

Original Research Article

A Study on the Impact of 360-Degree Feedback on Employee Performance in the IT Sector

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Abstract: The IT sector relies heavily on skilled employees and effective performance evaluation systems. Traditional appraisal methods often fail to provide a complete and unbiased assessment of employee performance. The 360-degree feedback system, which collects feedback from supervisors, peers, subordinates, and employees themselves, offers a more comprehensive evaluation.

This study examines the impact of 360-degree feedback on employee performance in the IT sector using data collected from 100 respondents. The findings indicate that the system improves fairness, self-awareness, motivation, and overall performance, making it a more effective alternative to traditional appraisal methods.

The research analyses employee perceptions, acceptance, and the effectiveness of this multi-source feedback mechanism in improving self-awareness, motivation, leadership skills, and overall job performance. Primary data for the study was collected through a structured questionnaire from 100 employees working in different departments of IT organizations, while secondary data was gathered from books, journals, and research articles.

Keywords: 360-degree feedback, employee performance, IT sector, performance appraisal, multi-source feedback, employee motivation, organisational development, leadership development

Introduction

1.1 Overview of the IT Sector

The Information Technology (IT) sector is one of the fastest-growing and most influential sectors in the global economy. It serves as a backbone for various industries by enabling digital solutions and fostering innovation. The success of IT organizations depends heavily on the knowledge, creativity, and intellectual capital of their employees. Unlike traditional manufacturing, IT projects are executed in team-based, cross-functional environments where teamwork and effective communication are essential.

1.2 Selection of the Problem

Conventional performance appraisal systems, which rely solely on top-down evaluations from immediate supervisors, often fail in the IT sector. These systems tend to overlook behavioural and interpersonal competencies and are frequently affected by supervisor bias, favouritism, and limited observation.

In contrast, the 360-degree feedback system collects performance-related information from multiple sources: supervisors, peers, subordinates, customers, and the employees themselves. This multi-rater approach is better suited for the collaborative and interdependent nature of IT work.

1.3 Relevance and Significance

Managing human resources in a knowledge-driven economy has become increasingly complex. This study is significant because it helps organizations understand whether multi-source feedback systems effectively enhance perceived fairness and reduce individual bias. For employees, it fosters self-awareness and encourages personal growth by providing detailed insights into strengths and areas for improvement.

1.4 Characteristics of 360-Degree Feedback

- **Multi-Source Evaluation:** Feedback is gathered from diverse perspectives to reduce subjectivity.
- **Holistic Assessment:** It evaluates both technical expertise and behavioural attributes like leadership and teamwork.
- **Developmental Focus:** The primary goal is employee growth rather than administrative punishment.
- **Confidentiality and Anonymity:** Aggregated feedback ensures respondents can be candid without fear of retaliation.
- **Self-Assessment:** Actively involves employees in identifying gaps between their self-perception and external views.

1.5 Impact on Motivation and Innovation

Feedback is a critical determinant of employee motivation. In the IT sector, where work is intellectually demanding, 360-degree feedback addresses intrinsic motivational needs for recognition and learning. Furthermore, constructive and continuous feedback creates an environment that encourages experimentation and creative problem-solving, which are vital for innovation.

Research Methodology

2.1 Objectives of the Study

- To examine the impact of 360-degree feedback on employee performance in the IT sector.
- To analyse employee perceptions and acceptance of multi-source feedback mechanisms.
- To evaluate its role in improving self-awareness, motivation, and leadership abilities.
- To compare it with traditional appraisal systems in terms of fairness and accuracy.

2.2 Research Design

The research is a systematic study of employee perceptions toward feedback systems.

- **Scope:** Covers employees across all levels, from entry-level staff to senior management in the IT sector.
- **Data Collection:** Primary data was collected via a structured questionnaire using Google Forms. Secondary data was gathered from books, journals, and online articles.
- **Sample Size:** 100 respondents from various IT departments (e.g., software development, testing, project management).

Literature Review

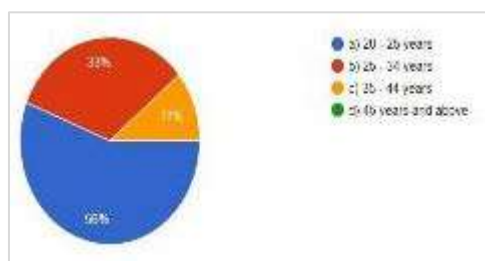
Data Analysis and Interpretation

4.1 Demographic Analysis

Gender:

1. What age group do you belong to ?

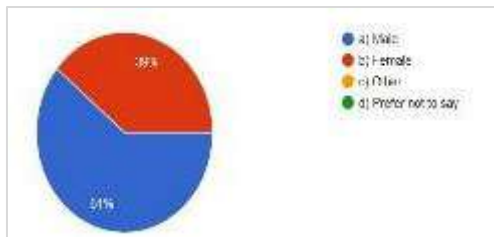
Age	No. of respondents	Percentage
20-25 years	56	56%
25-34 years	33	33%
35-44 years	11	11%
45 years and above	0	0%
Total	100	100%



Interpretation : According to the survey of 100 respondents, most participants (56%) belong to the 20–25 years age group, followed by 33% in the 25–34 years group. Only 11% are aged 35–44 years, and no respondents are above 45 years.

2. What is your gender?

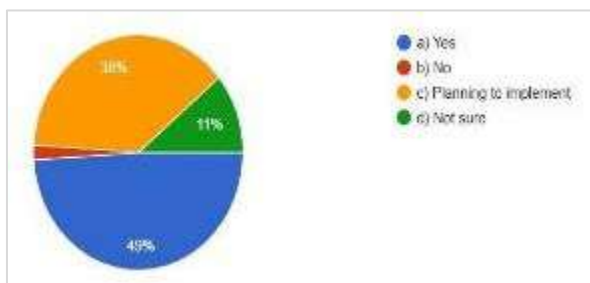
Gender	No. of respondents	Percentage
Male	61	61%
Female	39	39%
Total	100	100%



Interpretation : According to the survey of 100 respondents, 61% of the respondents are male and 39% are female.

3. Does your organization use a 360-degree feedback system?

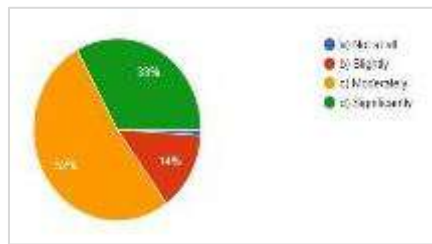
Use of 360 feedback in org	No. of respondents	Percentage
Yes	49	49%
No	2	2%
Planning to implement	38	38%
Not sure	11	11%
Total	100	100%



Interpretation: According to the survey of 100 respondents, 49% reported that their organization currently uses a 360-degree feedback system, while 38% stated that their organization is planning to implement it. Only 2% indicated that their organization does not use the system, and 11% were not sure.

4. Does 360-degree feedback improve accountability among team members?

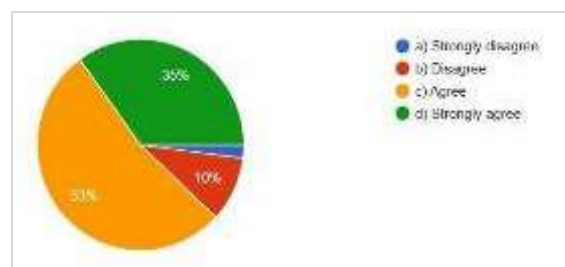
360 feedback to improve accountability among team members	No. of respondents	Percentage
Not at all	1	1%
Slightly	14	14%
Moderately	52	52%
Significantly	33	33%
Total	100	100%



Interpretation: According to the survey of 100 respondents, a majority believe that 360-degree feedback improves accountability among team members to a moderate extent (52%) or significantly (33%). A smaller proportion feel it improves accountability slightly (14%), while only 1% reported no improvement at all.

5. Do you believe 360-degree feedback improves organizational performance?

360-degree feedback improves organisational performance	No. of respondents	Percentage
Strongly disagree	2	2%
Disagree	10	10%
Agree	53	53%
Strongly agree	35	35%
Total	100	100%



Interpretation: According to the survey of 100 respondents, a strong majority believe that 360-degree feedback improves organizational performance, with 53% agreeing and 35% strongly agreeing. Only a small percentage disagree (10%) or strongly disagree (2%).

4.4 Hypothesis Testing using Chi-Square Technique

1. Objective of Hypothesis Testing

The objective of this test is to determine whether 360-degree feedback has a significant impact on employee performance in the IT sector.

Step 1: Formulation of Hypothesis

Null hypothesis (H₀):

There is no significant relationship between 360-degree feedback and employee performance in the IT sector.

Alternative Hypothesis (H₁):

There is a significant relationship between 360-degree feedback and employee performance in the IT sector.

Step 2: Data for Testing

Example survey question:

“Overall, does 360-degree feedback positively influence employee performance in the IT sector?”

Response	Number of respondents (Observed frequency O)
Strongly disagree	2
Disagree	13
Agree	49
Strongly Agree	33
Neutral	3
Total	100

Step 3: Expected Frequency

Expected Frequency (E) formula:

Total Responses

$$E = \frac{\text{Total Responses}}{\text{Number of Categories}}$$

$$E = \frac{100}{5} = 20$$

So, each category expected frequency = 20

Step 4: Chi-Square Calculation Table

Response	O	E	O-E	(O-E) ²	(O-E) ² /E
Strongly disagree	2	20	-18	324	16.20
Diagree	1	20	-7	49	2.45
Agree	49	20	29	841	42.05
Strongly Agree	33	20	13	169	8.45
Neutral	3	20	-17	289	14.45
Total x2					83.60

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

$$\chi^2 = 83.60$$

Step 5: Degree of Freedom

$$df = (n - 1)$$

Where n = number of categories

$$df = 5 - 1 = 4$$

Step 6: Table Value

At 5% level of significance

df	χ^2 table value
4	9.488

Step 7: Decision Rule

- Calculated $\chi^2 = 83.60$
- Table $\chi^2 = 9.488$
- Since: $83.60 > 9.488$

Therefore, **Reject the Null Hypothesis (H_0)**.

Step 8: Conclusion

The Chi-Square test shows that the calculated value is greater than the table value. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

This indicates that **360-degree feedback has a significant positive impact on employee performance in the IT sector.**

Key Findings and Suggestions

5.1 Key Findings

- **High Acceptance:** Employees perceive the system as more credible and fairer than traditional supervisor-only methods.
- **Self-Awareness:** The system effectively highlights the "blind spots" in an employee's professional behavior.
- **Team Dynamics:** Multi-source feedback improves accountability and communication among team members.

5.2 Suggestions for IT Organizations

1. **Integrate Coaching:** Organizations must provide follow-up support such as coaching to help employees translate feedback into behavioral change.
2. **Ensure Confidentiality:** To maintain trust and honesty, anonymity must be strictly protected throughout the process.
3. **Regular Cycles:** Instead of a one-time annual event, feedback should be part of a continuous performance development tool.
4. **Targeted Training:** Use feedback results to design specific workshops for emotional intelligence, leadership, and communication.

Conclusion

The study demonstrates that traditional performance appraisal methods are no longer sufficient for the complex, knowledge-driven nature of the IT sector. The **360-degree feedback system** provides a holistic, fair, and effective approach to performance evaluation. It strongly contributes to motivation, self-awareness, and professional development. By incorporating diverse perspectives, IT organizations can foster a growth-oriented mindset that enhances both individual performance and overall organizational effectiveness.

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