

THE EFFECTIVENESS OF 360-DEGREE FEEDBACK AS AN EMPLOYEE PERFORMANCE APPRAISAL TOOL IN MODERN ORGANIZATIONS

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Abstract

In the era of modern organizations that demand transparency and collaboration, traditional performance appraisal methods are considered less effective. 360-degree feedback is present as a solution by involving various sources of assessment, such as superiors, peers, subordinates, and external parties. This study uses the Systematic Literature Review (SLR) method to analyze the effectiveness of this approach in improving the quality of employee performance evaluation. The results of the study show that 360-degree feedback provides a more objective and comprehensive picture of performance, and supports the development of individual competencies. Its success is highly dependent on an open and participatory organizational culture. 360-degree feedback is considered effective to be implemented in modern organizations that uphold the values of communication and trust.

Keywords: 360-degree feedback, performance appraisal, organizational effectiveness, human resources, multidirectional evaluation.

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1. INTRODUCTION

Performance appraisal is an important component in human resource management that aims to evaluate the extent of an employee's contribution to the achievement of organizational goals. In the framework of a dynamic modern organization, performance appraisal does not only function as an administrative tool, but also as a sustainable HR development strategy (Rivai, 2019). This is in line with the views of Mathis and Jackson (2012) who emphasize that performance appraisals serve as the basis for decision making related to promotion, training, and rewarding. Furthermore, Gomes (2003) asserts that an effective performance evaluation system must be able to capture various dimensions of work behavior objectively and balanced.

The traditional top-down appraisal system, where only direct superiors provide evaluations, is increasingly seen as less relevant to the needs of modern organizations that emphasize collaboration and participatory leadership. According to Handoko (2021), one-way appraisals often lead to personal bias and are less able to describe overall employee performance. Robbins and Judge (2017) argued that the limitations of this system lie in the single point of view that does not reflect social interactions and team dynamics. Organizations are starting to turn to multi-directional approaches such as 360-degree feedback to obtain a more complete and accurate picture of performance (Dessler, 2020).

The 360-degree feedback method involves input from various sources such as superiors, peers, subordinates, even oneself and customers, all of whom provide different perspectives on an employee's work behavior. According to Armstrong (2014), this approach allows assessment of interpersonal dimensions and communication skills that are often missed in conventional assessments. This is reinforced by Luthans (2011), who states that the use of 360-degree feedback can improve the quality of employee self-reflection and strengthen constructive feedback. Werner and DeSimone (2011) consider that this method is in line with the needs of organizations in building an open and participatory work culture.

The effectiveness of 360-degree feedback as a performance appraisal tool is widely attributed to its ability to create a more objective assessment because it comes from various points of view that interact directly with the individual being appraised. According to Yukl (2010), the diversity of feedback sources increases the validity of the assessment because it minimizes the possibility of personal bias. Dulebohn et al. (2005) also found that employees are more accepting of 360-degree-based evaluation results because they feel the assessment is fairer and more representative. The results of a study by London and Smither (1995) also showed that this method has a positive impact on improving individual performance in the long run.

Organizations that implement 360-degree feedback as part of their HR development strategy report improvements in work commitment, self-awareness, and interpersonal relationships among employees. As stated by Bracken et al. (2001), multi-directional feedback can strengthen trust between team members through an open communication process. According to Nowack (1993), when individuals get feedback from various parties, they tend to be more reflective and encouraged to make improvements. This is also confirmed by Edwards and Ewen (1996), who note that this method increases the effectiveness of overall organizational learning.

The implementation of this method also faces a number of challenges such as potential conflicts between individuals, fear of transparency, and the need for training in providing constructive feedback. According to Atwater and Brett (2005), the quality of assessment results is strongly influenced by the readiness of the organizational culture to accept criticism and openness. Lepsinger and Lucia (2009) emphasize the importance of managerial support to create an environment conducive to the success of this system. Meanwhile, Garavan et al. (1997) warn that without systematic follow-up, the feedback provided is likely to have no impact on behavior change.

Based on the above, it can be concluded that 360-degree feedback is an evaluation approach that is relevant to the characteristics of modern organizations that demand transparency, participation, and continuous development. This study aims to analyze in depth the effectiveness of the method in improving the quality of performance appraisal and its contribution to personal and professional employee development. This study is expected to provide conceptual and practical contributions for organizations in managing and developing their human resources more strategically (Rivai, 2019).

2. METHOD

This research uses the Systematic Literature Review (SLR) method to analyze the effectiveness of 360-degree feedback as an employee performance appraisal tool in modern organizations. The SLR method was chosen because it allows researchers to collect, evaluate, and synthesize previous research results in a systematic and structured manner, so as to provide a deep and comprehensive understanding. Data sources consisted of national and international scientific journals, human resource management books, and relevant organizational reports, which were published within a certain time span and had gone through a selection process based on strict inclusion and exclusion criteria.

The data analysis process was conducted through the identification of key themes that emerged in the literature, such as aspects of objectivity, evaluation fairness, communication effectiveness, and employee competency development. The researcher compared and synthesized findings from various sources to highlight similarities and differences that could enrich the understanding of the effectiveness of these methods in the context of modern organizations. Conclusions are drawn inductively from the results of the synthesis, with the aim of producing conceptual mapping and practical recommendations related to the implementation of 360-degree feedback. Through this SLR approach, it is hoped that the research will be able to make scientific and practical contributions to the development of a more transparent and participatory performance management system.

3. RESULT AND DISCUSSION

3.1 Effectiveness of 360-Degree Feedback in Performance Appraisal

The 360-degree feedback method is a unique and comprehensive performance evaluation approach because it involves assessments from various sources, such as superiors, peers, subordinates, and even self-assessment. This multi-source approach is considered capable of increasing objectivity in performance appraisals because it reduces the potential for bias that usually arises in traditional evaluation methods that rely on only one appraiser, such as direct supervisors (Astuti, 2022). By getting various perspectives, the organization can get a more complete and accurate picture of the strengths and weaknesses of employees, so that the evaluation process is not only based on the perception of one party (Dessler, 2015). According to Rivai (2019), it emphasizes that the existence of data from various points of view makes the assessment results more valid, reliable, and can be accounted for scientifically and practically.

Another advantage of this method is that it provides a realistic picture of performance because feedback comes from direct employee interactions with various parties with different backgrounds and work functions (Handoko, 2021). Information obtained from peers and subordinates, for example, allows employees to understand how their contributions are perceived at various levels of the organization, not just from the perspective of superiors (Simamora, 2021). This is very important in encouraging employees to critically and continuously self-reflect in improving the quality of their performance. 360-degree feedback serves not only as a performance measurement tool but also as a medium for competency development and improving employee professionalism.

This method also strengthens the sense of fairness and transparency in the performance evaluation process. Rahardjo (2020) stated that assessments that involve many parties make employees feel more trusted and valued because the evaluation results are not one-sided. Astuti's (2022) research revealed that employees who received feedback from various sources actually showed greater motivation to improve and increase their performance than those who were only assessed by superiors. This is evidence that 360-degree feedback is very effective in the context of modern organizations that emphasize aspects of participation and openness.

In addition to the objectivity and fairness aspects, 360-degree feedback is also an important tool in building a communicative and open work culture. Sutrisno (2020) explains that this method encourages healthy two-way communication between employees and management, so that constructive dialog can be established on an ongoing basis. The continuous feedback process not only strengthens working relationships between individuals, but also fosters a collaborative and mutually supportive work climate (Yuniarti, 2021). This openness in receiving and providing feedback professionally is the main foundation for organizations that want to grow into an adaptive and innovative work environment.

The effectiveness of implementing 360-degree feedback is highly dependent on the readiness of the organization and individual employees to accept a transparent and open system. Rivai (2019) warns that without a supportive work culture and mental readiness of employees, this system risks causing conflict or discomfort due to perceived subjective or excessive criticism. Organizations must carry out thorough socialization and training so that all parties understand the main purpose of this method as a development tool, not a tool of judgment or punishment (Handoko, 2021). This way, the implementation of 360-degree feedback can run effectively and provide optimal results.

In conclusion, 360-degree feedback is a very effective and relevant performance appraisal method for modern organizations because it provides a comprehensive evaluation picture, increases objectivity, and builds a healthy and communicative work culture. However, the success of this method lies not only in its technical procedures, but also depends on the support of an open organizational culture and the readiness of employees to receive and manage feedback constructively. Therefore, careful planning, continuous training, and strengthening a supportive work culture are necessary for this method to function optimally in human resource management in the current era.

3.2. Impact on Competency Development and Work Relationships

The application of 360-degree feedback makes a significant contribution to the development of employee competencies and the dynamics of working relationships in modern organizations. This method allows employees to receive feedback from various sources, such as superiors, peers, subordinates, and external parties, thus providing a more holistic evaluative picture. According to Handoko (2021), the diversity of perspectives helps individuals identify the strengths and weaknesses of their competencies more objectively, as well as being the basis for continuous improvement. This is reinforced by Dessler (2015) who states that the information obtained from this process can be used to design training and development programs that are more focused and relevant to employee needs. In addition, Rivai (2019) added that this method plays a role in revealing hidden potential, especially in the aspect of leadership, thus supporting a more targeted career development strategy.

Not only in the aspect of individual competence, 360-degree feedback also encourages improving the quality of communication between employees. Simamora (2021) emphasizes that interactions built through the feedback process encourage openness, honesty, and mutual respect in communication between organizational members. This creates a space for constructive dialogue, which according to Rahardjo (2020), contributes to a harmonious work culture and supports collaboration. Sutrisno (2020) also emphasized that effective communication is the main foundation in building solid and productive teamwork. This feedback system not only improves interpersonal relationships, but also has implications for overall team efficiency and performance.

The implementation of 360-degree feedback also creates a supportive and conflict-free work environment. Yuniarti (2021) showed that understanding coworkers' perceptions can increase motivation and strengthen relationships between employees. Constructive feedback, as explained by Astuti (2022), also plays a role in reducing work stress levels and increasing employee satisfaction and engagement in the organization. The implication of this dynamic is the formation of a healthy, inclusive, and goal-oriented work climate. Even in the context of conflict management, Handoko (2021) underlines that a systematic feedback process can reduce misunderstandings and minimize the potential for internal disputes. Similarly, Dessler (2015) states that open and constructive conflict handling can strengthen trust and team cohesion.

The effectiveness of implementing 360-degree feedback is highly dependent on the readiness of the organizational culture. Without a supportive environment, the feedback provided risks causing resistance, even greater conflict, because employees tend to be defensive when receiving criticism (Rivai, 2019). The success of this method requires support in the form of ongoing training, which aims to improve employees' ability to give and receive feedback professionally and objectively (Yuniarti, 2021). Such training is also important to foster collective awareness of the importance of transparency, responsibility, and communication ethics in organizations.

Based on the above discussion, it can be concluded that 360-degree feedback is not only a comprehensive performance evaluation tool, but also a strategic instrument in human resource development and the formation of a healthy work culture. Appropriate and sustainable application of this method will encourage individual professional growth, strengthen team cohesion, and improve overall organizational effectiveness. In the context of modern organizations that emphasize participation, accountability, and collaboration, 360-degree feedback is a highly relevant and potential method for widespread adoption.

3.3 Challenges in Implementation

Although 360-degree feedback has been proven to provide various strategic benefits in human resource development, its implementation in the organizational environment is not free from a number of complex challenges that need to be seriously anticipated. One of the main obstacles is resistance from employees to the feedback process that comes from various parties. According to Yuniarti (2021), many employees feel uncomfortable and threatened when receiving open criticism, especially from colleagues or subordinates, which can then trigger stress and interpersonal conflict. This shows that the success of this method is highly dependent on the psychological readiness of the individual and the organization's ability to facilitate the adaptation process. Handoko (2021) recommends providing specialized training to equip employees with the skills to give and receive feedback professionally, which is an important prerequisite for this system to function optimally.

In addition to individual resistance, organizational culture is also a significant obstacle in the implementation of 360-degree feedback. Organizations that still practice a rigid, hierarchical, and closed work culture tend to see open feedback as a form of threat to the stability of the existing power structure. Rahardjo (2020) argues that in this cultural context, the courage to provide honest assessments is very limited. Astuti (2022) adds that the tendency to interpret feedback as destructive criticism causes the evaluation process to lose its constructive meaning. Therefore, before this system is widely implemented, organizations must strive to foster a work culture that upholds openness, mutual trust, and communication maturity between individuals.

Another challenge lies in the procedural and technical aspects, especially with regard to the absence of clear operational mechanisms and standards. Simamora (2021) emphasizes that without a well-organized structure, the implementation of 360-degree feedback can be inconsistent, subjective, and prone to bias. This leads to distrust of the evaluation results and decreases the effectiveness of the method. Dessler (2015) states that transparency and clarity in all stages of evaluation are absolutely necessary so that all parties involved feel treated fairly and equally. Therefore, it is important for organizations to develop standard implementation procedures that can be systematically accessed and understood by all parties.

Low communication competence is another inhibiting factor that cannot be ignored. Inaccuracies in delivering feedback, both in terms of language and approach, can worsen relationships between employees and even reduce work motivation. Sutrisno (2020) highlights that interpersonal communication skills and an understanding of feedback ethics are important components in this process. Rivai (2019) emphasizes the need for effective communication training as part of the implementation strategy so that feedback can be received with an open attitude and used as a basis for continuous performance improvement.

The role of superiors in the implementation of 360-degree feedback is also a crucial aspect that often creates its own dynamics. In some cases, leaders feel that they have lost control over the performance evaluation process due to assessments from various directions, including from their own subordinates. Rahardjo (2020) states that leaders' lack of understanding of the purpose and benefits of this method can hinder the socialization process and reduce the effectiveness of its implementation. Active involvement of leaders in the process of training, socialization, and internalization of feedback values is an important step. Yuniarti (2021) added that full support from the leadership is the key to success in building a healthy and sustainable feedback culture in the organization.

In addition to psychological and cultural challenges, technical aspects are an important consideration in the successful implementation of 360-degree feedback. This system requires qualified information technology support to manage the process of collecting, processing, and analyzing feedback data efficiently and securely. Astuti (2022) notes that investment in digital infrastructure, evaluation software, and technical training is an unavoidable step. Without adequate technological support organizations will face difficulties in running these systems consistently and reliably. Technological readiness is an integral part of a sustainable and organizational development-oriented 360-degree feedback implementation strategy.

3.4 Implications for Modern Organizations

The implementation of 360-degree feedback in modern organizations has profound strategic implications in shaping a transparent, collaborative, and continuous development-oriented work culture. Organizations that successfully implement this method tend to have a cultural foundation that is open and encourages trust between individuals, which is a key condition for receiving feedback from various directions (Rahardjo, 2020). A work environment that supports open dialog and self-reflection strengthens a safe psychological climate, thus encouraging individuals to accept and provide constructive criticism (Astuti, 2022). This practice will be optimized when two-way communication is professionally facilitated through a system that allows the exchange of feedback without hierarchical domination (Yuniarti, 2021). Through feedback from multiple sources, communication patterns between employees become more balanced and open, creating healthy working relationships and strengthening teamwork (Dessler, 2015). When communication is effective and responsive, the feedback process is no longer seen as a threat, but as an opportunity to improve individual and collective performance (Handoko, 2021). Organizations need to ensure that feedback communication is done by paying attention to ethics and proper delivery methods so as not to cause resistance or misunderstanding (Simamora, 2021).

360-degree feedback encourages increased individual work accountability and responsibility because assessments no longer only come from superiors but also from peers and subordinates (Rivai, 2019). This multiperspective appraisal system helps suppress subjectivity due to cross-corrections from various parties involved in the evaluation process (Sutrisno, 2020). Performance appraisals become more credible and reflect objective collective perceptions, while strengthening the values of fairness and transparency in the organization (Rahardjo, 2020). Another important implication is the opening of space for more targeted self-development, as employees can get a comprehensive picture of their strengths and areas for improvement from various perspectives (Astuti, 2022). Thus, the

learning process becomes more reflective and personalized, allowing each individual to develop a development plan based on in-depth evaluation data (Simamora, 2021). Feedback is not only an assessment tool, but also a strategic competency development instrument (Yuniarti, 2021).

To ensure the success of its implementation, organizations need to ensure the readiness of adequate supporting systems and infrastructure. Adjustments to the performance management system must be made to be consistent with the principles of participatory and multidimensional evaluation (Sutrisno, 2020). Standardized procedures and the use of information technology are crucial to support the process of collecting, processing, and reporting evaluation data efficiently and accurately (Handoko, 2021). The existence of specialized software designed for 360-degree feedback also helps maintain confidentiality and facilitate the analysis of evaluation results (Simamora, 2021). Organizational leaders must be the main actors in building and instilling feedback values as part of the organizational culture (Yuniarti, 2021). Leadership that is open to criticism will set a positive example and increase the legitimacy of the system in the eyes of all employees (Rahardjo, 2020). The commitment of top management not only reflects the seriousness in implementing this system, but also emphasizes the position of 360-degree feedback as a strategic tool in overall human resource development (Astuti, 2022).

4. SUMMARY

The application of 360-degree feedback contributes significantly to shaping an organizational culture that is more transparent, participatory, and oriented towards individual and collective development. By involving various parties in the evaluation process, this method is able to reduce the subjectivity of the assessment and increase employee accountability for their performance. Feedback from various sources becomes an effective instrument in building two-way communication, strengthening relationships between employees, and fostering reflective awareness in efforts to improve performance. Modern organizations that have successfully adopted this system have generally built a work climate that supports openness, trust, and collaboration as basic values, and makes feedback not as a form of control, but as a strategy for sustainable development.

The successful implementation of 360-degree feedback is highly dependent on the readiness of the organization, both in terms of culture, systems, and leadership. Employee resistance, limited technological infrastructure, and low communication competence are the main challenges that must be anticipated. Organizations need to design clear mechanisms, provide adequate training, and ensure leadership involvement in the process of socialization and internalization of feedback values. In the context of increasingly complex and dynamic human resource management, 360-degree feedback is not only relevant as a performance appraisal tool, but also as a transformational strategy that can strengthen organizational effectiveness and competitiveness in the midst of evolving global challenges.

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