

What is the current thinking on 360-degree performance appraisal?

Historically employee performance has been evaluated solely by supervisors, this was particularly true in the industrial environment. There is now however a thrust towards involving such other sources of feedback as peers, subordinates, upper management, customers, vendors, and support staff into the assessment of individuals. Part of this is being driven by the move from the production of “wigits” to the production of “knowledge”. The latter has proven to be a problem for those who are obsessed with the idea that everything an employee does must be measurable. The idea behind "360-degree feedback" is that supervisors don't actually observe much of an employee's behaviour. For example, a police sergeant may only view 5% of a patrol officer's behaviour, or a Regional Manager (RM) might view only 20% of a District Office Manager's performance. This is often around the “bottom line”. Whilst this is part of what s/he employed the person to do, the RM also wants the rest of the office working well and the clients happy.

What better way to find out if this is happening than to ask them. A simple, but seemingly, quite radical approach. Even now only just over 13% of United States organisations use 360-degree feedback (Gruner, 1997) however its use is almost universal among Fortune 500 companies (Ghorpade, 2000).

Do the various sources provide unique information?

Or even, “do the opinions from the same sources provide consistent information”? Research on 360-degree feedback has found that raters show little agreement between or within sources.

Below in Table 1, is meta-analysis by Conway and Huffcutt (1997) which found that the average correlation between two supervisors is only .50, between two peers .37, and between two subordinates .30. This suggests that not only is there low agreement **between** sources there is also low agreement **within** sources. In other words, not only are two supervisors unlikely to agree, but also you are unlikely to get agreement between supervisor and a subordinate?

Table 1

Correlation's between raters	
Agreement between	Correlation
Two supervisors	.50
Two peers	.37
Two subordinates	.30
Supervisors and peers	.34
Supervisors and subordinates	.22
Supervisors and self	.22
Peers and subordinates	.22
Peers and self	.19

So why do it?

There has been some research which suggests that 360-degree feedback does improve performance (Atwater, Rousch, & Fischtal, 1995; Kluger & DeNisi, 1996; Walker & Smither, 1999). This research however is qualified and the effectiveness appears to depend on who is being appraised.

In a study of 252 bank managers over a five-year period, Walker and Smither (1999) found that poorly, or moderately performing managers increased their performance over the five-year period following 360-degree feedback. Another study found that performance improvement depends on the manager's self-ratings: managers whose subordinate ratings were lower than their self-ratings improved performance following 360-degree feedback whereas managers whose subordinate ratings were higher than their self-ratings actually decreased their performance (Johnson & Ferstl, 1997).

Similarly, a meta-analysis of over 600 studies on feedback found that although there was a significant effect for feedback ($d = .41$), equal numbers of studies showed performance declines, performance improvements, and no changes in performance following feedback (Kluger & DeNisi, 1996).

Research seems to suggest that 360-degree feedback works best when:¹

1. Managers meet with their subordinates to discuss feedback (Walker & Smither, 1999).
2. The managers receiving the feedback were initially not the top performers (Walker & Smither, 1999).
3. The managers receiving the feedback initially think that they are performing better than do their subordinates (Johnson & Ferstl, 1997).
4. The results are used for feedback rather than for decisions about compensation and promotion (DeNisi & Kiuger, 2000).

It is interesting to note that a research project undertaken by the Institute for Employment Studies in England² identified that out of all of the companies studied only one company had 360 degree reviews for all staff. All of the others had them for management level position only.

What would a good one look like?

- The assessment instrument should be geared to sets of competencies based on a job analysis. You need to be measuring things that others can see and which are related to performance on the job.
- It must be valid. It must be able to distinguish between high and low performers. People who are already successful in a position must score well on the instrument consistently, and people who currently perform poorly in their jobs must score poorly on the assessment, or the review is simply not reliable. Even the right type of instrument can fail if it is not psychometrically valid.

¹ Note:- This research is about 360 degree feedback for managers only.

² Report is attached as Appendix 1

- Confidentiality. There is generally an explicit promise to people who participate in rating others that their rating will remain confidential. This must be the case. Reliable results are more likely to emerge within an environment of privacy.
- It must be disassociated from a salary review. It is a developmental tool and must be used that way only. The moment there is something else (salary, possible redundancy, promotion etc) contingent upon the results employees will harbour fears that breed dishonesty.
- Professional Delivery of Results to Participants. Full-service counselling at the time results are delivered, and personal feedback are essential. It's not uncommon for some employees to be stunned by what they learn about themselves, to be angry and upset, or simply to deny the validity of their results. Unless the feedback recipient is offered professional one-on-one counselling to interpret his or her personal results, the value of the process may be lost to resistance.
- Recipients need to know that the results are a matter of perception, not fact. These are what people see of you, but they may not be who you really are. They need to be encouraged to see that change may simply be about how they project themselves in some situations.
- Make sure that there is a Systematic Follow-up Process. To be useful, 360-degree feedback processes must include developmental support materials and a loosely supervised process for raising skill levels. Once individuals have an understanding of their strengths and weaknesses and a strategy for elevating the perceptions others have of them, the employees can work with their managers and mentors to develop individual development action plans.

The Caution

The concept of a 360 Performance Appraisal makes obvious sense as I have already suggested. Asking others who see you perform daily about how they rate your performance against the requirements of the job is eminently sensible. After all they should know if anyone does. We all should do this as a matter of course in all aspects of our lives to ensure that we're living up to the expectations others have of us (the psychological contract), a key construct in Emotional Intelligence.

Some commentators have expressed concerns however about the 360 feedback concept in the context of a performance appraisal. These are:

- Performance "appraisal" is better called performance "review" since it is the closing stage of a performance management process which begins with the clarification of performance direction and expectations. A Performance Review is a review or comparison of actual performance during the review period, with the past direction, and an opportunity to set future direction (reviews are also used for formal documentation and for use in employee development, promotion and compensation decisions). A Performance Review is never the occasion for the employee to discover how well he's performed or to find out what was expected of him during the review period. The employee should be aware of that (his individual performance related to the performance expectations) continually throughout the review period. A Performance Review is principally between the employee and whomever the employee is responsible and accountable to. Realistically, in most organisations this is the "boss." At the review it would be insightful, and for some jobs essential, to review how the employee met client and/or peer expectations. But, the degree to which an employee meets client, supplier, peer or subordinate expectations is not what an employee comes to a Performance Review to discover. It's too late to learn

that information at the end of the review period. That feedback should be solicited continually by the employee throughout the review period, and then the results of this feedback activity reviewed at Performance Review time. If knowing how others perceive you is important for the performance of your job, then measuring that and taking appropriate action on that feedback should be part of your job and included in your job's performance requirements. It seems irresponsible to abdicate that to a third party, like an HR department or a survey company to do for you. Do effective salespeople rely on someone else to tell them, at year's end, whether their customers were pleased with the service? And if relationships are so horrid that management can't get honest feedback directly from its employees, then the real problem won't be solved by implementing a 360 Appraisal process.

- A common approach to 360 Appraisal is to administer confidential surveys, especially so people can rate their peers and supervisor. Anonymity is ensured and employees can comment in confidence about the performance of another employee or the boss. Aggregate data is then given to the employee in question and used as input to the appraisal and eventual rating of that employee. Notwithstanding the substantial research evidence warning of the dangers associated with peer evaluations and their low validity, my basic concern about this process can be summed up with these questions. Do you really want to have a company with a culture that promotes the use of secret reports to assess and judge its employees? How can your organization pretend to be open, honest and forthright when it uses secrecy and anonymity to measure the value of employees? Is this the way you want your business to run? I have met many employees who resent being asked to judge their peers anonymously, wondering all the while, who is writing things about them, and is it any of their business. Supervisors are also frustrated not knowing the actual source of employee concerns so that they can attend to the problem effectively. When we set up a system which assumes it must protect against deceit and retribution, it can become self fulfilling. And as with suggestion boxes, the anonymous survey unfortunately symbolizes that not only do employees take a risk if they raise problems or concerns directly with the supervisor; but also that it's not the supervisor's job to solicit such information. Essentially, any employee feedback process which requires secrecy risks damaging healthy working relationships, especially between employees and their supervisors.
- The most common rationale used to justify the use of the 360 Appraisal process is that everyone else is doing it! There isn't much research showing the usefulness and validity of the concept as part of performance appraisal. Sales literature from many 360 Appraisal vendors essentially promotes the idea as the thing to do. I would hope potential users of the concept do a little deeper analysis, especially since for many, the process becomes an administrative nightmare and an unnecessary expense.
- If you really want your employees to get performance feedback from the circle of people they work with, including their customers, peers and subordinates, try the following simple process:
 1. make "soliciting performance feedback from significant others" a part of all employee jobs and therefore a performance requirement;
 2. determine what sort of feedback is required, and if possible develop tools to capture this information;
 3. teach employees how to use the tools (or questions) to get feedback from their subordinates, customers, peers, etc.;

4. teach employees how to give performance feedback to their supervisors, peers or suppliers, etc.
5. teach employees how to make use of the feedback they receive, and, for example how to follow-up on their subordinates and customer concerns;
6. require employees to regularly review (perhaps monthly) the results of getting feedback from others, with their own supervisor, so that the process becomes a priority and so that employees are held accountable for doing so.

Many organizations that go out shopping for performance appraisals, 360 or other versions, have already taken a step in the wrong direction. They typically have forgotten to diagnose their real needs. If your business has a desire for the 360 Appraisal process make sure you ask yourself "Why?" What is your organization's or management's real need? Don't do it because everyone else seems to be doing it. Make sure the process and philosophy are appropriate to your organisation and its values.

References

- Atwater, L. Roush, P., & Fischthal, A. (1995). The influence of upward feedback on self- and follower ratings of leadership. *Personnel Psychology*, 48(1), 34-59.
- Conway, J. M., & Huffcutt, A. I. (1997). Psychometric properties of multisource performance ratings: A meta-analysis of subordinate, supervisor, peer, and self-ratings. *Human Performance*, 10(4), 331-360.
- DeNisi, A. S., & Kluger, A. N. (2000). Feedback effectiveness: Can 360-degree appraisals be improved. *Academy of Management Executive*, 14(1), 129-139.
- Ghorpade, J. (2000). Managing five paradoxes of 360-degree feedback. *Academy of Management Executive*, 14(1), 140-150.
- Gruner, S. (1997). Feedback from everyone: Are 360-degree performance reviews a silly fad - or a smart management tool? *Inc*, 19(5), 94
- Johnson, J. W., & Ferstl, K. L. (1999). The effects of interrater and self-other agreement on performance improvement following upward feedback. *Personnel Psychology*, 52(2), 271-303.
- Kluger, A. N., & DeNisi, A. (1996). The effects of feedback interventions on performance: A historical review, a meta-analysis, and preliminary feedback theory. *Psychological Bulletin*, 119, 254-284.
- Walker, A. G., & Smither, J. W. (1999). A five-year study of upward feedback: What managers do with their results matters. *Personnel Psychology*, 52(2), 393-423.
- 360° Feedback Research Articles
- Antonioni, D. (1994). The effects of feedback accountability on upward appraisal ratings. *Personnel Psychology*, 47, 349-356.
- Ash, A. (1994). Participants' reactions to subordinate appraisal of managers: results of a pilot. *Public Personnel Management*, 23, 237-256.
- Atwater, L., Roush, P., & Fischthal, A. (1995). The influence of upward feedback on self-and follower ratings of leadership. *Personnel Psychology*, 48, 33-59.
- Bernardin, H.J., & Beatty, R.W. (1987). Can subordinate appraisals enhance managerial productivity? *Sloan Management Review*, Summer, 63-73.

- Bracken, D.W. (1996). Multisource (360-degree) feedback: Surveys for individual and organizational development. In A.I. Kraut (Ed.), *Organizational Surveys: Tools for assessment and change* (pp. 117-143). San Francisco: Jossey-Bass.
- Brutus, S. (1997, April). Does 360-degree feedback work in different industries? A between-industry comparison of the reliability and validity of multi-source performance ratings. Manuscript presented at the 12 Annual Conference of the Society for Industrial and Organizational Psychology, St. Louis.
- Hazucha, J.F., Hezlett, S.A., & Schneider, R.J. (1993). The impact of 360-degree feedback on management skills development. *Human Resource Management*, 32, 325-351.
- Johnson, J.W., & Ferstl, K.L. (1997, April). The effects of interrater and self-other agreement on performance improvement following upward feedback. Symposium conducted at the 12 Annual Conference of the Society for Industrial and Organizational Psychology, St. Louis.
- Lawler, E.E. (1967). The multitrait-multirater approach to measuring managerial job performance. *Journal of Applied Psychology*, 51, 369-381.
- London, M., & Beatty, R.W. (1993). 360-degree feedback as a competitive advantage. *Human Resource Management*, 32, 353-372.
- London, M., & Smither, J.W. (1995). Can multi-source feedback change perceptions of goal accomplishment, self-evaluations, and performance-related outcomes? Theory-based applications and directions for research. *Personnel Psychology*, 48, 803-838.
- Murphy, K.R., & Cleveland, J.N. (1995). *Understanding performance appraisal*. Sage Publications: London.
- Reilly, R.R., Smither, J.W., & Vasilopoulos, N.L. (1996). A longitudinal study of upward feedback. *Personnel Psychology*, 49, 599-612.
- Smither, J.W., London, M., Vasilopoulos, N.L., Reilly, R.R., Millsap, R.E., & Salvemini, N. (1995). An examination of the effects of an upward feedback program over time. *Personnel Psychology*, 48, 1-33.
- Tornow, W.W. (1993). Introduction to the special issue on 360-degree feedback. *Human Resource Management*, 32, 211-219.
- Tornow, WW (1993). Perceptions or reality: Is multi-perspective measurement a means or an end? *Human Resource Management*, 32, 221-230.
- Walker, A.G. (1997, April). Upward feedback: Incremental improvement in managers' performance over five years. Paper presented at the Twelfth Annual Conference of the Society for Industrial and Organizational Psychology, St. Louis, MO.
- Yukl, G. & Lepsinger, R. (1995). How to get the most out of 360-degree feedback. *Training*, 32, 45-50.

VIEWPOINTS from Systema

*360 Degree Feedback:
Vicious Circle or Vital Link?*

By Jack R. Snader

Realistic feedback on job performance is invaluable to anyone who wants to grow professionally. Feedback comes in many forms, and among the most popular is the type of tool called 360-degree feedback. The name "360-degree" refers to the full-circle process of gathering information about a person's job performance from his or her customers or subordinates-and from his or her manager-and then rolling the information into a confidential report that is delivered directly to the individual in question...without identifying which customers or subordinates said what.

While 360-degree feedback is an excellent concept, it has the potential to either help employees grow or intensify their defensiveness. When screening a 360 assessment company, be sure to avoid these pitfalls:

1. **The Wrong Instrument.** Survey instruments appear to be easy to generate. But some organizations skip the step of asking what they want to measure and why they ought to measure it. Measuring skills that are highly correlated with job success is critical.

Assessment instruments may be geared to measuring personality traits, social styles, trainable skills, or sets of competencies based on a job analysis or a developmental theory. Personality or social styles tests may be valuable for diversity training, but would not be particularly helpful in choosing the right candidate for most jobs. Developmental theory-based competencies will only be as effective as the accuracy of the theory. And an assessment of trainable skills isn't such a good bet if the trainable skills measured are not the primary predictors of job success for the positions concerned.

2. **Lack of Validity.** A good assessment tool for performance improvement must be able to distinguish between high and low performers. People who are already successful in a position must score well on the instrument consistently, and people who currently perform poorly in their jobs must score poorly on the assessment, or the test is simply not reliable. And even the right type of instrument can fail if it is not psychometrically valid. Organisations get into trouble and waste money when they use instruments that cannot be demonstrated to be valid and reliable.
3. **Lack of Confidentiality.** Reliable results are more likely to emerge within an environment of privacy. Assessments backfire when employees are not carefully prepared to receive feedback. Particularly when downsizing is suspected, employees are all too likely to view the announcement of a 360 assessment process as a way of separating the sheep from the goats. Another fear is that a 360 assessment will be linked to a salary review. It's vital to assure employees that the survey results will be strictly confidential, that only the assessed individual will see his or her assessment information, and that employees' positions or incomes are not contingent upon the results. Unless they understand this, employees will harbour fears that breed dishonesty. They are likely to go to great lengths to make sure all survey news is good news. They may appeal to their customers or subordinates directly, "My job is at stake here, so I hope you're not too hard on me!" Or, they may give subtle cues to a similar effect. Such manipulation damages the growth potential inherent in the process.
4. **Unprofessional Delivery of Results to Participants.** Beware of any 360 degree feedback offering that does not provide a highly professional delivery process! Without full-service counseling at the time results are delivered, personal feedback can create confusion and resentment. It's not uncommon for a certain percentage of employees to be stunned by what they learn about themselves, to be angry and upset, or simply to deny the validity of their results. Unless the feedback recipient is offered professional one-on-one counseling to interpret his or her personal results, the value of the process may be lost to resistance. Skilled feedback consultants emphasize that feedback results are a matter of perception, not fact. They know how to connect assessment information to the individual's work goals, and help participants see how their customers' or subordinates' perceptions may be blocking them from achieving their goals. Rather than perceiving a need to change, when guided by a talented consultant the participant will perceive a need to change customer or subordinate perceptions. Professional consultants keep the focus positive.
5. **Lack of a Systematic Follow-up Process.** To be useful, 360-degree feedback processes must include developmental support materials and a loosely supervised process for raising skill levels. Once individuals have an understanding of their strengths and weaknesses and a strategy for elevating the perceptions others have of them, the employees work with their managers and coaches to develop individual improvement action plans, complete with targeted behavior goals and time frames. Developmental tools can include books, seminars, mentoring experiences,

videotape courses, and audio tapes. Finally, the developmental phase must be followed by a chance to remeasure skills and show improvement through periodic reassessment.

If your company is considering programs to enhance sales training and development, 360 assessments that are provided in conjunction with a complete, continuous growth process are among the finest developmental tools available. Not only do they provide a meaningful gauge, but they motivate participants by helping them realize how others actually perceive them. They provide the vital link between customers' private opinions and the seller's awareness. They sound a wake-up call that stimulates sincere growth efforts, so that when professional follow-up training is provided, employees are eager to learn.

"The concept of 360 degree feedback makes a lot of sense and, if used well, should have a great deal to offer. It seems to suit the move towards the less hierarchical, more flexibly-structured and knowledge-based organisations of the future"

Professor Clive Fletcher - Goldsmiths College, University of London

In today's changing and volatile world organisations are continually looking for ways to improve performance, and satisfy the demands of all stakeholders. Achieving this almost inevitably involves change, which then becomes the pivotal dynamic for success.

For an organisation to evolve the people working within it will have to adapt; and for this to be successful, they first of all need to know what it is about the way they are currently performing that needs to change.

This is where 360 degree feedback is playing a growing role in organisations through its ability to provide structured, in-depth information about current performance and what will be required of an individual in the future to enable detailed and relevant development plans to be formulated.

Professionally managed, 360 degree feedback increases individual self-awareness, and as part of a strategic organisational process can promote:

- Increased understanding of the behaviours required to improve both individual and organisational effectiveness.
- More focused development activities, built around the skills and competencies required for successful organisational performance.
- Increased involvement of people at all levels of the organisation.
- Increased individual ownership for self-development and learning.
- Increased familiarity with the implications of cultural or strategic change.

These guidelines set out issues, and recommendations for action, that should be considered when implementing a 360 degree programme. They have been developed by the contributing organisation in order to support and encourage best practice in the area.

These guidelines are also available at the following websites:

- The CIPD South West London Branch - <http://www.branchwebs.cipd.co.uk/swlondon>
- The University of Surrey Roehampton - <http://www.roehampton.ac.uk/social/bct>.

Things to Consider When Implementing a 360 Degree Feedback System

Dr. John Sullivan

Head and Professor of Human Resource Management
College of Business, San Francisco State University

Business Problem to be solved:

- Feedback and increased communications will result in better management practices and reduced conflict which will increase productivity and reduce turnover.
- Improved teamwork will result in increased productivity.

The Theory:

Increased feedback and multi-source feedback results in a change in management behavior and in an increase in performance. Theoretically, anonymous feedback is more open and honest than one-on-one feedback. The assumption is that honest feedback changes management behavior faster than restricted feedback.

It is also assumed that employees (and customers) that are "listened to" and involved will produce more and have higher satisfaction and retention rates.

A basic assumption is that employees have knowledge of management behaviors that can be provided to management. A further assumption is that the "anonymity" provided in the 360 process is credible and results in honest feedback.

Possible Program Goals:

6. Get managers to understand how others perceive them.
7. Involve workers in developing their own manager.
8. Opening more lines of communications (including customers and employees in a formerly top down process).
9. A management competency development tool.
10. A management evaluation / assessment tool.
11. A promotion / layoff qualification tool.

Department Where Program is Usually Based:

- OD
- Compensation
- EE (EE = Employee) Relations

Possible Advantages / Benefits of the Program:

1. Provides multi-data points / opinions which may reduce Perf App. errors and biases.
2. Employee's (EE's) feel that their opinions count.
3. Increases EE and possibly customer involvement.
4. Increases EE ownership of their managers development.
5. Increases management responsiveness to EE concerns.

6. Allows honest feedback (when it is anonymous).
7. Has multiple uses? RIF, Promotion, Assessment of skills, individual development etc.
8. Increases overall communications.
9. Increases self awareness of what others think of us.
10. Can include external customers in the feedback process.
11. Encourages productivity improvement through increased communications (Individual & Team).
12. Provides more open communication at the upper levels of management where open criticism is more difficult.
13. Replaces occasional "war" story performance appraisals with periodic sampling and data.
14. Relatively cheap compared to the costs of bad performance and bad management.
15. Is analyzed with statistical tools which can eliminate "outlying data" and allow for trend analysis.
16. Its statistical record provides good documentation for possible legal actions.
17. Has more "face" validity than traditional performance appraisal techniques.
18. It's visibility increases the discussion about the need for better performance appraisals
19. Giving the results to both EE's and to managers let's the EE's know that top management is aware of their concerns.
20. Feedback discussion sessions result in increased time spent on Performance Appraisals.
21. It's a good first step in opening the lines of communication.
22. Most of it can be done "remotely" (without face to face meetings) when necessary.
23. It may result in a higher "success rate" in the promotions of managers.
24. Sales and profit may improve because customers concerns are placed on the table for all to see.
25. Because it is often administered by consultants "outside" advice is available to identify and resolve performance problems.
26. Baseline data makes cross departmental and multi-year comparisons more accurate
27. At least initially it's "fun" to do and it increases EE excitement because they are being listened to.

Possible Disadvantages / Concerns of the Program:

1. There is no data it actually improves productivity, increases retention, decreases grievances or that it is superior to forced ranking and standard Perf. App. systems. It sounds good but there is no proof it works other than a lot of companies have tried it.
2. It serves as a poor substitute for unassisted 1 on 1 communication and can short circuit natural feedback channels.
3. The need to use it shows how poorly normal communications channels are working. 360 use discourages efforts to "fix" these essential systems.

4. It, like all traditional Perf. App. systems, focus on historical events while businesses must focus on future events. In a rapidly changing world the past may not be the best model to learn from.
5. There is no evidence of a correlation between high 360 scores and high performance.
6. It is time consuming (when done periodically) and managers and EE's learn to hate the time commitment.
7. Little evidence that managers actually listen to EE's opinions. This can actually decrease productivity due to frustration when the EE's realize they have been deceived into thinking their opinions matter.
8. It's subjective not objective. It is based on opinions not behaviors. Popularity is not performance. Opinions are not business results.
9. Opinions serve as a poor substitute for real performance data.
10. Most EE's don't see the big picture so their feedback is based on minutia and gives no real insight into strategic issues.
11. Anonymous processes short circuit the need to develop 1 on 1 communication skills and the ability to provide negative feedback.
12. It is a slow and time consuming process. Respondents are slow to fill out the forms and a skewed response occurs when only the unhappy respond. Anonymity does not allow for encouraging individual non-respondents to participate, resulting in a low response rate.
13. Questions often relate to attitudes and soft skills which are not easily assessed or observed by the average EE.
14. Managers / EE's despise doing additional Perf. App. of any kind.
15. The ROI can be a negative number.
16. Outsourcing the analyzing of the results (because it increases EE confidence in 360 anonymity) often slows the reporting of the results and makes it expensive (some aver. \$200 per manager). It allows sensitive company data to be seen by consultants who may compromise it.
17. The process is not "owned" by the managers and they thus learn to treat it as another HR program of the month. It's just another fad.
18. It will not work without top management support and participation.
19. Evaluators do not have copies of the managers job description or performance goals against which to assess their performance.
20. Managers rewards are often not tied to getting excellent 360 assessments.
21. Subjective opinions of managers are influenced by outside factors (general satisfaction, pay increases etc.) which cause results to vary, even though management behavior hasn't.
22. Opinions are not tied to the performance of the individual giving the assessment. This may result in an "averaging" of the opinions of high performers (or large customers) with those of low performers and thus skew the results.
23. Anonymity allows for get even "pot shots" and worker "secret collaboration" on assessments to "get" a tough manager. It discourages managers who are a change agents and "punishes them" for their aggressiveness with feedback resulting from resistance to change. Also anonymity does not automatically result in unbiased opinions.

24. Unions resist it and often claim it is a tool to fool / distract the workers from their unhappiness
25. It makes top management "lazy" because they often stop "managing by walking around."
26. Managers are often not trained on how to interpret and use the 360 feedback. Managers are not trained in how to change and not all managers can change whether they get feedback or not.
27. Many 360 systems survey everyone rather than relying on statistical sampling techniques.
28. Managers feel they are often evaluated by people who have never seen them in action (or seen them at all) or do not understand the nature of management work.
29. It forces managers into making popular decisions rather than tough ones.
30. Perf. App never works whether there is data or not. Managers are promoted on results and / or politics. Workers opinions and 360 will not change that.
31. It's based on an unproven theory that increased feedback results in increased performance.
32. It wastes managers time by requiring them to go to 360 feedback training which they dislike.
33. It asks for problems but it doesn't ask for solutions or show how to solve the problems.
34. No proof that managers with good Perf. App. are more productive than those with bad Perf. App.
35. Often misused as a RIF, promotion or disciplinary tool.
36. Customers can be frustrated when they must waste their time filling out forms, especially when actual performance rarely changes.
37. Nothing actually happens after 360. There are no forced rankings and no one is ever fired or demoted as a result. Eventually this results in the program being dropped.
38. 360 questions are not usually customized to departmental or company needs.
39. EE's are suspicious that 360's are really anonymous and thus are not really honest in their assessments. EE's assume managers will "see them" in the comments and retaliate against them.
40. There is no reward (punishment) for EE participation and spending the time to give honest feedback.
41. EE's are not trained in how to give honest and accurate feedback.
42. Once a year feedback is not sufficient in a rapidly changing world. A form is a poor substitute for a face to face meeting where trust can be built
43. Employees in a rush can "Christmas tree" the form and skew the results.
44. Results are skewed by recent events and are not reflective of performance over the entire period.
45. Most 360 programs are dropped as budgets get tight or as managers tire of the time it takes.
46. It doesn't let the manager "self monitor" their own performance so they can continually improve.
47. Not all managers have enough EE's to make the feedback statistically significant and reasonably anonymous.

48. Picking who to survey is subjective and is difficult in a team environment when teams don't stay intact for long.
49. In an international environment, meeting for feedback sessions is too expensive. Cross cultural / language interpretations are difficult to put into a questionnaire.
50. Questions seldom correlate directly with the required core competencies and thus can confuse managers by sending mixed signals. 360 scores often conflict with other assessment and reward systems.
51. It only makes a difference in "sick" organizations. Well managed companies get better feedback, faster and cheaper using other tools.
52. It's run by psychologists.

Critical Success Factors / Characteristics of a World Class Program:

1. It has a direct, measurable impact on productivity and shareholder value.
2. Anonymity maintained.
3. Integrated with other systems.
4. Owned by EE's and management.
5. Its costs are billed to the managers using it.
6. Tailored to company needs and flexible for changing needs.
7. Focuses on core competencies.
8. Managers and evaluators are trained in how to use it.
9. Focuses on improvement and the future rather than blame and the past.
10. It is tied to rewards.
11. Allows responses to be analyzed by their "source code" (not the individual).
12. Has a set of targeted goals.
13. Has JIT and worldwide capabilities.
14. It can be adapted to the team environment.
15. Its success is continually monitored and improved.

Examples of firms that are considering/have tried it:

- HP
- DFS inc.
- Levi
- Chrysler
- Motorola
- Merck
- Failure Analysis Inc
- Intel
- Oracle
- And many others

Program Costs/ Development Time Estimates:

- Expect a broad range of costs (\$50 - \$1000 per manager) depending on the amount of consulting help and # of respondents selected for each manager.
- Development time is long (expect at least 6 months) unless off the shelf vendors are used.

Measures of Program Success:

- Increase in productivity in divisions using 360 vs. those who don't (also this year vs. last).
- Higher EE and customer retention rates.
- Increased promotion and reward rates for managers with "high" 360 scores and vice versa.
- High ROI on 360 program (Benefits less costs).
- Manager / EE / Customer satisfaction with the 360 process.

Miscellaneous Notes:

- Possible consulting help includes PDI, Inc., and Feedback Plus

The Institute for Employment Studies Report 326

Multi-source feedback, often called 360 degree review, is the process by which an individual manager receives personal feedback from more than one source (subordinates, peers, line manager and customers). The purpose behind such feedback schemes is to provide a more comprehensive assessment of an individual, which can be used by them to identify development needs and improve performance.

Overview

The growing popularity of multi-source feedback schemes can be attributed to a number of factors. Flatter organisations with multiple reporting lines and larger spans of command are reluctant to rely solely upon the performance appraisal of a single line manager. Multi-source feedback promises 'safety in numbers' and a more objective, balanced view of an individual. These schemes also appear particularly apposite in the wake of initiatives to empower the workforce, promote teamwork, and so on. More than anything however, feedback schemes offer a means of reinforcing desired management behaviours. They provide feedback from the source most closely related to an individual manager's primary function, achieving results through people, allowing them to see themselves as others see them.

The IES study examines the practical application of different forms of multi-source feedback in eight case study organisations including: The Post Office, BAA, Mercury Communications, Yorkshire Water, BT, and BP. In each case study, interviews were conducted with the HR function, and employees who had participated in the feedback process. In addition, the feedback questionnaires and other supporting documentation were analysed.

The key issues to emerge from the research include:

- different models of multi-source feedback
- the focus of feedback, and links with HR processes
- implementation and support
- ownership, control and confidentiality
- impact and evaluation.

Content and characteristics

Most of the case studies initially introduced multi-source feedback for senior managers or other 'high potential' groups of staff. Over half intend the scheme eventually to be used by all managers with a sufficient number of direct reports. In only one company is the scheme open to all employees.

There is little evidence that any source of feedback is superior to any other, and each source has deficiencies. Very few companies, even those who describe their feedback process as 360 degree, draw on data from the full range of perspectives (subordinates, peers, boss, customers and self-assessment).

The majority of case studies have opted for a questionnaire to gather feedback against a pre-determined framework. Users perceive two main advantages. By articulating statements of behaviour in the framework, participants are being familiarised with what the organisation values. Also, a series of scored items is much easier to analyse than narrative comments. Not only do highly structured approaches run the risk of creating flat and inexpressive feedback, but

the more tightly the area for sharing feedback is defined, the less likely they are to engage participants.

The majority of the case studies use either the organisations' values or core competencies to derive the feedback items. They are specifically limited to how managers exercise their leadership and how effectively they guide, manage and develop their staff. The items or dimensions measured typically cluster around: managing relationships, managing self or personal style, leadership, decision making and developing others.

The way in which results are presented in the feedback report affects how the feedback is internalised and applied. The non-instrumented approaches encourage participants to summarise the feedback they have received however they see fit, and incorporate it into a Personal Development Plan (PDP). Feedback questionnaires, however, provide a range of statistical scores. Reports which highlight the variance between the participants' self-rating and that of others simply and clearly are the most useful.

Feedback and the HR system

Half of the case studies use feedback approaches focused upon the future development and potential career of the individual participant. Others are related, with varying degrees of directness, to an individual's performance via the performance review and objective setting process. A third model appears to focus away from the individual and their job, by focusing on a singular role, usually team leadership.

Acceptance amongst employees is generally easier when the focus of the feedback is developmental. Importantly, the majority of feedback frameworks in the study were competency based. As such they are broader and more complex than ratings of single job-related abilities. Being behaviourally based, they are potentially less threatening and perceived as more objective.

The greatest impact appears to be gained when personal feedback is received as part of a development centre or management development programme. Multi-source feedback can also form an input to performance appraisal, potentially prompting a more bilateral process to emerge, that moves the appraisal conversation from 'how have you done' to 'how have we done'. Users of multi-source feedback all anticipate using the results to help determine future training and development initiatives. Some companies are making use of aggregate feedback data to highlight the needs of particular target populations, eg a high potential stream.

Implementation and support

Multi-source feedback cannot be introduced in isolation from other HR goals and processes. Some of the case studies chose to introduce personal feedback as part of an overall strategy to reinforce organisational values, and its launch was given a very high profile. Alternatively, when feedback is to be used as a diagnostic tool at a development centre, its implementation is more low key and incremental.

A major issue of concern was how to win the acceptance of employees as the prospective recipients and providers of feedback. The case studies spoke of waiting until the climate was right before introducing feedback. The main factors for supporting individuals which help to ensure the feedback loop is closed include: the strength of the organisation's employee development culture and practice; access to expert counselling and/or the use of a trained facilitator; and the support of the participants' line managers.

Impact

The case studies felt positively that, when introduced as a means of re-enforcing wider cultural changes, personal feedback does help to increase employees' understanding of performance

expectations and the importance of self-evaluation and development. Most are also enthusiastic that employees who become proficient in recognising how others see them are more able to tailor their performance to the demands of the organisation. In addition, a direct benefit is that the schemes provide important feedback to otherwise isolated and insulated senior managers. In common with all too many HR initiatives, few of the case studies had attempted any systematic evaluation of the impact of their scheme.

Lessons

- Introducing a formal feedback scheme sends an unmistakable message that skills need to be developed and improved upon in those areas being measured. Feedback frameworks which are too highly structured may restrict the self-knowledge gained by recipients.
- Multi-source feedback schemes are especially suited to measure behaviours related to leadership and interpersonal relations.
- Everyone involved needs to be clear what is being measured. Competency statements can form a pragmatic mix of behaviour, values, skills and knowledge. More information and examples of what a competency means, and how to recognise it, should always be available.
- Planning for improvement should be built into the feedback process, and participants be made aware of the development options and support available to them via PDPs, mentors etc.
- Be clear from the initial design and implementation what the intended outcomes of the feedback scheme are, and how they link with other HR processes. Schemes which slide unconsciously from one purpose to another risk undermining the trust of users.
- Careful consideration should be given before integrating multi-source feedback directly with performance appraisal and reward.
- The amount of communication and support required to launch, and thereafter maintain, the momentum of feedback schemes should not be underestimated.
- Top-down sponsorship and the endorsement of senior management is usually vital. It is often a good idea to pilot the process on a small group of senior managers first.

The study

The research was undertaken in response to the rise in interest in 360 degree review, upward appraisal and other multi-source feedback schemes, and because of the relative absence of information about their use in the UK. Given the aggressive marketing of feedback instruments by the proprietary consultants, it is becoming increasingly difficult to obtain an objective view of their relative merits and potential pitfalls. The research was funded by members of the [IES Research Club](#), several of whom also participated in the study.