performance Management, Performance Appraisal, 720-Degree Performance Appraisal

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### Introduction

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*". "*720-degree appraisal method*" aims at monitoring, measuring, giving feedback and encouraging the employees to achieve the goal and for the Organization in turn.

The aim of all organizations is for achieving goals, being an effective organization. In order to do this, it is important to monitor or measure the performance of the employees on a regular basis. Effective Monitoring 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.

Any organization generally thinks about its goals and aims at effective solutions for achieving goals. Therefore, an organization must monitor / measure the performance of each employee on regular basis. The monitoring should be effective and an organization can put this effectiveness by keeping feedbacks on time to time. Performance Review, on the basis of pre-determined standards and timely recognition of accomplishments, motivates the worker to perform higher on a daily basis. While 360-degree Performance Appraisal System is observed in several organizations, the 720-degree Performance Appraisal System is also gaining popularity and recently observed in the modern management. In 720-degree system, we provide a feedback after the original 360-degree appraisal.

The 720-degree analysis is rising as an attainable different appraisal technique. Organizations are slowly and steadily realizing the requirement of this new system, which is better than the existing 360-degree evaluation, especially in terms of the focus of evaluation and involvement of evaluators in the process. Recently *Cadbury* introduces '720-degree' feedback.

"720-degree performance appraisal", is the latest appraisal methodology that has been introduced in the New Economic Corporations.

- Its Multi-dimensional feedback helps employees for better cooperation and more consistent communication.
- This System can greatly reduce appraisal barriers such as prejudice, bias and discrimination, which are more common when employee reviews are conducted as feedback between employers and managers.
- This Performance Appraisal System has regular feedback and consistent communication, which are the Greater Transparencies, leading to more engaged employees, who feel that they are valued, respected and their contributions & success matter to overall future of the organization. Further better employee relationships are built on trust, communication and feedback, which ultimately lead to better employee retention, reduce costs and improve productivity for the companies.

### Evolution of 720 Degree Performance Appraisal

An organization's main goal is to achieve the desired profit. If an organization wants to achieve their desired profit, 5M (*men, machines, methods, materials, and money*) is a necessary factor, which plays the role of human resources of an organization. The effectiveness and efficiency of HR, boost an organization to grab their intended goal. In modern business, HRM has an important role in determining the present and future of the organization. It is the responsibility of any firm to keep their employees in a comfortable zone by giving a good working environment, extending both monetary and non-monetary benefits, formulating and implementing good HR policies, reviewing employee needs periodically, development of social welfare schemes and policies for improving labour management relations.

It is the duty of the management to assess the performance of employees periodically and gives them a valuable feedback. So that, as part of assessment they should analyze the factors such as the behaviour of employees inside the premises - whether the target given to them is fair and achievable, their expectations and achievement of individual goals - how they can perform more efficiently and effectively in future etc. For analyzing all these, the organization is conducting performance appraisal.

The development of a good appraisal system enhances the professional development of employees. So the companies adopted many methods to do the appraisal of employees. The evolution of 720-degree Performance Appraisal started from 90-degree appraisal involves manager evaluating the employee which offers little opportunity for appraisal discussion. 180-degree appraisal includes self-appraisal followed by superior and subordinate assessment. Later in 270-degree, peer group is added and the average bias factor is calculated and multiplied to the ratings allotted. 360 degree known as "*multi rater*" designed to include additional input from customers, suppliers or vendors and other interested stakeholders. 720 involves ongoing "*feed forward*" on the employee's performance.

The development of performance appraisal methods as mentioned herein below such as 90, 180, 270, 360, 540 and 720 helps the management to get some critical information on employee performance, attitude etc.

#### A. 90 Degree Appraisal Method

This is considered as the basic form and the most common type of performance appraisal. It is a process of reviewing the performance of employees either by the appraisee himself/herself (self-appraisal) or the appraisee's immediate superior person: mostly it will be the Reporting Manager. Superior is evaluating the appraisal by considering the dedication, morale and motivation towards work, evaluating his/her talent, efficiency and responsibility in his/her work, the quantity and quality of output etc.

#### B. 180 Degree Appraisal Method

This is a process in which the employee is getting an opportunity to appraise himself/herself along with the manager or immediate supervisor. Thus it is a two dimensional appraisal processes. This process starts with self- evaluation, in which the appraisee records his/her work experience inside the premises, shares his/her thoughts and feedback and gives an appropriate ranking to them in the appraisal form and submit the same to the manager. Later the appraiser evaluation starts. Here the appraiser rates the appraisee based on his/her skills, attitude, efficiency in doing work, as a team player etc. Then the appraiser conducts a review meeting with the appraisee to analyse the data collected and finalize the appraisal process.

#### C. 270 Degree Performance Appraisal Method

This is a three-dimension process in which three groups of people are participating in the appraisal process. They are:

1. Appraiser/Manager
2. Appraisee
3. Peers or Colleagues

In this method, assessment of an individual is carried out by these three levels and feedback is collected from each level.

#### D. 360 Degree Performance Appraisal Method

This is a multi-rater method / 4 dimensional methods, in which an employee is evaluated by four different sources who are in contact with an individual and can provide valuable feedback regarding “on the job” performance of the individual. It is considered as an accurate assessment in which KPI (*Key Performance Indicator*) of an individual is reviewed by people from minimum one level above, self, one level below and colleagues. This Method includes 4 steps:

1. Self-appraisal
2. Superior’s appraisal
3. Peer appraisal
4. Subordinate appraisal

#### E. 540 Degree Performance Appraisal Method

In 360 appraisal system, feedback of an individual is collected from a number of stakeholders. Later organizations realized the importance of customer opinion to evaluate the performance of employees. According to Management Concept, customers are “King”. So in the present era, Customer Satisfaction is very important and in order to attract and retain customers, firms are adopting strategies to delight them. Organizations understood the importance of collecting feedback of customers/clients, regarding their product along with the performance of their employees. This leads to the 5 dimensional appraisal system which includes feedback from appraiser, appraise, peers, subordinates and customers. and this method is known as 540-degree appraisal system. *General Electric Company*, USA was the first firm tried this concept. Later Godrej, Tata Steel, Infosys, American Express, Reliance Industries etc. adopted this appraisal method. This 540 appraisal system involve appraisal from five levels:

1. Self-appraisal
2. Superior’s appraisal
3. Peer appraisal
4. Subordinate appraisal
5. Customer / client appraisal

#### F. 720 Degree Appraisal Method

Firms have learned to evaluate their employees from all angles. Later they realized the importance of monitoring the performance of employees after appraisal, by setting the standards to them and providing feedback with extending the follow up to ensure that the employees are working in the expected way by the organization. On April 2010, *Cadbury* introduced a new appraisal method, known as 720-degree appraisal method. This Appraisal Method includes 2 rounds of feedback sessions and the performance of an employee is evaluated in 5 different dimensions:

1. Self-appraisal
2. Superior’s appraisal
3. Peer appraisal
4. Subordinate appraisal
5. Customer / Client appraisal

720-degree is costly and time consuming. However, it is suitable for new economy businesses that gives constant feedback to ensure employees reach their goals before the next appraisal (Anupama *et al.*, 2011) <sup>[5]</sup>. The goal of 720-degree is to create transparency and reduce biasness, prejudice and discrimination in the work place environment (Anupama *et al.*, 2011) <sup>[5]</sup>. Besides these, 720-degree is also intended to support with rationalization process of employees

behaviour in not committing unethical or fraudulent act (Anand *et al.*, 2004) <sup>[4]</sup>. This system is premeditated to identify and prevent the “like-dislike” rating, unrealistic goals and clash of interest.

#### The Concept of 720-Degree Performance Appraisal

Performance Management is an important part of the responsibilities of any successful business. HR staff, executive leadership, and managers all have a responsibility to their employees to help them giving the tools – including training, feedback, and more – to help them to do their jobs successfully. A comprehensive performance management system is needed to guide employees effectively through their tenure with an organization and help businesses to get the most from their employees.

“720-degree performance appraisal”, is the latest appraisal method that has been introduced in New Economy companies. Accurately and objectively measuring the performance of an employee, is the most difficult part of the Performance appraisal process. Different methods are used for Performance appraisal which includes: Critical Incident Method, Weighted Checklist Method, Paired Comparison Analysis, Graphic Rating Scales, Essay Evaluation Method, Behaviorally Anchored Rating Scales, Performance Ranking Method, Management by Objectives (MBO) Method, 360-degree Performance Appraisal Method, Forced Ranking and Behavioral Observation Scales. 720-degree performance appraisal is an integrated method of performance appraisal where, the performance of an employee is evaluated from 360 degrees (Management, Colleagues, Self and also customers) and timely feedback is given and performance is evaluated again based on the targets that are set. Thus a 720-degree appraisal, involves 2 rounds of a 360-degree feedback providing performance feedback to employees & helping them improve and achieve goals set for them. A feedback method true to business needs & objectives of an organization should be selected to run successful performance appraisals. According to the *International Journal of Multidisciplinary Research*, a 720-degree performance appraisal is when an employee “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 seven phases.” The logic behind the name is that if 360 degrees is a complete review that encompasses a holistic view of performance, then 720 degrees is even more thorough, comprehensive and beneficial.

According to Seniwoliba (2014) <sup>[37]</sup> and Singh (2015) <sup>[43]</sup>, Performance Appraisal is defined as a system that measures, develops, identifies and assesses the employees’ performance and ensures the achievements of their goals and objectives effectively. Manawat (2017) <sup>[23]</sup> has defined it as the most recent form of assessment which has been presented nowadays in the New Economy Associations. Jency (2016) <sup>[16, 17]</sup>, Sing and Vadivelu (2018) <sup>[41]</sup> clarified that this is a kind of double check of 360-degree performance appraisal. Thus, it is pre and post round feedback.

#### Literature Review

Shayo (2013) <sup>[39]</sup> invented that in order to evaluate employees’ performance and encourage them to take correct decisions, organizations compete in the market through its employees and this cannot happen except effective

performance appraisals. As revealed by Toppo and Prusty (2012) <sup>[49]</sup>, the Performance Appraisal and Performance Management were one of the emerging issues since last decade. Many organizations have shifted from employee's Performance Appraisal System to employee's Performance Management System. Anupama, Mary and Dulababu (2011) <sup>[5]</sup> publicized that Performance Appraisal is the process of obtaining, analyzing and recording information about an employee to evaluate and improve their performance. Hemati (2011) <sup>[15]</sup> and Shutter (2013) <sup>[40]</sup> added that one side assessment is not enough to evaluate the performance and will lack reliability and accuracy. Oz and Seren (2012) <sup>[26]</sup> and Karkoulian, *et al.*, (2016) <sup>[18]</sup> concluded that traditional ways of appraisal became not sufficient, not fair enough, and create great tensions between employers and employees.

Chetan and Pattnaik (2015) <sup>[6]</sup> defined 720-degree performance appraisal as a new global trend of evaluating employees, which gives employees the ability to recognize how themselves and others view their effectiveness at work. According to Russell (2015) <sup>[35]</sup> and Hemati (2011) <sup>[15]</sup> 720-degree performance appraisal is comprehensive and reliable. Shaout and Yousif (2014) <sup>[38]</sup> stated that Performance Evaluation (PE) is a key factor in improving the quality of work input and inspires staffs to be more engaged. Performance Appraisal System, an important technique varies according to the nature of work and designation within an organization and considered as a continuous process to conserve necessary information and correct decisions on employees (Rani *et al.*, 2014) <sup>[33]</sup>.

George (2016) <sup>[10]</sup> discovered that employees nowadays require continuous and regular evaluation, training, motivation and feedback; this is because they have been exposed to several internal and external factors that affect their development and growth. There are always some differences in abilities and perceptions of employees, as the quantity and quality of the same job can be done differently by two persons. Thus, an excellent way of organization performance is necessary to be obtained and 720-degree performance appraisal can do so.

Majid (2016) <sup>[22]</sup> added that Performance Appraisal is one of the most important Human Resources Development (HRD) practices, which is considered as a strategic competitive advantage to consolidate the individual's satisfaction level and to raise employees' productivity. Gupta and Gupta (2016) <sup>[13]</sup> have given clarification that there are many associations who have tried formal appraisals to conduct performance reviews. The essential reason for that is to document employees' performance, clarify and plan targets, get a correlation with human resources decisions, improve employees' performance and finally develop a platform for communication and feedback. They also stated that though there are many techniques to evaluate employees' performance, associations must try to pursue 720-degree performance appraisal one. Jency (2016) <sup>[16, 17]</sup> mentioned that 720 degree comes from 360 degree - done twice. Thus, the performance appraisal is done to evaluate the employees from all aspects and gives feedback in correct time to sure that employees have achieved the goals and targets before next appraisal. Karkoulian, *et al.*, (2016) <sup>[18]</sup> invented that nowadays, as a result of developing market conditions, organizations get its effective productivity from well-planned human resources management.

Jency (2016) <sup>[16, 17]</sup> stated that, Performance Appraisal plays a vital role in any organization and an important tool in the

hands of Personnel Management. 720 Degree Performance Appraisal, considered as an "all-round" appraisal and one of the most recently introduced concepts. As discovered by Raghav and Srivastava (2016) <sup>[29]</sup>, "The 720-degree approach gives people a very different view as leaders and individuals." This allows leaders to not only gain a variety of views of their work roles but also of their lives outside work. Hardeep (2017) appended that this is a tool to plan for the training and developing the employees, and identifying their strengths and weaknesses. Sujith (2017) revealed that 720-degree performance appraisal is an integrated method of performance appraisal where, the performance of an employee is evaluated from 360-degree (Management, Colleagues, Self and also Customers) and timely feedback is given and again performance is evaluated based on the targets that are set. 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 (Suman, 2017).

Rajeswari (2017) mentioned that, Men are the most vibrant M in the 5(Five) Ms of Production and Operations compared to Men, Money, Machines, Materials and Methods. The performance of all other Ms are depended on the Men's Performance. "Men" refers to the human element in operating systems. Since the vast majority of manufacturing personnel work in the physical production of goods, "people management" is one of the production manager's most important responsibilities. In this scenario, the concept is called performance appraisal. Gulati and Garlapati (2017) revealed that, Performance Appraisal plays a vital role in any organization and the benefits cover a wide range from managing individual performances and group performances for achieving organizational goals and objectives. 720 - Degree feedback is the most comprehensive appraisal, which tries to help individuals to understand how others perceive them, increase communication, form better team environment & support teamwork, conduct relevant training, improve customer service and better career development for employees (Chowhan, 2017).

Since 720-degree performance appraisal has been developed and the performance of the employees has based on targets, which can be measured in the first appraisal then measured again after a given period of time to ensure that they have worked efficiently and achieved the given targets (Raghav, 2017) <sup>[30]</sup>. Gulati and Gowtham (2017) <sup>[12]</sup> clarified that performance appraisal is important to determine whether the employees are performing effectively or not. The informal appraisals are evaluating the employee from one side only just from the manager's scope, while formal appraisals are systematic evaluations and organizations put to assess performance of employees.

Lavanya and Kavitha (2018) <sup>[21]</sup> invented that a 720-degree Performance Appraisal is basically a 360-degree appraisal twice and an evaluation of an employee from all the aspects, giving timely feedback to ensure that the employee is able to achieve the set goals before next appraisal. This is a vital tool as it is used to appraise the performance of an employee from different dimensions and help to overcome the barriers of bias, prejudice and discrimination. Sundaravadivel and Silambarasi (2018) <sup>[48]</sup> revealed that, Performance Appraisal plays a vital role in any organization human resource framework. 720 Degree Performance Appraisal, considered an "all-round" appraisal and is one of the most recently

introduced concepts. As the name suggest, 720 Degree is 360 Degree twice.

Sekhar (2019) <sup>[36]</sup> discovered that a systematic evaluation of the performance of employees is very essential for an organization to identify their potential. Performance appraisal helps an organization, understanding the expectations of employees from the organization and at the same time it is also the responsibility of the Management to take rational decisions regarding salary hike, promotion, job satisfaction, increasing morale of employees which in turn improve their performance. Elhalem and Dawood (2019) <sup>[9]</sup> mentioned that it is a recent tool that improves and evaluates the performance of employees from more than one side: manager, colleagues, subordinates, customers and himself. It is introduced when performance of employees is measured, analyzed and targets are set after the first appraisal, it is repeated again after a certain period of time to get proper feedback. Their research focuses that the possibility of applying 720-degree feedback as a new technique indicates evaluating performance of employees.

Chrisos (2019) <sup>[8]</sup> mentioned in the HR Tech Publication of TechFunnel that, Performance Management is an important part of the responsibilities of any successful business. According to the *International Journal of Multidisciplinary Research*, a 720-degree Performance Appraisal is when an employee is appraised and the appraisal meeting is conducted twice to ensure the efficient performance of the employee. Employees sometimes feel psychologically not empowered as most of the management practices focus on mere "Empowerment of employees" than psychological empowerment. To be empowered individual must "feel" empowered and hence there is a need for better appraisal system to make employees "feel" empowered (Sreenivas and Koneru, 2019) <sup>[44]</sup>.

Manimozhi and Pougajendy (2019) <sup>[24]</sup> discovered that, Performance Appraisals facilitate to develop people, improve structure performance and feed into business designing. The 720-degree appraisal system evaluates the performance of employees based on 360 degrees. It is the latest appraisal technique which associate degree activity to find the performance of a worker, which is the most troublesome part of the Performance Appraisal Method. This appraisal system has started from 90-degree to the 720-degree till date. Before this, the companies were using 360-degree system. As the name suggests, the 720-degree performance appraisal is one of the recently introduced concept and an integrated method where the employee's performance is evaluated from 360-degree and timely feedback is given (Patil and Dalvi, 2019).

Raj and Manjula (2019) <sup>[31]</sup> revealed that Performance Appraisal plays a vital role in any organization human resource framework. 720 Degree Performance Appraisal, considered an "all-round" appraisal and one of the most recently introduced concepts. Performance Appraisal being a vital part of any organization, has undergone a lot of refinement, with the changing needs and habits of both employer and employee. Different work places provide different challenges and opportunities to the employees and employers and accordingly the performance appraisal system also varies in different workplaces (Naik, 2019) <sup>[25]</sup>.

Kazi (2020) <sup>[20]</sup> invented that, 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 the developmental goals. 720 Degree Performance Appraisal, is considered as

an "all-round" appraisal and is one of the most recently introduced concepts.

Vignesh (2021) <sup>[50]</sup> published an Article in LinkedIn, wherein Employee Performance Appraisal System is defined as a process in which the organization creates a predefined standard of factors such as work knowledge, performance, work attitude, leadership quality, team player behavior, consistency, decision-making abilities and skills, and then compares the employee's actual performance and personality to these expected standards. Regarding 720-Degree Feedback, it has been revealed that this is an extended version of 360-Degree Feedback but the circle is not limited only within the organization, but also from outside the organization including shareholders, customers, vendors, etc. Roy (2021) <sup>[34]</sup> Mentioned in an Article in Vintage Circle that, Performance Appraisal is an annual process that involves setting clear, quantifiable goals and objectives and assessing individual performance. It evaluates the employee's performance and productivity against the pre-determined set of objectives for that year. It also helps to evaluate employee's skills, strengths, and shortcomings, and motivation. The results of this performance appraisal process determine the employees' wage raise and promotion. It has also been focused in the Article that 720 Degree Performance Appraisal is one of the Seven Most Effective Modern Methods of Performance Appraisal. In this method, the assessment is done not only by the stakeholders within the company but also by the groups outside the organization. These external groups who assess the employee's performance are customers, investors, suppliers, and other financial institutions.

#### **The top seven most effective modern performance appraisals**

With the correct method of performance evaluation, companies can improve productivity of their workforce and also make the whole review experience rewarding and effective. HR leaders usually implement one of the seven modern methods of performance appraisal that are listed below:

#### **A. Management by Objectives (MBO)**

The term Management by Objectives was first termed by Management Guru Peter Drucker in his 1954 book: *The Practice of Management*. This method focuses on improving the organization's performances by defining clear objectives both agreed by the employees and the managers. The objectives should be set challenging and achievable. Both managers and employees should review the past performance and pinpoint the problems. The information acquired should be used to address organizational goals and needs. The practitioners of MBO believes that it helps in employee motivation and commitment. It also builds healthy communication between the management and employees.

#### **B. Psychological Appraisals**

Psychological appraisal is one of the most exciting and intuitive appraisal methods. This method assesses the employees' potential for future performance rather than their past one. It focuses on employees' emotional, intellectual, and other personal characteristics affecting their performance. Employees are now quite vulnerable and often fall into the pit, while balancing their work and personal life. This method understands the aspect and allows employees to shine in the future.

### C. Assessment Centre Method

In this method, employees are assessed to participate in the activities like in-basket exercises, role-playing discussions, computer simulations, etc. They are evaluated in terms of their persuasive ability, communication skills, confidence, sensitivity to others' feelings, mental alertness, administrative ability, etc. This entire exercise is done under the trainer, who observes the employee behavior and then discusses it with the rater, which evaluates the employee's performance.

### D. Behaviorally Anchored Rating Scale (BARS)

This Method is designed to bring the benefits of both qualitative and quantitative data to the employee appraisal process. BARS compare an individual's performance against specific examples of behaviour anchored to numerical ratings. It compares an individual's performance against specific examples of behaviour that are tied to numerical ratings of 5 to 9. Behaviourally Anchored Rating Scale is usually represented as a vertical rating graph. These behavioural anchor points are collected using Critical Incident Techniques (CIT), which are the procedures used for documenting human behaviour.

### E. Cost Accounting Method

Some may find that this method is a little harsh and may be a convenient appraisal method for others. This method evaluates the employees' performance from the monetary output, which an organization produces from their input. This is ascertained by analysing the cost involved in retaining the employees with the benefits.

### F. 360 Degree Feedback

360-degree feedback is a systematic collection and feedback of performance data for employees collected from all his/her peers, supervisors and even customers. This is one of the most widely used appraisal methods. Since, the participation of the managers, peers, customers are involved, this method gives an overview of the performance reviews collectively. This helps in the performance appraisal process to have a diverse outlook.

### G. 720 Degree Method

In this method, the assessment is done not only by the stakeholders within the company but also from the groups outside the organization. These external groups who assess the employee's performance are customers, investors, suppliers, and other financial institutions. It is one of the most crucial modern methods of performance appraisal because this is the only group that determines the organization's success as a whole. Nowadays, companies use modern methods of performance appraisal, which have a broader scope than the traditional methods and provides a more accurate and comprehensive evaluation of an individual.

### Important stages of the 720-Degree Performance Appraisal

According to research, the following seven stages are the Important Stages of 720-degree Performance Appraisal System:

#### A. Pre-Appraisal Feedback

A manager or supervisor, before sitting down with their employees, feedback is collected from all the notable and

worthy touchpoints. Who does an employee interact - who could weigh their performance in a meaningful way - Who has an input, that could help shaping the employee progress and success? Managers and HR work in defining the valuable points of feedback and set targets & goals to go over the official appraisal.

#### B. Self-Appraisal

How employees realize themselves - using a self-report questionnaire, employees fill out a performance review on themselves, ranking and rating their strengths, weaknesses, performance, and more. This is a useful discussion, which helps managers and employees to see the gaps in communication.

#### C. Coworker/Colleague Appraisal

Feedback from peers can be very useful in helping the employees to understand their team impact and contribution for the team dynamic. Cultural fit is just a measure of success, as any other metric that an employee is being reviewed, is understanding. Besides this, how an employee relates with their peers is an important factor in the assessment.

#### D. Customer Appraisal

Customer Satisfaction is the key for success of any organization. Having an understanding of employee's ability to relate well and serve their customer base is indicative for overall success in meeting the company goals. Sometimes Customers are not outside clients, but from other business departments. For an instance, an IT department services other employees and those employees are the "customers." of IT teams - These relationships are equally valuable for ensuring long-term business success.

#### E. Direct Report and Subordinate Appraisal

Getting feedback from the people indicates that your employee manages or oversees - This is useful in analyzing the organizational, communication, motivational, leadership and delegation skills.

#### F. Manager or Supervisor Appraisal

This is one of the most common parts of any Performance Appraisal System. The performance, responsibilities and attitude of an employee are being assessed by Manager/Supervisor, who oversees the projects and job success.

#### G. Post-Appraisal Feedback

Researchers of 720-degree appraisal invented that this is the key differentiator between this method and others. This step includes additional guidance to help employees to meet their goals and stay in regular communication with their managers.

### Importance of 720 Degree Performance Appraisal System

Sujith (2017) précised the importance of this appraisal, since this system has both pre and post feedback. So there is a given time to let organizations set their realistic targets and ensure that employees have achieved the targets before the second appraisal, discovering work potential and giving chance to guide the organization about the training required to achieve the best performance.

Jency (2016) <sup>[16, 17]</sup> invented that this appraisal enhances transparency & fairness, reduces barriers like prejudice,

discrimination, bias and let the organization understands its employees' expectations. Ail (2016) <sup>[2]</sup> mentioned that it assists in taking decisions relating to salary fixation, marketing, demotion and transfer. Moreover, it helps in providing information to determine employees' deficiency in skills and knowledge. George (2016) <sup>[10]</sup> discovered that nowadays the high turnover of employees is mainly because of the unhealthy relationship between managers and employees.

Kaur (2013) <sup>[19]</sup> and Al-Jammal (2015) <sup>[3]</sup> publicized that this appraisal can give better analysis and can improve feedback of employees from different aspects and dimensions. According to Al-Jammal (2015) <sup>[3]</sup>, Aggarwal and Thakur (2013) <sup>[1]</sup> and Punnavanam (2017) <sup>[28]</sup>, discovered that this appraisal obtains better service for the customers and helps in developing better and co-operative team work.

### **The Need of 720-Degree Performance Appraisal**

As Organizations develop and new techniques make the work complicated, it has been felt necessary to have a complex and integrated appraisal system. Further, as organizations grow and diverse the expectations from each employee and employee's expectation from the employer increases, the main need of 720-degree Performance Appraisal is necessary for the improvement of the performance of people in their jobs and to ensure the expectations of the employer, employee and also the customers. The main need of 720-degree performance appraisal can be summarized as follows:

- 720-degree performance appraisal is a more developed and focused one, than performance. This also supplements training and development functions in a better way.
- Provide information about performance ranks and assist in taking decisions regarding salary fixation, confirmation, promotion, transfer and demotion.
- Provide timely feedback about performance, set targets and monitor the performance based on the targets set.
- Helps in checking the effectiveness of personnel procedures and practice i.e validation.
- It is needed to ensure that employees reach organizational standards and objectives.
- Discover the work potential and understand the areas where training is required, for guiding the employees to perform their best.
- Understand the expectations of employees, prevent grievances and disciplinary activities.
- Provide information to diagnose deficiency in employees regarding skill, knowledge and training determination as well as prescribe the resources for employees' growth and information for correct placement.
- Set realistic target, monitor the performance and provide timely feedback, which are essential to ensure that the performance is enhanced.

These critical competencies are essential to assist executives and managers to be able to lead the organizations towards successful implementation of strategic changes.

### **A Comparative Study of 360-Degree & 720-Degree Appraisal System**

Even though the 360-Degree Appraisal System and 720-Degree Appraisal System are capable of re-assessment and involve the use of more than one evaluator, which means that the different components of appraisal system are handled by

different people. Unlike the traditional appraisal system, it is based on a unitary system of evaluation. There are some differences between 360 Degree appraisal system and 720 Degree appraisal system, which are mentioned herein below:

- The 720 Degree Appraisal is a kind of double check system for 360 Degree Appraisal System.
- In 360 Degree Appraisal each employee the opportunity to receive performance feedback from his / her supervisor, peers, staff members, co-workers and customers. 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 / 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's 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**

This 720 Degree Performance Appraisal system is an additional development, targeted than performance alone and supplements development functions in a very higher means. This is also a powerful tool, once conducted at regular intervals, helps to stay a track of changes and perceptions of others concerning the staff. Many organizations are getting down understanding that the ability base of their executives and managers doesn't match the necessities of a rapidly changing environment. Without these critical competencies, executives and managers are less likely to be able to lead the organizations towards successful implementation of strategic changes.

It is important to make sure that you have a Performance Management Process in place, including an effective Performance Appraisal Method. It can be a process of trying to find the right appraisal method, which works for your business. But it is a key step to organize your employee reviews as well as the development of their engagement and productivity.

Many Management Experts feel that an effective procedure to measure improvements and receive feedback is essential for the success of any appraisal. The 720 Degree evaluation

is an emerging and 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. 720 Degree appraisal system is more development focused than performance alone, and supplements training and development functions in a better way.

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