

# ANALYSIS OF THE IMPLEMENTATION OF 360 DEGREE FEEDBACK PERFORMANCE APPRAISAL SYSTEM AT PT. X

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## Abstract

The research aims to analyze the implementation of the 360-degree performance appraisal system at PT. X, a packaging manufacturing company. This system collects feedback from various sources such as superiors, subordinates, and colleagues, aimed at providing a more objective evaluation of performance. The research method used is qualitative with a case study approach. The researcher employs phenomenological theory, which is a qualitative research approach focused on understanding the subjective experiences of individuals or groups in a specific context. Data collection was conducted through interviews and documentation with the HRGA Department, specifically the Recruitment and Assessment Division. The data utilized includes primary and secondary data obtained directly from the field. The results of the study show that the implementation of this system at PT. X provides diverse perceptions among employees, with most feeling that the feedback is constructive and can assist in their performance development, while others still face resistance to this method. The research also identifies potential benefits and challenges in the implementation of the system, including resistance from employees and the need for better socialization. Future research is expected to use various variables and different locations to complement the findings of this study.

**Keywords:** 360 Degree Feedback Method, Performance Appraisal, Performance Evaluation

## 1. Introduction

Human resources (HR) play a crucial role in the success of an organization, particularly in achieving its strategic goals. One of the critical components of HR management is the performance appraisal system, which aims to evaluate employees' strengths and weaknesses, provide constructive feedback, and support their professional development Dessler, G. (2020). In an increasingly competitive global landscape, organizations must adopt accurate, objective, and relevant performance evaluation systems to ensure that employees contribute optimally to organizational success.

Traditional performance appraisal systems, however, are often criticized for being subjective and failing to provide a comprehensive picture of employee performance Pulakos, (2015). Dissatisfaction with these traditional methods has driven companies to adopt more holistic approaches, such as the 360-degree feedback system. This method incorporates feedback from multiple sources, including supervisors, subordinates, peers, and, in some cases, external customers Aguinis, H. (2019) The key advantage of this approach lies in its ability to deliver multidimensional perspectives, helping to reduce bias and improve the accuracy of performance evaluations.

PT X, a leading packaging manufacturing company in Indonesia, has recently implemented the 360-degree feedback system as part of its shift from traditional appraisal methods to a more modern approach. This initial implementation represents a significant step in the company's HR strategy. However, as a new system, its application has elicited mixed reactions from employees. Preliminary research reveals that 32% of employees view the method positively, 28% express dissatisfaction, and 40% remain neutral. This response highlights the challenges in fostering understanding and acceptance of the new system across various organizational levels.

This study aims to explore the implementation of the 360-degree feedback system at PT X. It focuses on three main aspects: the implementation process, employee perceptions of the system, and its impact on individual performance and organizational dynamics. Using a qualitative case study approach, this research seeks to provide an in-depth analysis of how the company adapts this method and identify opportunities and challenges in its application.

## **2. Literature Review**

### **2.1 Understanding Performance Evaluation**

Performance evaluation refers to the assessment of an employee's work results in terms of both quality and quantity. It serves several key purposes, including identifying strengths and weaknesses, providing constructive feedback, encouraging skill development, and aligning employee behavior with organizational goals. Evaluations help managers pinpoint areas where employees excel and where they may need improvement Cappelli & Tavis, (2018). Constructive feedback is crucial for employee growth, allowing individuals to understand how their performance aligns with organizational expectations(Pulakos, 2019). Additionally, evaluations foster an environment of continuous learning by identifying training needs and professional development opportunities (Schleicher et al., 2018)

### **2.2 Methods of Performance Evaluation**

Various methods are employed to evaluate employee performance, each with its unique advantages and limitations. The categorical method involves assessing employees based on predefined criteria or categories, which provides a structured way to evaluate performance but may limit the depth of feedback Ilhamdi, (2022). Another common approach is the comparative method, requiring managers to directly compare the performance of employees against one another. This can include techniques such as ranking and paired comparisons, highlighting top performers but potentially creating unnecessary competition among employees Ilhamdi, (2022). The narrative method allows for written evaluations, offering qualitative insights into an employee's performance, although it can be time-consuming and subjective (Ilhamdi, 2022)

### **2.3 The 360-Degree Feedback System**

The 360-degree feedback method involves collecting performance data from various sources, including supervisors, peers, subordinates, and sometimes even customers. This comprehensive approach aims to provide a well-rounded view of an employee's performance and behavior. The primary objective is to enhance self-awareness among

employees by comparing their perceptions of their performance with those of others (Moheriono, 2018).

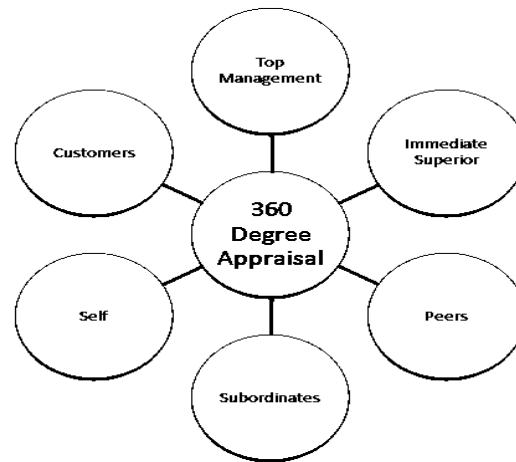


Figure 1 Parties Involved in the 360 degree feedback assessment system

By gathering feedback from multiple perspectives, organizations can identify areas for improvement that may not be visible through traditional evaluation methods. The 360-degree feedback system offers several advantages, such as increased self-awareness, a holistic view of performance, and enhanced communication. Employees gain insights into how they are perceived by others, fostering personal growth and development Church et al., (2019). Additionally, the multi-source feedback provides a comprehensive understanding of strengths and weaknesses, leading to more targeted development plans (Cappelli & Tavis, 2018). However, there are drawbacks to consider. Anonymity in feedback can sometimes undermine trust in the evaluation process, leading to skepticism about the results McCarthy & Garavan, (2019). Furthermore, the accuracy of results may be questioned due to biases or lack of experience among evaluators, which can lead to inflated or deflated ratings McCarthy & Garavan, (2019). The implementation of a 360-degree feedback system can also be resource-intensive, requiring significant time and effort for training and data collection (Cappelli & Tavis, 2018).

## 2.4 Implementing the 360-Degree Feedback Method

Successfully implementing a 360-degree feedback system requires meeting several prerequisites. Strong support from top management is crucial, along with clear communication and training for all participants Fleenor et al.,( 2018). The implementation

process typically involves preparation, development of evaluation tools, data collection, and analysis of results. Organizations should establish clear objectives that align with their overall strategy, determining whether the feedback will be used for development or evaluation purposes. Developing effective assessment tools that reflect relevant competencies is equally important. Once feedback is collected, it should be analyzed to identify trends and discrepancies, allowing organizations to understand the gaps between self-perception and external feedback Schleicher et al., (2018) Providing feedback in a constructive manner is essential. Organizations should consider conducting face-to-face meetings to discuss results and development plans (Atwater & Brett, 2018). Based on the feedback received, organizations should develop specific, measurable, and realistic action plans for employee development Church et al., (2019). Finally, organizations must evaluate the effectiveness of the 360-degree feedback process, assessing its impact on individual performance and overall organizational effectiveness (Schleicher et al., 2018).

### **3. Material and Method**

#### **3.1 Design Study**

This research uses qualitative research methods. According to Creswell & Creswell (2018) qualitative research is a research and understanding process based on methodologies that investigate social phenomena and human problems. In this study, researchers used the theory of phenomenology proposed by Edmund Husserl. Phenomenology is one approach in qualitative research that focuses on understanding the subjective experiences of individuals or groups in a particular context. In the context of this research, phenomenological theory is relevant to explain how employees at PT X interpret and respond to the implementation of the 360 degree feedback system. The type of method used for this research is a case study. Creswell & Creswell (2018) define a case study as an exploration of bounded systems or cases. It is further explained that case study research is research that examines contemporary phenomena as a whole and thoroughly in actual conditions, using various forms of qualitative data to explain and reveal the case as a whole and comprehensively.

In this research, the data source used is primary data obtained through in-depth interviews and direct observation at PT. X. Interviews were conducted with a number of respondents, who were selected as research informants based on certain criteria. The informants are appraisal employees and employees who are appraised in the 360 degree feedback appraisal system, Meanwhile, the key informants in this study are parties from the HRGA Department, especially the Recruitment and Assessment Division.

The sampling process used purposive sampling technique, which is a sampling method carried out by considering the research objectives and selecting respondents who have direct relevance to the research questions.

Based on the description above, the researcher took four samples that were in accordance with the research topic. The theory on which the selection of four samples is based is in tabular form as follows:

Table 1 Qualitative Sample Size

Source : (Njie & Asmiran, 2014)

<i>Rule of thumb for Qualitative sample size</i>	
<i>Basic Study Type</i>	<i>Rule of Thumb</i>
<i>Etnography</i>	<i>30-50 Interviews</i>
<i>Case Study</i>	<i>At least one, but can be more</i>
<i>Phenomology</i>	<i>Six Partisipants</i>
<i>Grounded Theory</i>	<i>30-50 Interviews</i>
<i>Focus Group</i>	<i>Seven to ten per group or more groups per each strata of interest</i>

### 3.2 Analysis Data

In this study, researchers used source triangulation and data collection triangulation as data validity checks. Source triangulation is a testing process that verifies the credibility of data by checking data from various data sources (Bahartiar & Arwadi, 2020). In this study, researchers obtained data sources provided by several employees in the relevant sections so that there was conformity or similarity of the data needed to support this research.



Figure 2 sketch of triangulation of data collection techniques

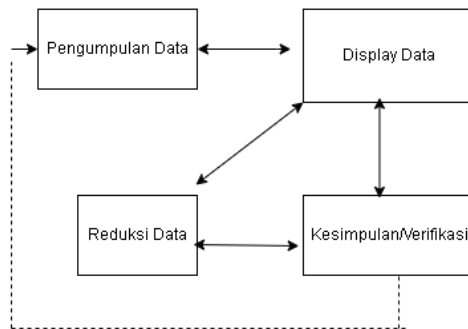


Figure 3 data analysis technique

The data analysis technique that researchers use is the data analysis technique with the interact model described in the figure above, that the research process is carried out repeatedly and interconnected from the beginning to the end of the research. The flow component above explains the stages of data collection, data reduction, and conclusion or verification.

## 4. Result

This research uses a qualitative approach that aims to explore how PT X adapts the 360 degree feedback system as well as the perception and impact of the implementation of 360-degree feedback performance appraisal on employees at PT X. The participants of this research consist of employees who are directly involved in the process of implementing HR development. The participants in this study consisted of employees who were directly involved in the process of implementing HR development, the interview participants in this study were 1 Head of HR, 1 IT supervisor, 1 marketing staff and 1 staff implementing the 360 degree feedback assessment system.

Table 2 Participants data

No	Participant	length of work	position
1	Participant A	8 years	Manager RHR
2	Participant B	10 years	Supervisor IT
3	Participant C	2 years	Staff HR
4	Participant D	4 years	Staff Marketing

To get a better understanding of the implementation of the 360-degree feedback system at PT X, the researcher asked four participants some questions about the 360-degree feedback system. The following are the participants' responses during the interview session.

### 4.1. Implementation of 360 Degree Feedback Assessment System.

Company X has implemented a 360-degree feedback system to comprehensively and objectively evaluate employee performance. This system involves feedback from direct supervisors, indirect supervisors, direct reports, and peers, Randall (in Moehariono 2014) with the primary goal of identifying development needs and supporting succession planning.

#### 4.1.1 Evaluation Schemes

The system uses two evaluation schemes based on employee roles:

- General Managers: Feedback is weighted as follows—direct supervisors (50%), peers (20%), and direct reports (30%).
- Managers and Supervisors: Feedback includes direct supervisors (50%), indirect supervisors (20%), peers (10%), and direct reports (20%).

These weights reflect the responsibilities of each role, with General Managers evaluated more by their supervisors and other roles receiving more holistic feedback.

#### **4.1.2 Key Competency Indicators**

Five main competency indicators are used:

- 1) Customer Orientation (15%): Evaluates the ability to meet the needs of internal and external customers.
- 2) Teamwork (20%): Assesses contributions to team success.
- 3) Leadership (30%): Measures the ability to lead teams toward achieving goals.
- 4) Initiative (20%): Evaluates proactive and creative actions to meet objectives.
- 5) Integrity (15%): Assesses adherence to rules, norms, and ethical standards.

#### **4.1.3 Evaluations and Data Reporting**

Evaluations are conducted anonymously via an integrated HRIS platform. This ensures objectivity and encourages honest feedback. The process begins with notifications and tutorials for assessors, followed by progress monitoring by the HR team. After data collection, results are verified and analyzed to generate reports that inform decisions on employee development, promotions, and training.

After the evaluation period ends, data is verified and tabulated based on assessor group weights and competency indicators. The final results include individual and aggregated reports, which management uses for performance evaluation, employee development, promotions, and training programs. This 360-degree feedback system enables Company X to obtain a well-rounded assessment of employee performance, supporting strategic and sustainable human resource development.

### **4.2 Employee Acceptance of the 360-Degree Feedback System at Company X**

The introduction of the 360-degree feedback system at Company X has elicited diverse reactions from employees, shaped by their roles, experiences, and perspectives on its implementation. Overall, the feedback reflects varying levels of acceptance, from enthusiasm to hesitation, underscoring the complexities of organizational dynamics. Many managerial-level employees embraced the system, recognizing its value in offering a well-rounded view of their performance. They appreciated the opportunity to receive feedback from multiple sources—supervisors, peers, and subordinates—allowing for a more comprehensive evaluation. This approach enabled them to gain deeper insights into their strengths and areas for improvement while promoting self-reflection and personal growth. The transparency of the process was particularly well-received, as it moved beyond traditional top-down evaluations, fostering a sense of fairness and objectivity.

However, some employees expressed discomfort with the system, particularly concerning the anonymity of the assessors. Despite assurances that feedback would remain

confidential, there was speculation among employees about the identity of those providing input, especially in qualitative sections like essays. This curiosity occasionally led to strained interpersonal dynamics, as employees attempted to infer who provided specific critiques. Such challenges highlighted the need for trust and clarity to ensure the system's integrity and effectiveness.

For assessors, particularly subordinates asked to evaluate their supervisors, the process introduced a layer of uncertainty. Many felt hesitant to provide candid feedback, fearing potential repercussions despite the anonymity measures in place. This reluctance revealed an underlying tension in shifting from a strictly hierarchical evaluation model to a more participatory approach. Meanwhile, a portion of employees approached the system with neutrality, completing their assessments as a routine obligation without strong feelings about its impact. This group often viewed the process as administrative, lacking a direct connection to their professional development or daily responsibilities.

The varied responses to the 360-degree feedback system underscore its dual nature as both an opportunity and a challenge. While it fosters transparency and offers valuable insights, addressing concerns about anonymity, trust, and relevance will be crucial to maximizing its benefits for both individuals and the organization. The implementation of the 360-degree feedback system at Company X has received mixed reactions from employees, influenced by their hierarchical positions, experiences, and perceptions of its benefits and challenges. These responses highlight diverse perspectives within the organization.

### **4.3 Impact of 360-Degree Feedback on Career Development**

The implementation of 360-degree feedback has significantly influenced employee career development by offering deeper insights than traditional top-down evaluations. This system allows employees to identify strengths and areas for improvement through feedback from supervisors, peers, and subordinates. For managerial employees, feedback from peers and subordinates provides valuable perspectives on leadership and cross-functional collaboration skills, crucial for career advancement. For instance, a manager receiving positive feedback about supportive leadership may feel confident pursuing higher positions or larger projects. Conversely, constructive criticism on teamwork or conflict management highlights skill gaps that can guide training and development efforts.

HR departments also leverage the comprehensive data from 360-degree assessments to inform employee development plans. Employees demonstrating leadership potential or excelling in specific areas are often prioritized for promotions or challenging projects. This structured approach ensures that career development decisions are grounded in detailed, multi-source feedback. However, some employees remain skeptical about the impact of these evaluations on their careers, citing a lack of concrete

follow-up actions. Without clear and consistent policy implementation, some perceive the process as a formality rather than a meaningful career development tool.

Overall, the 360-degree feedback system enhances self-awareness, encourages professional growth, and clarifies career opportunities. Yet, challenges such as trust in anonymity, hesitancy in giving feedback, and inadequate follow-up highlight areas for improvement. The system's long-term success depends on addressing these challenges, fostering transparency, and ensuring feedback drives tangible career development outcomes.

## **5. Discussion**

This study demonstrate that the implementation of the 360-degree feedback system at PT X has a diverse impact on employees. Most employees feel the benefits of constructive feedback and can help them develop their performance. However, some employees still show resistance to this system, especially regarding anonymity and potential bias in assessment. When compared to previous research, showed a positive relationship between 360-degree feedback and innovative behavior in organizations, this study provides results that are in line. Feedback from multiple sources not only improves the accuracy of the assessment, but also provides greater insight into aspects of leadership and teamwork. However, some challenges were identified.

## **6. Conclusion, Implication, and Recommendation.**

The study analyzed the implementation of a 360-degree feedback performance appraisal system at PT X, a packaging manufacturing company. The system aims to provide more objective performance evaluations by involving various parties, including superiors, coworkers, and subordinates. Despite utilizing a digital platform (HRIS) that facilitates the process, technical challenges such as system accessibility issues and delays in form completion persist. Employee responses to the system varied. Many appreciated the comprehensive evaluation and constructive feedback it offered, which helped improve their competencies. However, concerns were raised about anonymity and potential bias in the assessments. The system shows potential to enhance employees' self-awareness of their strengths and weaknesses through feedback from diverse sources. Its effectiveness, however, relies heavily on proper training and clear understanding among employees about the system's purpose.

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