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INSTITUTE FOR EMPLOYMENT STUDIES

Mantell Building

Falmer

Brighton BN1 9RF

UK

Tel. + 44 (0) 1273 686751

Fax + 44 (0) 1273 690430

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Executive Summary

This report is directed at HR practitioners and senior managers responsible for either performance management or management development. The findings will be of interest to those implementing, or considering implementing, 360-degree feedback, and also for those who are already committed to the process in reflecting on whether the approach is delivering benefits for them.

Research aims

Three-hundred and sixty degree feedback, also referred to as multi-source multi-rater (MSMR) feedback, is where an employee receives feedback from a variety of stakeholders such as direct reports, colleagues, managers and customers.

The aim of the research was to review the area of 360-degree feedback and provide an independent analysis of some of the key issues that have emerged in both theory and practice. In particular, we focused on four key aims:

- To make explicit the practical difficulties being faced by organisations implementing 360-degree feedback
- To examine evidence of the impact of 360-degree feedback on the individual (in terms of behavioural change and improved performance)
- To examine evidence of impact on the organisation (in terms of organisational effectiveness and added value)
- To provide advice based on our findings so that practitioners can increase the likelihood of achieving positive impact in the future.

The project comprised three main phases: a large-scale literature review, a series of interviews and consultations with organisations, and two in-depth case studies. The literature review provided information regarding current issues and use, while the interviews, consultations and case studies illustrated more detailed analysis of evidence. In total we interviewed 113 people from several organisations.

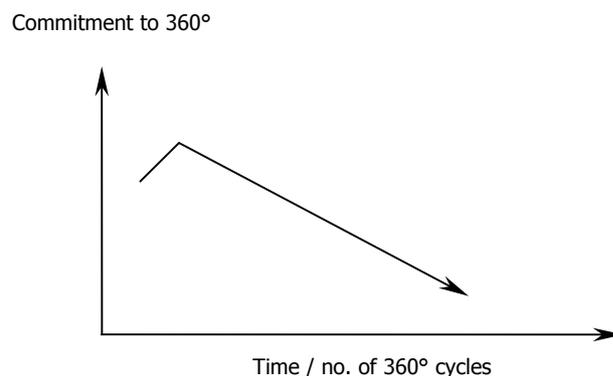
Developmental value erodes over time

Our research indicates that over successive rounds of 360-degree feedback, the perceived value of the process declines. Participants, managers and raters come to view the process as a chore and negative consequences become apparent *eg* declining response rates and lack of honesty. This in turn lessens commitment to the feedback process itself (see Figure 1) and participants are more likely to receive bland feedback which gives them little insight into how they may go about planning development in response.

This raises the important issue of whether there is an optimal time frame in which 360-degree feedback is most effective. That is, do all stakeholders in the process eventually 'build up a tolerance' to 360-degree feedback? It may be that after four years or 'cycles' organisations should consider taking a break from 360.

The evidence suggests that organisations would be well advised to

Figure 1: Commitment to 360-degree feedback, over time



Source: IES, 2005

think hard about whether they really need to conduct 360-degree feedback for development on a mandatory annual basis. We suggest there is a case for limiting its application to key groups (*eg* senior managers) or to certain times (*eg* after major role or team changes).

Using 360 for appraisal

The research to date does not demonstrate whether it is a 'good thing' or a 'bad thing' to apply 360-degree feedback to performance appraisal rather than development. Rather, it is reasonable to infer that trying to address both purposes with one scheme can be problematic. The ideal design and implementation arrangements for a 360-degree feedback scheme differ, depending on which aspect is most important: development or appraisal. It may therefore be that organisations should consider that fully addressing both aspects may be unrealistic in practice.

There seems to be a high degree of acceptance that 360-degree feedback is suitable to support appraisal, but only where schemes have not already been introduced exclusively for development. The difficulty of shifting 'expectations' once 360 is in place will, at the very least, merit considerable effort and should not be underestimated.

Time for evaluation and review

The report suggests that 360-degree feedback is an inherently delicate process, much more so than is typically espoused by external providers and some HR staff responsible for its administration. We encountered a great deal of attention to implementation of the system with inadequate attention being paid to what will happen post-feedback and what outcomes to expect.

IES suggests that too often organisations adopt 360-degree feedback systems on a whim, without having considered the potential consequences. Organisations that have evaluated and renewed their systems and reactions 'on the ground' found it an enlightening and useful exercise. IES suggests that organisations must look beyond the spin from the host of external providers

now pushing the process and advocating its benefits and consider if such a process is really what is needed.

It may be that organisations can more often remind employees that they should be giving candid and regular feedback anyway as good practice, regardless of any 360-degree feedback process.

1. Introduction

Those readers not familiar with 360-degree feedback processes may find it useful to read Appendix 1 first which summarises the main features.

1.1 Prevalence and use

Three-hundred and sixty degree feedback has become one of the most popular HR practices of the last ten years (CIPD, 2003; Kearns, 2004). Analyses concerning the prevalence of 360-degree feedback in the UK have found that up to 50 per cent of medium-sized and large organisations had implemented such a process. Of these organisations, 74 per cent expected to expand its usage, whilst 34 per cent of organisations who did not use it anticipated doing so by the year 2000 (Warr and Ainsworth, 1999). The same study also reported differential use of 360-degree feedback across job grades. For those organisations who had implemented 360-degree feedback, it was most frequently used among senior managers (81 per cent of organisations) and was least frequently used among supervisors (17 per cent of organisations).

Whilst almost all organisations reported using 360-degree feedback for individual development, only half used it in relation to performance appraisal and just seven per cent used it to inform performance-related pay (PRP). This lends support to an IPD survey (2000) which suggests only a small minority of organisations attempt to link 360-feedback results to remuneration. We will return to the use of 360-degree feedback in appraisal in chapter three, as this has become one of the key emerging issues for organisations.

Table 1.1: Utilisation of 360-degree feedback by job grade

Job grade	% using 360-degree feedback
Senior managers	81
Middle managers	67
Directors	57
Junior managers	43
Supervisors	17

Source: Adapted from Warr and Ainsworth (1999)

Similarly, in the US, Atwater and Waldman (1999) reported that up to 90 per cent of Fortune 1,000 organisations use 360-degree feedback, with 35 per cent using it primarily for senior managers; 37 per cent for middle managers; 23 per cent for junior managers and 18 per cent for supervisors. In terms of how it is used within the US, 85 per cent reported using it for development, 50 per cent of these used it exclusively for development and the remainder used it for both development and evaluation (DiNisi and Kluger, 2000).

1.2 Why revisit 360-degree feedback?

Whilst many organisations have been happy to adopt a 360-degree feedback approach, it has been less clear how the process has impacted employee development and ultimately performance. This has led many organisations to question why they have adopted such an approach in the first instance and to review the extent to which the 'added value' that was promised has been realised.

For a number of years, the Institute for Employment Studies (IES) has been involved with both research and consultancy concerned with feedback on performance and the tools used in this process. In revisiting the area, it is apparent that there is still a significant lack of clarity and understanding concerning whether 360-degree feedback should be used within organisations to enhance development or improve performance. That is, should 360-degree feedback be used solely for developmental purposes, or should it be used as part of the appraisal process?

The unspoken expectation seems to be that it will address both. But is this realistic?

Perhaps more importantly, a related issue that is becoming more prominent is whether the effect of 360-degree feedback varies according to whether it is used in the context of development or appraisal. If there is no demonstrable effect in performance at either an individual or organisational level, then why should organisations bother to use it in either development or appraisal? Or worse still, are there likely to be detrimental effects if 360-degree feedback is used inappropriately or in the wrong context?

1.2.1 Project aims

Our objective is to review the area of 360-degree feedback and provide an independent analysis of some of the key issues that have emerged in both theory and practice. In particular, we focus on four key aims:

- To make explicit the issues faced by organisations who are either implementing 360-degree feedback for the first time, reviewing what they have gained since implementation, or considering its use within a different context (eg appraisal)
- To examine evidence of the impact of 360-degree feedback on both the individual (in terms of behavioural change and improved performance)
- To examine evidence of the impact on the organisation (in terms of organisational effectiveness and added value)
- To provide recommendations for future practice, based on our findings, to increase the likelihood of impact in different contexts.

1.3 Research methodology

We examined the research objectives using multiple methods. These included:

- A detailed literature review
- Two in-depth case studies. One in a private and one a public sector organisation
- Consultations and interviews with five other organisations who are using 360-degree feedback in a variety of contexts.

1.3.1 Literature review

One of the key objectives of the research was to conduct a large-scale review of both the historical and current literature in this area. The focus of the literature review was to examine the information that existed primarily in the academic literature, but also to ensure that the more practical and anecdotal material found in various HR/personnel publications was included.

1.3.2 Case studies

Two organisations were selected to provide in-depth case material. A different research methodology was employed in each.

The first case study comprised a qualitative evaluation of the impact of a newly introduced 360-degree feedback system on subsequent development activity at an organisation we will call LeisureCo. The research was conducted especially for this study.

LeisureCo

LeisureCo is a speciality leisure company that provides food and management services, service vouchers and cards and remote site management. LeisureCo is one of the largest contract food service supplier in the world with over 300,000 employees in over 70 countries. The attitudes of 16 receivers towards the 360-degree feedback system were assessed by interview on two occasions. First, shortly after they had received a written feedback report (given during the feedback session) and second, to review their subsequent development after a two-month period had elapsed. The case study also examined the practical aspects of the system, including general employee awareness and issues surrounding the feedback discussion. The main issues we explored from the case study fall into two distinct categories: issues surrounding the implementation of the system, and the impact of the feedback on subsequent development activity and employee performance.

The rationale behind the selection of this first case study was it provided the opportunity to follow implementation in real time. This also allowed us to investigate implementation issues from the perspective of first time implementation of the system. In

addition, as we were afforded significant access to receivers, we able to examine impact on subsequent development.

The second case study is based on extensive case material generated by a review of a pre-existing 360-degree feedback system that was linked to an appraisal process at an organisation we will call LocalGov. The organisation happened to be reviewing its own 360-degree feedback system at the time of this study, and IES was heavily involved in supporting this review.

LocalGov

LocalGov is a large local authority which employs over 4,000 people in four locations. The particular 360-degree system had been in place for three years, although the organisation had used a different 360-degree feedback system for the five years previous to that. The aim was to identify the experiences and views about 360-degree feedback from multiple perspectives within the organisation through interviews and focus group discussions. LocalGov's rationale for conducting the review was to decide whether 360-degree feedback should continue as part of the appraisal process and, if so, to identify ways of improving its approach.

Face-to-face interviews and focus groups involving a sample of each stakeholder group were used to get beneath the surface of people's expectations, experience and degree of current satisfaction with the 360-degree feedback system. Sixteen in-depth interviews were conducted with directors, HR staff and union representatives. Nine separate focus groups were conducted for those involved either as receivers, raters, facilitators or those with little or no experience of the 306-degree feedback process. These focus groups covered 76 other employees.

The rationale behind the selection of this second case study was that it provided the opportunity to examine implementation issues and impact on individuals from the perspective of a long-term regular user of 360-degree feedback. We were also afforded significant access to raters, line managers/appraisees, receivers and directors in order to examine all perceptions.

1.3.3 Consultations and interviews

The aims of the interviews in five other organisations were first to examine *why* and *how* 360-degree feedback had been applied in the past, or was planned to be applied in the future within both development and appraisal. Second the interviews focused on the evidence of the *effects*, in terms of outcomes and impact, on both the individuals taking part and the organisation as a whole. Interviews were carried out with individuals responsible for introducing or facilitating 360-degree feedback programmes. The participating organisations were from a sample of different industries and were at different stages in their use and application of 360-degree feedback. The reason for this was to obtain a broad perspective of the issues involved. A short overview of the organisations and their context of 360-degree feedback use is provided below:

BrewCo

BrewCo is a national brewery based over multiple sites within the UK. 360-degree feedback was introduced in the Headquarters of the organisation in 1999 as a development tool. There were no strong reasons that could be pinpointed for the introduction, and the main driving factor provided was the fact that other competitors and industries had implemented it. It was also generally viewed as a positive thing to be introducing, and at the time it was felt that there could be little harm in its introduction.

FoodCo

FoodCo is a national food retailer within the UK. 360-degree feedback had been introduced in 1998 and since then the majority of employees throughout the organisation had gone through it. The decision to use the tool across all employees was a strategic one as it was felt at the time that it was important to be inclusive with it as a development tool. It was seen as part of a broader development programme for employees within the organisation and aligned with strategic aims to develop individuals to be more customer focused.

Government Office 1

Government Office 1 is a UK government department. 360-degree feedback is currently used as a one-off method for individuals as requested. It is also used as part of self assessment in the leadership development programme for senior managers (grade 7). The organisation is going through a major change programme and the HR group is being asked to implement 360 more widely and systematically and to investigate the options of feeding 360-degree feedback into the appraisal process. At the time of our study, the organisation was reviewing its options in how to take the use of 360-degree feedback forward for its context.

MoneyCo

MoneyCo operates within the financial services sector. There was an informal and low-key introduction of 360-degree feedback in that it was not part of a major initiative or launch. Employees began to request it as a development tool, where they had heard about it elsewhere or read about it. Therefore it was not a deliberate or strategic introduction, but rather it grew organically. It was optional for development and was often used as part of career development workshops. As such it was seen as a 'bottom up' introduction through demand and so the HR dept responded by growing their resourcing and delivery of it as a tool.

Government Office 2

Government Office 2 is a government department that is following the recommendation in 2000 that all senior civil service personnel participate in 360-degree feedback. In this organisation, 260 senior people were the first to take part. Now all the top Senior Civil Servants have had mandatory 360-degree feedback and it has now been applied to the assistant directors of regions. 360-degree feedback is provided to other managers on a voluntary basis if requested or if managers are part of leadership development training.

Table 1.2 provides a summary of the key features of the particular 360-degree feedback systems at each participating organisation.

Table 1.2: Key features of 360-degree feedback systems for participating organisations

Organisation	Key Features				
	Time in place	Primary purpose	Voluntary versus mandatory	Independence of facilitation	Anonymity of ratings
LeisureCo	New	Individual development	Mandatory	In-house specialists	Yes
LocalGov	8 years	Appraisal	Dependent on staff group	Line managers	No
BrewCo	5 years	Individual development	Mandatory for senior managers	–	–
FoodCo	6 years	Individual development	Mandatory	–	–
Government Office 1	2 years	Individual development and appraisal	Voluntary	In-house specialists	–
MoneyCo	3 years	Individual development	Voluntary	Online	–
Government Office 2	New	Individual development	Mandatory for senior management. Voluntary for others	External coaches	–

1.4 Report structure

Findings from the literature review, case studies and consultations have been integrated to address the issues outlined in the project aims.

Chapter 2 assesses the research evidence for the impact of 360-degree feedback at both individual and organisational level, illustrating the findings with case examples. The chapter also examines how the process can be evaluated so that organisations are able to adequately assess the extent to which the process adds value.

Chapter 3 outlines the benefits and pitfalls of using 360-degree feedback in appraisal, rather than its more traditional use for development purposes.

Chapter 4 summarises the key factor which influence how ratings are assigned to the receiver. The chapter also identifies how perceptions of value and commitment to 360-degree feedback systems can erode over time.

Chapter 5 provides recommendations for practitioner's future roll-out, based on our findings, to increase the likelihood of impact in different contexts. Potential problems organisations may face in future practice are also examined.

Appendix 1 summarises the basic features of a 360-degree feedback process. It is recommended only for readers not familiar with the subject.

Appendix 2 provides a detailed review of the implementation issues reported by organisations using 360-degree feedback, and illustrates these with case examples from IES' findings.

Appendix 3 provides a detailed review of the difficulties arising from design issues and again, this is illustrated with case examples from our study.

2. The Impact of 360-Degree Feedback

This chapter assesses the evidence for the impact of 360-degree feedback at both individual and organisational level. Findings are illustrated with examples from our research.

2.1 Who cares about impact?

For the majority of organisations, the ultimate aim of 360-degree feedback is to increase employee and organisational performance. In order that the developmental information provided by 360-degree feedback is translated into enhanced performance, therefore, not only must receivers respond to the system with positive attitudes, they must also pursue productive development activities that have been designed to improve certain skills/competencies.

One might argue that translating 360-degree feedback into development is perhaps the most important stage of a 360-degree feedback process. Organisations have invested a great deal of time and resources into the 360-degree feedback process. Therefore, if there is an inadequate uptake of development activity in response to the feedback, organisations are unlikely to receive any significant return on their investment. In many organisations, 360-degree feedback can fall down at this point, the danger is that too much emphasis is placed on the *process* as opposed to the *purpose* of the feedback.

In addition, it is not only organisations themselves who want to know if the system is having the sort of impact that it is supposed to be having. Employees are less likely to be

committed and engaged with the process if they question its effectiveness. In two of our research organisations, employees had doubts as to whether the process really worked:

Viewing the process as a chore at LocalGov

One of the concerns to emerge from the discussions concerned whether the process actually works. That is, does it actually impact on performance or development? Many employees asked to see evidence of its effect on either of these measures. Indeed, in questioning its usefulness, many participants reported that their commitment to the process was low and they viewed it as a chore:

'It's another tick box exercise. It's that time of year again, let's get it out of the way and get on with some real work.'

Line manager

Questioning impact at FoodCo

In terms of the impact of 360-degree feedback on performance, the interviewee stated:

'Everybody is asking "What is the impact?" Everyone has been three-sixtied, through the hoop and yet where is the change?'

The process was viewed with a large amount of cynicism. Employees were aware that the organisation had invested a great deal of money into the process yet many were unsure of the value it had added to either employee or organisational performance.

Before organisations consider how they may best support receivers in translating their feedback into development, they need to ensure first that the 360-degree feedback system is producing useful feedback, in terms of quality and quantity, and that the system is running smoothly. Organisations can do this by conducting a structured evaluation of the system's implementation.

2.2 Evaluation

2.2.1 Evaluating implementation

Practically evaluating the effectiveness of a 360-degree feedback system is especially important in the early stages of introducing the process. Once the 360-degree feedback system has been implemented, a qualitative review with the main employees involved should provide invaluable information on whether or not the system has met its purpose. Information can be sought from all stakeholders in the process including receivers, raters, facilitators and the line managers of those involved. Issues that need to be considered here typically concern the extent to which:

- the feedback was too positive
- developmental actions were elicited
- ratings were gathered efficiently
- the system has allowed raters sufficient time to give their ratings
- it was easy to manage the feedback process
- the receivers were comfortable with the feedback given.

Evaluation checklist at LocalGov

The organisation decided to judge the implementation of its 360-degree feedback scheme, against current best practice and to seek feedback from all stakeholders against a checklist of best practice. They accepted that best practice guidance was still in its infancy when their scheme was designed. A summary of checklist issues is shown in Table 2.1

Table 2.1: Example of 360-degree evaluation checklist

Good practice	how our scheme rates
Local environment and context	
Culture supportive in organisation	✓
Clear purpose and objectives	✓
Senior management commitment	✓
Resources available to meet development needs identified	✗
Security of system, where online	N/A

Good practice	how our scheme rates
Feedback process	
Confidentiality or sensitivity for raters' input	X
Someone available to help interpret results immediately	X
Facilitators must be trained	X
Never given before holiday or weekend	X
Implementation	
Raters selected from multiple perspectives	X
Clear communication to all involved	✓
Clear owner for admin.	✓
Process for chasing nil returns	X
Minimum returns @ 8 for validity	X
'Helpline' or point of contact	X
Clear deadlines, but need time	✓
Raters to be briefed	X
Clarity to raters on who will see feedback	✓
On-going quality assurance	
Measures in place to capture performance improvements	X
Feedback loop for system or instrument improvements	✓
Check degree of comfort of feedback recipient	X
Check degree of comfort of feedback givers	X
Review link to other performance indicators in organisation	X
Feed composite results into development planning at strategic level	X
Major review questions	
Has it provided information in a fair and credible way?	Variable quality of implementation has lessened perceptions of fairness and credibility, over time.
Have relevant development needs been identified?	Clear examples of having done so. But decreasingly so, over time.

Source: IES, 2005

Evaluating the 360-degree feedback process is also invaluable in assessing the effectiveness of the system in relation to its original objectives, as illustrated in the case example below:

Acting on evaluation data at FoodCo

The organisation found it resource intensive to offer 360-degree feedback to all its employees and to implement and manage the process. They recognised the limitations of the current approach and so conducted a structured evaluation of implementation and have now re-launched the system using an internet-based 360-degree feedback tool. With this approach they recognise that they will lose some of the detail of the face-to-face feedback but feel that they have no other option if they want to offer the tool to all employees within their organisation. In addition, they also recognise that follow-up feedback will be minimal, with most getting automatically generated reports.

2.2.2 Evaluating impact

In addition to evaluating the practical side of implementation, even more important is to evaluate the impact that the 360-degree feedback system is having on both individual and organisational performance. The utility of a 360-degree feedback system concerns whether the increase in performance yielded by its implementation is worth more than the resources invested in its development and implementation. Ward (1997) suggests that the utility of 360-degree feedback can be estimated by:

'Comparing the value of the workforce as it is, with the value of the workforce as it will be when multi-source feedback has been implemented, and taking away the cost from this estimated increase in value. Organisations need to attempt to estimate how much improvement will be made through the use of the multi-source feedback, and what sort of improvement will be made.'

Ward, 1997

Ward suggests that this information can come from a re-test during the subsequent round of feedback. Here, changes in ratings can stand as a proxy measure of performance, the assumption being that ratings from others that become more favourable on subsequent applications of feedback indicate enhanced performance.

Fletcher (1997) also notes how rater–receiver agreement (congruence) over successive rounds of feedback can indicate effectiveness. For example, if raters give the same receiver the same ratings over time, but that receiver’s self-rating goes down, then this can be considered as reflecting the extent to which that receiver’s self-awareness has been enhanced, something which may be thought of as a beneficial outcome. It can be extremely difficult to place a value on the specific organisational improvements made because it depends upon both the nature of the receiver’s job and on the nature of the improvements made. In addition, it is also important not to forget indirect improvements such as the value of mistakes not made; the indirect effects of improvements (*eg* lower turnover); reduced stress of participants (*eg* through greater role clarity); and increased motivation and improved relationships.

2.3 Beneficial effects of 360-degree feedback

Evidence from the literature regarding the effectiveness of 360-degree feedback in enhancing performance has shown that when 360-degree feedback is designed, implemented and conducted in a professional manner, it can have a number of beneficial effects (the Feedback Project, 2001). These include:

- Increased employee self-awareness
- Enhanced understanding of behaviours needed to increase individual and organisational performance
- The creation of development activities that are more specific to the employee
- Increased involvement of employees at all levels of the organisational hierarchy
- Increased devolution of self-development and learning to employees.

In a large-scale study, Warr and Ainsworth (1999) report that organisations who have implemented 360-degree feedback frequently reported that it was considered to be a success. Indeed, short-term indicators of success were typically cited as being the initial resistance of employees changing to acceptance; and the fact that employees became willing to set aside time for use of the system. Longer-term success was typically viewed as the system being rolled out across the organisation; receivers

reporting behavioural change as a result of the feedback; 360-degree feedback ideas becoming part of employees' thinking about their development; and increased alignment between 360-degree feedback processes and organisational strategy.

However, despite the extent of use of 360-degree feedback, coupled with numerous accounts of anecdotal evidence concerning its utility, there is a disproportionately small amount of empirical evidence concerning its impact. Indeed, widespread adoption seems to have reflected '*faith rather than proven validity*' (Fletcher, 1997) as much of the research evidence is mixed. Baldry and Fletcher (2000) also report a mixed pattern of relationships between 360-degree feedback and subsequent performance appraisal assessments.

2.3.1 Involvement with subsequent development

Although previous research has investigated the relationship between 360-degree feedback and receivers' participation in subsequent development activities (eg Maurer and Tarulli, 1994; Noe and Wilk, 1993); such relationships are not yet well understood. In a study examining 150 managers' degree of involvement with development activity in response to a 360-degree feedback system, Maurer *et al.* (2002) found that actual feedback ratings had only very weak relationships with subsequent involvement in development activity an average of ten months after receivers had been given feedback. What they found to be more important in terms of predicting uptake of development activity were:

- a work environment in which employees are supportive of skill development
- the extent to which receivers believed that it was possible for them to improve their skills and that they themselves were capable of improving and developing.

In line with this, evidence from the case study research illustrates this latter point:

Vagueness about subsequent development at LeisureCo

In response to the feedback, many receivers didn't feel as though they needed to pursue any development activities, or that involvement in development activities would not make any difference:

'The things that came out of the feedback for me were not really any serious issues. They were more like icing on the cake things. Like food for thought, not really anything serious. I don't think there is much they could do to help me. These things come with experience.'

Although most agreed that the process was worthwhile and thought that if they acted on the feedback it would make a difference to their job, the majority were vague about how it would specifically make a difference.

Taken together, the evidence implies that in any 360-degree feedback system there are likely to be factors other than just the feedback itself which have the ability to influence the extent to which receivers subsequently involve themselves with development activities. Nonetheless, the case study research also highlighted a number of positive ways in which 360-degree feedback contributed to a better understanding of development needs:

Understanding development needs at LeisureCo

After a period of approximately two months, receivers were again contacted to discuss how they thought the 360-degree feedback system had influenced their development. About half of receivers reported having discussed the outcome of the feedback report with their managers regarding how they might take things forward. Following their participation in 360-degree feedback process, the second round of interviews highlighted a broad range of responses with regard to receivers' commitment to personal change.

Performance improvement

Only a handful of participants felt that as a result of 360-degree feedback they had changed the way that they worked, or that it had made a significant impact on their performance. In terms of what it actually was that they were doing differently:

'It made me aware of certain factors, but I wouldn't say it had a significant impact.'

'There was no huge impact as the feedback was fairly non-specific and in all honesty, it didn't tell me anything I didn't already know about myself.'

Follow-up support

The level of developmental support that the participants received after they received their feedback was generally reported to be quite poor. Many participants reported having received only limited support:

'I have received no further support, other than an arranged date to discuss the report and feedback in a couple of weeks.'

Given that this quote was made two months after the feedback, it can be seen how the momentum of the process can be slowed down if there is too much of a gap between receiving the feedback and any ensuing development activity. In addition, a handful of participants said that they had not needed any support because the report had not specifically highlighted any concrete issues:

'The report didn't really say much, or have much impact so I didn't need any support.'

Development needs awareness

One thing to come out of the case study was that many of the participants felt that the feedback had been beneficial in terms of highlighting development needs. Examples given by the participants include:

- Focusing on areas for improvement:

'It made me re-focus on the areas identified that I need to work on more.'

- Using the report as a reference guide:

'The feedback report is a really good thing to have about, I always go back to it, I have referred back to it several times since I got it.'

- Prioritising needs:

'I liked that the report highlighted and prioritised the areas that I need to have more input to, it also demonstrated that I'm managing my team very consistently across each level.'

2.3.2 Performance improvement

Many studies have demonstrated that performance ratings become more positive over time (Fletcher, 2001). However, whilst this might be taken as evidence of performance improvement over successive rounds of feedback, this may not necessarily be the case as the reasons for the improved ratings could come from a number of other sources. Indeed, Kluger and DeNisi (1996), in a review of the literature and a meta-analysis on the effectiveness of feedback interventions, concluded that there was a significant performance difference between groups who were receiving 360-degree feedback and groups who were not, and that feedback was associated with enhanced performance. However, they also note that performance was actually reduced for about 30 per cent of cases, and overall there was no evidence to suggest that negative and positive feedback had differential effects on performance. Accordingly, the case-study research also emphasises concern that the process may have a negative impact:

Lack of performance improvement at BrewCo

The 360-degree feedback process had not been effective in changing behaviour or performance and there was some concern that it may even have caused more harm than good. There were particular worries about having raised expectations regarding what was possible for individuals after the feedback had been given and then not being able to provide the resources for this activity.

In contrast, some research has documented performance improvements. For example, Bailey and Fletcher (2002b) investigated the ratings of managers in the context of a developmental 360-degree feedback system by comparing ratings over a two-year period. They found that, over time, significant increases in managers' competence were perceived in terms of both self-assessment and ratings from direct reports. In contrast to the previous case example, the case outlined below illustrates how an evaluation by one organisation revealed a range of positive outcomes emanating from the feedback:

Positive performance improvement at Government Office 2

Evaluation of the system consisted of reviewing the quality of the outcomes delivered by the project and the business benefits for the department. They consulted the various stakeholders involved in the feedback; team members, peers and line managers. They reported

generally positive feedback on the process itself, with specific benefits identified as:

- Ninety-four per cent of receivers had taken some action on the basis of the feedback.
- There was a perceived gradual shift in some attitudes and behaviours, *ie* positive observable changes.
- The feedback had more impact on some receivers than others.
- The feedback was viewed as particularly helpful in certain contexts, such as creating major changes within a department or business stream.
- Positive effects on the organisation were more expected as opposed to being actually observable at the time of the case study. Feedback was seen as contributing to positive change at different levels; individual, the team and eventually the organisation through heightened awareness.

The views of receivers and facilitators outlined in the case example below offer a variety of outcomes regarding performance improvement. These examples only add to the view that 360-degree feedback can impact differently on different people working in different departments:

Mixed views on performance improvement at LocalGov

Receivers' views:

In general, receivers themselves found it difficult to cite concrete examples of behavioural change that could be attributed to the 360-degree feedback itself. The few examples that were offered tended to focus on the establishment of a development plan with line managers, which it was felt would never had occurred without the information derived from the 360-degree process.

A number of receivers mentioned they had been aware of the motivating effects of 360-degree feedback in terms of recognition, particularly for employees with low self-esteem. It was thought that positive feedback had a very beneficial effect on some receivers in terms of motivation and recognition. For many receivers, however, the belief was that 360-degree feedback had little impact on performance. For those who thought that that this was the case, there was a strong feeling that one of the factors which had prevented behavioural change was the lack of information to go on:

'Most of the time there's not any real feedback to act on. You can't act on a number and there's nothing to talk about if all you've got are a list of numbers.'

Receiver

Some receivers felt that in practice there were no benefits ensuing from the 360-degree feedback. Conversely, however, some receivers felt that the process did yield some benefits. Particularly in getting feedback from direct reports and teams:

'I really value getting feedback from the staff I manage. I find that really helpful, not that there have been any problems, it's just good to know what they think of me.'

Receiver

Line managers' views:

Examples of both positive and negative impact of the feedback from the experience of line managers (who also acted as feedback facilitators) are detailed below. Positive examples include:

- A project manager was assigned a brand new team and found herself getting really tied up in the 'doing' as opposed to standing back and taking a wider perspective on the project. This was mentioned in one piece of 360-degree feedback she received. The project manager had not really thought about the situation in those terms before and is currently taking a more 'stand back' approach with the team and has found that she is better able to resolve certain problems which she couldn't have done the way she was working before.
- Feedback from an external customer informed one employee that the 'jokes' they made were not funny and were actually quite offensive. The receiver had not realised that some people found his jokes offensive and changed his behaviour accordingly.

In contrast, some negative examples were elicited:

- A team received a new manager, to whom they gave 'devastating' feedback in the subsequent round of feedback. This led to the manager in question stepping-down, however she went 'very noisily' causing lots of problems for the team and the interaction between them. Many of the team members stated that they would not complete feedback forms again after all the trouble it caused.

A handful of line managers also commented on the empowering nature of 360-degree feedback:

'It makes everyone feel involved, no one feels isolated. It makes people feel that they are important and that their opinions of how they are managed are important.'

Line manager

'One of the benefits I've noticed is for people who are competent but not confident. In a way, the feedback confirms that they are doing well, and that's good for them.'

Line manager

2.4 Intentions to act on 360-degree feedback

Another crucial aspect of the 360-degree feedback process concerns the extent to which receivers are motivated to act on the feedback they receive. There are a handful of studies which have focused on the factors that can influence a receiver's decision to act on their feedback. For example, Goodge and Burr (1999) found that when receivers feel that the feedback process has been worthwhile for themselves, they are more likely to be motivated to take action in response. In addition, personality has also been shown to play a role in how employees respond to feedback. Gray (2001) found that extraverts and those who were more open to change were less motivated to change as a result of feedback as compared to more introverted employees. In terms of individual differences, older employees and those with more work experience were just as motivated to change as their younger colleagues, indicating that 360-degree feedback can be a worthwhile process at whatever stage an employee is at in their career.

As discussed earlier, a debatable issue in 360-degree feedback concerns the extent to which receivers should be able to choose who rates them. Gray (2001) found that receivers who were able to choose their own raters were significantly more motivated to change as a result. Moreover, when receivers were asked to what extent they viewed their organisation to be supportive of career development, it was reported that those receivers who perceived their organisation to be supportive were also significantly more motivated to change.

In Gray's (2001) study, two key factors also emerged that influence the extent to which receivers value their feedback. These factors were: the extent to which the feedback was *trustworthy*; and the extent to which it was *constructive*. In a similar vein, Cawley *et al*

(1998) conducted a review concerning the effectiveness of feedback specifically within performance appraisal. They identified a variety of factors associated with the feedback that contributed to effective feedback on performance. These included the extent to which the feedback was perceived to be:

- positive
- fair
- accurate
- useful
- providing new information.

2.4.1 Negative versus positive feedback

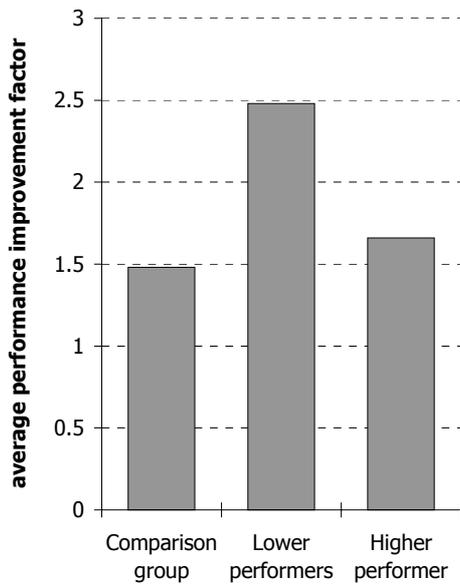
In terms of the differential effects of positive and negative feedback, DeNisi and Kluger (2000) argue that positive and negative feedback can impact motivation to act in different ways, depending on the particular focus of the work being done. They provide the following examples:

'...the banker who is just following in the family tradition sees no reason to exult on receiving positive feedback because the whole reason for the banking career is to avoid disappointing the family. When this same banker learns he or she has done poorly, however, there is a strong incentive to improve performance to avoid the disappointment that was the reason for entering banking in the first place.'

'...when a volunteer in a homeless shelter learns that he or she has helped someone, this positive feedback spurs the person to even greater effort so that he or she can help others, and performance improves further. But when that same worker learns that he or she has failed to help someone who subsequently dies, this leads to such disappointment and despair at ever being able to help anyone that performance actually declines, or the person simply resigns.'

DeNisi and Kluger (2000) go on to describe a complex psychological model explaining these reactions which is beyond the scope of this discussion. Nevertheless, it is important to be aware of the fact that negative and positive feedback can have different effects on receivers' motivation to act on the feedback they receive, depending on the specifics of the situation.

Figure 2.1: Impact of 360-feedback on performance



Source: Goodge and Burr (1999)

An empirical study by Hazucha *et al.* (1993) also supports this point of view. They found that managers who received negative feedback put more effort into subsequent development activity than those whose ratings and self-awareness levels were higher because there was more need for them to do so. Similarly, Atwater *et al.* (1995) found that employees who received negative feedback subsequently gave themselves lower self-assessments, while the opposite was true for employees receiving positive feedback. In a subsequent rating exercise five months later, it was found that there were more favourable ratings made to the employees who had received negative feedback, however, there was no change in the ratings for those who had received positive feedback. A possible explanation of this finding is that these receivers saw no need to change their behaviour.

In a similar vein, 360-degree feedback may also have more impact on some employees than others. For example, Figure 2.1 highlights evaluation data from Goodge and Burr (1999) who conducted a study of a 360-degree feedback system for 55 employees over a nine-month period. A comparison group were also included who had no involvement with the feedback programme. The results

indicated that the 360-degree feedback system caused, on average, significantly increased performance for low-performing employees, but not for high-performing employees.

2.5 Action planning

As noted earlier, a crucial aspect of the 360-degree feedback process concerns translating the feedback into intentions to act, and then those intentions into actual behaviour. Action planning involves converting the content of the feedback into a written commitment to act. There are many different types of action plan, although essentially the action plan concerns specific behaviour and should describe what the receiver is going to do differently, when, and with whom. 360-degree feedback lends itself very much to this approach because of the specific way in which the behaviours are often worded.

It is important, however, to note the distinction between an action plan and a development plan as they have different purposes. The action plan documents what the employee is going to do to implement a change in behaviour, that is developing *soft* skills. Whereas, a development plan documents *hard* skills which need to be explored, taught, learned and practised. Such examples would include a certain skill or competency to be developed, the method of learning to be used, the standard of performance required and the target date for completion.

This distinction between action and development plans in response to 360-degree feedback is very important. Much of the outcomes of 360-degree feedback for individuals concerns soft skills as opposed to hard skills. For example, there may be an issue about relationship management or attitudes which emerges from the feedback. It is important not to dismiss such soft skills post feedback. For example, receivers may suggest that they are now aware of the issues and will try to change their behaviour accordingly. This was found to be exactly the case with one of the case study organisations:

Soft skills issues at LeisureCo

The majority of feedback elicited concerned soft skills and many receivers failed to establish any sort of action plan in response to their feedback. There was a consistent view that just being aware of these

soft skills issues was beneficial, and whilst this may be true, as action plans regarding behaviour change have to be specific one would predict that just having an awareness of certain issues is unlikely to prompt different working practices. The examples below illustrate this point well:

- Focusing attention:

'I don't have any formal action plan, it's not really about that, it is more about your attention being drawn to aspects of your behaviour that you might not have thought about before, shedding new light on aspects of your work.'

- Enhancing self-awareness:

'It's more about self-awareness, it helps to increase your self-awareness. There's nothing they [the organisation] could offer, like training or something, it's more about having an idea about how other people think about you and your work. I do value the feedback though, and think it will make a difference.'

- Individual introspection:

'It is quite an introspective sort of thing I suppose. I took note of what the report said, and I tried to identify why people had given me the sort of marks they have. I have tried to think about how I have handled certain situations.'

Indeed, some research has reported the effectiveness of formal soft skills training. For example, Barling *et al.* (1996) demonstrated experimentally that transformational leadership training resulted in significant effects on subordinates' perceptions of leaders' transformational leadership, subordinates' own organisational commitment, and two aspects of financial performance. It is all too common for soft skill issues emerging from 360-degree feedback systems to become missed opportunities for self-development. Instead of proactively responding to the issues, many organisations are content in just making receivers aware of the issues, without doing anything to resolve them. One study found that the most important factor in determining whether or not receivers prepared a written development plan following 360-degree feedback was the amount of support for development provided by the organisation. This illustrates the need for organisations to maintain the momentum of the process post feedback in helping receivers plan their response to the feedback.

Evidence from the case studies highlights the difficulty many organisations have in managing the process post feedback in terms of effective action planning:

Development intentions and action planning at LeisureCo

Only a handful of receivers reported any sort of action planning as part of their feedback discussion. In terms of the action receivers agreed to take in response to the feedback, typical responses included:

- Discussions with line manager:

'I'll consider the areas of weakness that were identified in the report and then discuss it with my line manager.'

'We agreed that I'd follow up the issues with my line manager. I have actually discussed it with him already. We just had a good chat about it, and I felt better after that. It was just good to get some feedback to get a different perspective. Its mostly about just being made aware.'

'I am going to talk about it with my line manager and then try to experiment with different styles and conduct certain activities to see if the comments made were true. There is no further training required, it is just about trying different ways of working, it is more personal. I do value the feedback, but at the same time, I don't think you should get too caught up in it.'

- Link to formal development plan:

'I didn't do any sort of action plan, it is left as an open process, although it does need to be linked back to the formal development plan. The feedback report highlights the areas that need to be improved.'

- Refer back to the report again:

'We didn't agree what I was going to do in the session, although I am confident that I will go through the report thoroughly on my own and I will hopefully produce an action plan. It's difficult really because I think I just need to build more trust with the people I work with, It's not as if I need any training or anything.'

- No action required:

'No, we didn't agree what action I'd take. It's more personal than that ... it's more about forming effective working relationships and personal issues, you know, that sort of stuff.'

3. Applying 360-Degree Feedback to Appraisal

This chapter outlines the benefits and pitfalls of using 360-degree feedback in performance appraisal, rather than its more traditional use for development purpose. The chapter also illustrates the experiences of two organisations using 360-degree feedback in appraisal, plus a third example where the idea was dropped.

3.1 Existing research

Originally, 360-degree feedback systems were introduced as a development tool. However in recent years, particularly in the US and to some extent in the UK, 360-degree feedback is increasingly being used as an integral part of performance appraisal, relating to administrative decisions such promotions, terminations and pay (Fletcher and Baldry, 1999).

Research concerning the number of organisations using 360-degree feedback within appraisal suggest that 100 per cent use it for individual development, 50 per cent use it as part of performance appraisal and only seven per cent used it for determining pay (each of these organisations specifically used it to determine performance-related pay) (Warr and Ainsworth, 1999). An IPD survey (1999) goes further in arguing that there is no trend in linking the results of 360-degree feedback to reward.

There has been some vigorous debate by both HR practitioners and academics relating to the role of 360-degree feedback in the HR function (Bracken *et al.*, 1997; Garavan *et al.*, 1997; Handley, 2001). Some believe that 360-degree feedback should only be

used for developmental purposes because its application for other purposes (such as linking it to pay or performance appraisal) lessens the developmental impact of the process (Alimo-Metcalf 1998). However, there is increasing pressure and willingness in organisations to adapt the process to other means, beyond just development. This demand has particularly grown given the opportunity that IT now offers in gathering and analysing information from these types of initiatives.

This shift in focus towards using 360-degree systems as a direct input into the annual appraisal or performance-review process has implications for how the 360-degree feedback system is designed and the results emanating from the process. For example, while appraisal and development are obviously linked there are many issues that follow on from different aims of the systems. These might include whether participation remains optional or mandatory, and whether the outcome is linked to pay and reward. Whilst this debate continues to grow, there is also the recognition that there is little empirical research evidence in this area. As 360-degree systems have mostly been used for development, most of the research relates to this. As Fletcher and Baldry (1999) identify:

'...more studies are needed of outcomes of appraisal oriented MSMR systems; as they are still less common, this is an area where research has an opportunity to lead widespread practice.'

Fletcher and Baldry, 1999

A major finding of research concerning appraisal processes (eg Fletcher, 2001) is that linking the outcomes of appraisal directly to remuneration does little for either the quality of the interaction that takes place in the appraisal discussion or the likelihood of effective outcomes occurring. Therefore, an important issue for research on 360-degree feedback systems is the impact of linking the process with remuneration.

In terms of how organisations typically link appraisal to other administrative decisions, the IRS Employment Review's (2003) survey of 100 large organisations, employing more than 800,000 people between them, shows that the majority of organisations do not link appraisals to reward. Fifty-two per cent use appraisals either formally or informally while considering promotions, and 55 per cent use the information gained for succession planning. Almost 60 per cent of organisations did not

use appraisals to calculate pay rises and 68 per cent do not consider them when determining other rewards such as bonuses.

3.2 The potential benefits

It makes sense to first consider why organisations might want to use 360-degree feedback systems for appraisal. Waldman *et al.*, (1999) note that the most recent experiences suggest that there are pressures to incorporate 360-degree feedback with appraisal because organisations want to get their money's worth. That is, organisations are already using it for development and at no extra cost they can use it for appraisal too.

In addition, the desire to uncover what employees really think of each other is also linked to organisational desires to get more out of their appraisal systems. It has been argued that 360-degree feedback data can augment traditional top-down appraisal feedback. Attention to this during an annual appraisal process can provide employees with regular data which enable them to assess the extent to which their performance has improved. The value for employees is that a plan can be created that is based on direct feedback from others. This would not have been possible in a traditional appraisal system.

Research concerning the number of organisations using 360-degree feedback within appraisal suggests that 100 per cent use it for individual development, 50 per cent use it as part of performance appraisal and only seven per cent use it for determining pay (each of these organisations specifically used it to determine performance-related pay; Warr and Ainsworth, 1999). An IPD survey (1999) goes further in arguing that there is no trend in linking the results of 360-degree feedback to reward.

Some practitioners (typically those marketing 360-degree feedback systems to organisations) argue that if it is employed correctly, using 360-degree feedback to support appraisal solves a variety of problems created by contemporary organisations (Goodge, 2002). These are discussed below.

3.2.1 Widens the base of opinion

A previous IES study found that traditional top-down appraisal has received criticism for being inaccurate, subjective and a chore

(eg Strebler *et al*, 2001). Moreover, coupled with the changes in organisational structures, processes and cultures, alternative sources of performance feedback have become necessary. In contemporary organisations managers and employees often work at different places, they have infrequent contact resulting in few opportunities for observation of employees' performance. In short, they can be isolated. Unless an employee is grossly delinquent, managers typically have incomplete information about what their employees are doing, let alone how they are performing. Even knowledge about poor performance or inappropriate behaviour may reach the manager in a garbled or incomplete manner.

For managers who work in relative isolation from their employees, 360-degree feedback can offer a second opinion, giving rise to a more complete picture with which managers can compare their own picture.

3.2.2 Offers broader assessment of performance

In today's organisations, job roles can change so fast that employees are required to divert their attention and develop new skills on a regular basis. New technology, increasing competition and regulation are all influencing the creation of new roles and goals. This makes it very difficult for the appraising manager to find criteria against which to evaluate employee performance. Annual objectives may change and become out of date in a matter of months. In addition, two employees who started out with the same objectives may have ended up accomplishing completely different things. 360-degree feedback can offer a broad assessment of competence and performance, providing a summary of an employee's achievements and obstacles.

3.2.3 Opportunity to isolate individual's contribution to a team

With the increase in work-based teams, much of an employee's performance is entangled in a complex manner with the team's achievements. It is problematic, if not impossible, to tease out individual employee performance. This is further complicated by the fact that work groups continually change membership and

may only exist for a short period of time. Again, 360-degree feedback provides insights into individual contribution to group performance.

3.2.4 Expectation of greater motivation to change

There is a continuing debate about the effectiveness of establishing a link between performance assessment and reward in encouraging improved employee contribution. There is a view (and some evidence) that where appraisals are not tied to reward, the feedback produced may be more comprehensive and useful than where there is a pay consequence, yet it may not be seen as important by receivers. They may delay addressing it, or ignore it altogether. By contrast, improvement in performance can be seen (albeit short term) on the basis of the feedback provided in an appraisal. The danger is that the decision is based on flimsy or incomplete information. Peiperl (2001) refers to this situation as 'paradox of rewards' – managers can find themselves in a catch-22 situation: they get good feedback but have little impact, in the absence of a reward – appraisal link, or they get weaker feedback, but have more effect if they can connect their assessment to the pay packet.

3.3 The potential pitfalls

Many researchers support the view that both the collection of 360-degree feedback data and the associated feedback processes are more likely to be effective when the system is for developmental, as opposed to appraisal, purposes (Pollack and Pollack, 1996). This manifests itself in two ways. Firstly, for example, receiving managers may feel that subordinate ratings are valuable for development, but inappropriate for administrative decisions. Secondly, in terms of the ratings employees provide, it cannot be guaranteed that they will be truly representative. A study by London *et al.* (1990) of managers who had participated in upward appraisal found that the majority of managers believed 360-degree feedback should only be used for developmental purposes, compared to 28 per cent who felt it should be used for appraisal and assessment. Similarly, Bettenhausen and Fedor (1997) surveyed 195 managers and found that peer and upwards feedback were seen as more

likely to produce positive outcomes and less likely to produce negative outcomes when used for developmental rather than appraisal purposes.

There is some reluctance on the part of organisations to link personal feedback directly to performance appraisal. The IRS (1994) survey of appraisal systems in 94 UK organisations reported that the majority only used assessment of employees by their manager, although in half of cases an element of self-assessment had been introduced. Only seven organisations used information from subordinates in assessing managers, whilst three included an element of peer appraisal. Handy *et al.* (1996) report that 23 per cent of organisations surveyed said that they used 360-degree feedback to support appraisal, career and succession planning issues and six per cent said they linked the process to pay.

If the management can be reluctant to use 360-degree feedback for assessment purposes, so can employees. Successful groups may resent it when management tries to shift their focus or asks them to compare members with one another, in the extreme, peer appraisal may even harm close-knit groups (Peiperl, 2001).

Another point to note is that the purpose of the process will have a direct influence on how the 360-degree feedback system is implemented. In some organisational cultures these implementation decisions may be totally inappropriate. However, in mature and open organisational cultures, with a robust performance appraisal system already in place, the use of 360-degree feedback in this way can be more appropriate. Where this is the case, some of the decisions at the planning stage will be affected. For example, participation in the process is likely to be mandatory as opposed to voluntary. It is likely to be performed at specific intervals, for example, annually as opposed to whenever it is needed. In addition, receivers may not be able to choose which raters they will be judged by. In addition, how the process is linked to promotion or pay needs to be made explicit.

Research to date has indicated that the use of 360-degree feedback as part of performance appraisal has had only mixed success (the Feedback Project, 2001). Indeed, Fletcher (1998) has reported that organisations introducing 360-degree feedback for appraisal purposes have, in many cases, dropped it within two years. This finding is in line with the outcomes of our study. An

illustration from one of our case study organisations highlights the point:

Dropping the link to appraisal at MoneyCo

360-degree feedback was mainly used in the organisation for developmental purposes. However, in 2000 the sales department had requested to use the data emanating from the 360-degree feedback for appraisal purposes. The rationale seemed superficially sound: they would like to have more information and feedback to work from in deciding performance bonuses than, for example, just sales targets (which had previously been the traditional mechanism). Yet, there was serious resistance to the application of 360-degree feedback to appraisal. This came from the unions, who were unhappy about how it was being used, and also from raters, who although previously happy to complete feedback questionnaires within a development context, suddenly became resistant to taking part in the feedback exercise. Many of the phone calls that the HR department received at this time were from raters concerned about the impact their ratings would have on the receiver's pay or progression and concerns about confidentiality.

In response, 360-degree feedback was withdrawn from the appraisal context and was only offered as an optional addition that receivers could undertake before appraisal and bring with them to the appraisal discussion. The key issue that emerged for the organisation was that 360-degree feedback is a useful tool if employees want to engage in it and take it seriously, but that you cannot force employees to take part, or if you do, the process is unlikely to add any value. They also used a large proportion of external and independent support to implement and feedback the findings from the 360-degree feedback process.

3.3.1 Distorts choice of raters

Not only is there the chance that employees' ratings can be dishonest, but receivers may also deliberately choose raters who they know will provide them with the feedback that they desire, whether this feedback be genuine or deceitful. The case study material included provided many examples of this occurring. One of these is below:

Selectivity in rater choice at LocalGov

Many appraisees commented upon selectivity in choosing raters to provide feedback ratings. Typically, the view was that receivers do not always choose people who will give them the most candid and

valid feedback. Receivers reported not asking for feedback from someone again if they were given negative feedback:

'If you chose someone to give you feedback in the first year and they give you negative feedback, you never go back to them again.'

Appraisee

Similarly, appraisees frequently mentioned choosing raters that would guarantee positive feedback:

'It's like having to give a reference for a new job, you pick someone who'll say good things about you.'

Appraisee

In addition, participants were generally against the idea of having a fixed set of raters that was decided entirely by line managers, the reason for this being that the opposite might occur. That is, it would give the opportunity for personal agendas to enter the feedback.

3.3.2 Less honesty erodes developmental value

The developmental value of 360-degree feedback may be nullified by receivers using the system to pursue their own aims for the appraisal process. The trouble is that it is often tempting for receivers to focus on getting their bonus or promotion, with little consideration for development. Related to this is an additional point to note: be careful of what is being measured. As Waldman et al (1999) argue:

'If a manager's multi-source rating depends on creating a positive or even relaxed climate, these factors may eventually detract from work directly geared towards bottom line results.'

There is the risk that the feedback may not be valid, that is, raters may not be honest in their assessment. This issue is particularly pertinent when the consequences of their ratings impact on the receiver's pay or progression. They may be too lenient (halo effect), or they may be overly critical (horn effect).

One participant we interviewed reported that he would never give his manager any negative feedback because it was his manager who would nominate him to receive more pay. The participant was well aware that giving negative feedback could well jeopardise the possibility of receiving more pay. Another participant commented that his direct reports often gave him

informal feedback if they had any issues. This feedback typically was not given in 360-degree exercises. The reason for this was that his staff didn't want to say anything negative about him because it would feed into his appraisal and they wouldn't want to 'grass' on him if it was going to impact on his pay or progression.

Receivers may also contrive to get positive results and employees will acquire and give feedback with personal agendas in mind. As Peiperl (2001) notes:

'In more than one team I studied, participants routinely gave all their colleagues the highest ratings on all dimensions...Some people feared that providing negative feedback would damage relationships whilst others resisted because they preferred to give feedback informally rather than making it a matter of record. Still other employees resented appraisal's playing a part in a performance system that resulted in promotions for some and criticisms and even punishment for others.'

Peiperl, 2001

Peiperl refers to this as the '*paradox of roles*,' that is, where employees find themselves torn between being supportive colleagues or hard-nosed judges. Similar experiences were also made explicit during the case studies:

Manipulating ratings

In one of our organisations it was mentioned that it was not uncommon for appraisees to contrive to get positive results. For example, one participant noted how two of her colleagues were caught by their line manager completing each other's feedback questionnaires together. As raters, each employee was informing the other of the answers and comments they should put on the feedback questionnaire for certain items. In response to this problem, another participant explained how he would always engage in a pre-appraisal discussion with appraisees to discuss the process and to decide who to distribute feedback questionnaires to. The reason he followed this method was to ensure a representative sample of raters, so that the appraisee didn't just 'cherry pick' raters who would provide positive ratings.

There is a substantial body of research to suggest that when raters believe that appraisals are used to make administrative decisions they are more likely to be lenient than when they believe the ratings will just be used for feedback. Farh *et al.*,

(1991) found that peers' ratings used for evaluative purposes tended to be more lenient, less differentiating, less reliable, and less valid than those performed for developmental purposes. The results of a study by Handley (2001) suggest that 360-degree feedback should not be used in appraisal. Feedback from colleagues, for example, in situations where colleague ratings were involved in determining pay and promotion, ratings were found to be contaminated by a competitive relationship between the receiver and their colleagues: a significant horn effect. This is in stark contrast to the halo effect found in other studies where colleagues tend to rate each other more leniently. Whatever the case, the findings strongly suggest that linking 360-degree feedback to administrative decisions can compromise the entire process. This is well illustrated by the following example:

Appraisal versus development at LocalGov

Many of the participants failed to see practically how 360-degree feedback could be used solely as a development exercise and not tied into appraisals. There was limited support for the idea of just using 360-degree feedback solely for development and not for appraisal. However, many commented that in doing so it would remove important information from the appraisal process itself. The majority of participants were against the idea of linking the results of 360-degree feedback to elements of managers' pay. The main reason for this was the view that raters would have too much power in the process to be able to affect what their managers get paid. For some, this may mean raters being more lenient, for others it may mean raters being unfair. Related to this, there was another concern about the process regarding people getting blamed for things that were out of their control:

'If a manager doesn't have the necessary resources left to send someone on a certain course, then the rater may put something like "Not concerned about staff development," but it is not the manager's fault, that is the organisations fault. But it will still go on that manager's file whether that is the case or not.' (line manager)

3.3.3 Feedback fatigue sets in

Feedback fatigue occurs when vast numbers of 360-degree feedback questionnaires have to be completed at the same time when the annual appraisal comes around. In addition to managing their own workloads, employees are unlikely to go through numerous questionnaires giving as accurate feedback as

possible. This issue is pertinent for organisations using either paper or electronic feedback questionnaires.

3.3.4 Expectations

There is the potential confounding variable that 360-degree feedback can often reveal more about the rater than the receiver. A good example of this is when raters completing the feedback questionnaires have low expectations of management. Where this occurs, even a mediocre manager will appear exemplary.

3.3.5 Legal implications

There are also legal implications to consider. Administrative decisions based on 360-degree feedback, such as demotion, redeployment and termination, would be difficult to support if legally challenged (The Feedback Report, 2001). There is no doubt that 360-degree feedback is useful, however, it is difficult to state unequivocally that it is accurate and objective. Moreover, if ratings are anonymous, they cannot be traced to specific individuals and hence their validity could come into question in an employment tribunal.

3.3.6 To use or not to use?

The research to date does not demonstrate whether it is a 'good thing' or a 'bad thing' to apply 360-degree feedback to performance appraisal rather than development. Rather, it is reasonable to infer that trying to address both purposes with one scheme can be problematic. The ideal design and implementation arrangements for a 360-degree feedback scheme differ, depending on which aspect is most important: development or appraisal. It may therefore be that organisations should consider that fully addressing both aspects may be unrealistic in practice. There seems to be a high degree of acceptance that 360-degree feedback is suitable to support appraisal, but only where schemes have not already been introduced exclusively for development. The difficulty of shifting 'expectations' once 360 is in place will, at the very least, merit considerable effort and should not be underestimated.

4. Key Factors Influencing Ratings

This chapter summarises the key factors which can influence how ratings are assigned to feedback recipients.

Our study supported previous research in encountering the importance of organisations taking good implementation decisions based on these factors, and we observed some negative consequences of things going wrong. These factors include the issues of:

- Confidentiality
- Source of feedback
- Competency of raters
- Honesty
- Timeliness of feedback
- Performance dimensions
- Recent job changes
- Missing significant raters.

As well as these factors, our study identified an additional factor.

- Repeating 360-degree exercises, over time.

4.1 Confidentiality

In previous studies, raters have been shown to respond differently to giving ratings, depending upon whether they do so anonymously or not. Typically, anonymity is used to reassure raters that they can comment freely with no fear of retribution. Many raters, particularly those making upward ratings, report

feeling more comfortable knowing they cannot be identified and suggest they would have given more lenient scores if they were to be named (Kettley, 1997). Indeed, empirical investigations, for example Meyer (1980), have shown that when employees were allowed to rate their colleagues anonymously there is a much stronger horn effect. That is, they are much more critical than if they were told that the ratings they gave would be publicly announced. However, one would perhaps expect named raters with other types of appraisal, such as upwards appraisal, to be less candid in their responses.

As mentioned previously, the receiver may find the impact of the information greater if they can relate the feedback given to a particular situation or relationship. This problem can be overcome to some extent by ensuring that the feedback will be known only to the rater and receiver, but in this way the raters are named and, as such, are accountable for the feedback they provide.

Typically, organisations do anonymise responses. However, this was not the case with one of the case study organisations. As the case example below illustrates, this had a range of mainly negative consequences for raters:

Concerns about Halo effects at LocalGov

As the organisation had made great strides towards an open and honest culture, it was thought that anonymising responses would not be appropriate and that receivers would value the openness with which their feedback was given. However, we encountered many examples of where feedback was either not given or was not given honestly for fear of retribution:

'I've completed a 360-degree feedback for a senior manager, at his request, to support him. The fact that the feedback goes back direct to the person concerned inevitably affects what you record and is thoroughly embarrassing.'(rater)

As another round of 360-degree feedback approached, one participant told of how she and four of her colleagues got together to discuss how they would complete their forms regarding their line manager. All of this particular manager's direct reports had some serious negative feedback which they wanted to give, but at the same time, no one individual was prepared to give this feedback for fear of retribution. After the discussion, it was decided that they would all put the same negative feedback on each of their forms,

meaning that no one individual could be blamed. They only wished that they had done exactly that the previous year. The manager in question, on the basis of the feedback, was subsequently re-deployed.

Although the above example was considered a positive outcome by the raters, it proves to demonstrate how difficult it is for some raters to give upwards negative feedback where they are not protected by anonymity. However, there are two sides to the argument concerning confidentiality and this was also well illustrated in the same organisation:

Fear of horn effects at LocalGov

Perhaps surprisingly, despite a lack of confidentiality in providing feedback, the majority of the raters we interviewed were generally content that their feedback could be identified. Indeed, many participants liked the '*transparency*' of the process. However, it emerged that the explanation for this consensus view concerned receivers' fears that anonymising responses would increase the likelihood of personal agendas hijacking the process. In effect, using the 360-degree feedback process as a vehicle to '*get their own back*' or '*stitch people up*' for conflicts that had occurred during the previous year:

'If people knew that they could say things without being identified then I think that some people would really abuse the system. It happens already that people make unfair comments. Wouldn't it just get worse if they knew they could say whatever they wanted? At least the feedback can be challenged if the names are on it.' (receiver)

There was some suggestion that maybe the line manager should be able to identify the raters, but not the receiver. In this way, the line manager would be able to put certain situations in context and protect certain individuals' anonymity in certain situations. There were various instances given of raters, particularly those lower down the organisational hierarchy, who were approached after providing ratings and were threatened/made to feel uncomfortable for giving negative feedback. More importantly, some stated that the poor response rates observed was in part to do with the fact that ratings were not anonymous:

'I've had people come up to me in the past and say that there's no way they are going to fill in forms for some people because it is just not worth the hassle of getting involved. They'd rather just keep out of it.' (HR)

4.2 Source of feedback

As mentioned above, it is common for organisations allow receivers to choose who the raters who will provide feedback for them. Although this eases administrative resources, it creates the issue of whether receivers will pick raters with whom they are most friendly, and subsequently make the ratings more susceptible to halo effects. In the case of 360-degree feedback, if halo effects are operating, receivers who chose their own raters might see their feedback as more positive than those who didn't, and potentially might be less motivated to change as a result of the feedback. McEvoy and Beatty (1989), however, found that halo effects did not necessarily reduce the reliability and validity of appraisals.

The credibility of raters in terms of providing feedback has consistently emerged as an important factor in how receivers respond to feedback. Ilgen *et al* (1979) stated that:

'In many cases, the source of feedback may be the most important influence on the extent to which recipients accept their feedback.'

Ilgen *et al.*, 1979

As 360-degree feedback involves performance being rated by people who might have different views on the performance of the receiver, the extent to which the raters are seen as credible will be a key factor in how the receiver responds to that feedback. In line with this, Bastos and Fletcher (1995) identified a number of dimensions of credibility. These included the expertise of the rater, the intentions of the rater towards the receiver and the extent to which the rater is reliable. They also identified another dimension, interaction, which relates to the extent to which the rater has had sufficient contact with the receiver.

Table 4.1 displays the findings of an empirical study by Bailey and Fletcher (2002a) concerning the perceived accuracy and importance of various sources of feedback.

As the table illustrates, it was found that receivers perceived that direct reports provided the most accurate feedback, followed by their line manager and then colleagues. However, in terms of importance, receivers' immediate line managers were perceived

Table 4.1: Employees' perceptions of rater accuracy and importance

Rater	Accuracy (mean score, out of 5)	Importance (mean score, out of 5)
Line Manager	4.1	4.6
Colleagues	3.8	3.9
Direct reports	4.3	4.6

Source: Bailey and Fletcher (2002a)

to be the most importance source of feedback, followed by direct reports and then colleagues.

4.3 Competency of raters

Raters are likely to differ in their beliefs about the extent to which they have the information, tools and skills necessary to accurately rate the receiver's performance. In turn, these beliefs are likely to affect the ratings they provide. Indeed, back in 1997 IES identified that many organisations fail to recognise the needs of raters in 360-degree feedback systems. Raters' needs are likely to differ according to the type of feedback process. For example, with typical feedback questionnaires, there is often the assumption that they are so easy to complete that nothing other than written guidance on the documentation itself is necessary. However, whilst a cleverly designed feedback questionnaire might be easy to complete, this does not assure the quality, and subsequent usefulness, of responses unless there is adequate explanation about its purpose and confidentiality. One effective method of providing support can be to provide examples or pen-pictures of what constitutes good and bad behaviours for raters to refer to.

4.4 Timeliness of feedback

Within the literature, there is no clear evidence regarding how quickly feedback should to be given to the receiver after it is collected and how this affects the receiver's motivation to act in response. However, it is likely to be the case that 360-degree feedback systems should be designed so that the receiver is given feedback as soon as possible after the ratings are obtained. The less time that elapses between feedback collection and feedback

facilitation, the more likely it is that the momentum of the system will be maintained in addition to motivation for the receiver.

This point is particularly pertinent to our case-study findings:

Postponement of feedback sessions at LeisureCo

Many of the feedback sessions had been postponed or changed, on some occasions more than once. The reasons were typically that something more important had come up for either the facilitator or the receiver and it was a considerable period of time (sometimes up to three or four weeks) before another mutually convenient time could be arranged. One receiver commented that:

'Because I've been messed about so much, it kind of implies that the whole process isn't really that important.'

Receiver

4.5 Performance dimensions

Research has demonstrated that receivers are more likely to accept some raters' assessments of certain criteria over others. For example, one study asked managers to rate performance dimensions in terms of the extent to which they thought employees would be able to make fair and accurate assessments. The responses illustrated that interpersonal dimensions, such as leadership, communication and delegation were perceived to be more likely to be rated accurately by their direct reports as opposed to more task-orientated dimensions, such as planning, budgeting and decision making. Therefore, performance dimensions which the receiver can clearly portray and which raters can understand are more likely to be rated fairly and accurately.

4.6 Recent job changes

It is likely that some receivers participating in a 360-degree feedback process may have recently changed jobs, or may not have been in the job long enough for raters to be able to accurately reflect on the receiver's performance:

Impact of recent job changes at LeisureCo

The fact that some receivers were new to their post brings to light issues concerning accuracy of ratings:

'I'm not sure how accurately people have rated me because I doubt they know me that well. But even so, it is still good to get an idea of people's first impressions.'

Receiver

4.7 Missing significant raters

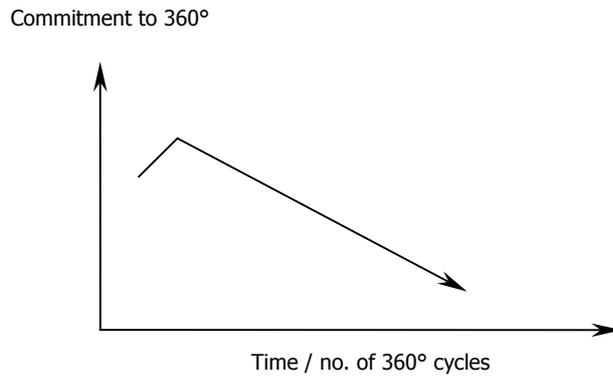
Another important point to mention concerns the temptation to persevere with the 360-degree feedback exercise even when significant raters are missing from the feedback. Although all raters are important, there are some raters whose feedback must be included in the report. These are typically the receiver's line manager or some other manager who works closely with the receiver. When raters such as these are missing, it is possible that the feedback report produced will provide a very skewed picture. If certain important sources of feedback are missing, then the resulting feedback may impact negatively on the receiver. In effect, the motivational aspects of the feedback may be nullified, and the receiver may be left with feelings of unfairness and resentment.

Organisations might wish to consider delaying or cancelling completion of the 360-degree feedback process for individuals for whom key significant raters are missing. The temptation to see 360-degree feedback as a process to be completed to a time schedule is understandable from the perspective of scheme administrators. IES' advice would be to consider thoroughly the potential negative outcomes in terms of staff engagement and credibility of the process and make a conscious decision whether to proceed.

4.8 Repeating 360-degree exercises, over time

This study identified an additional consideration: whether these other factors became worse over time. We noted that the commitment of all parties to their 360-degree system seemed to increase slightly after the first round of feedback. This may be the result of greater familiarity or personal comfort with the system

Figure 4.1: Commitment to 360-degree feedback, over time



Source: IES, 2005

if they have had a positive experience the first time round. However, among those organisations which had been running their schemes the longest (or had undertaken the most feedback 'rounds') we noted:

- response rates achieved from raters declined over time
- perceptions by employees and managers of lack of honesty and personal agendas increased over time
- commitment to 360-degree feedback schemes declined over time
- tendency for local managers to customise the structure of feedback questionnaire and tailor the language used in questions increased over time
- tendency to focus on the process involved in implementing the system, rather than the outcomes.

Figure 4.1 illustrates how the commitment of employees and raters varies over time.

This finding was most clearly demonstrated in the LocalGov case study, perhaps because this was the organisation which had experienced the most 'rounds' of 360-degree feedback.

Perceived value eroding over time at LocalGov

Often unknown to the HR team, a number of departmental managers had made significant changes to the paper-based 360-degree feedback questionnaire. The reason most often given was the need to simplify the process in order to address some of the negative

consequences of things going wrong in previous years (eg poor response rates). Some managers we interviewed supported these changes, as one senior manager explained:

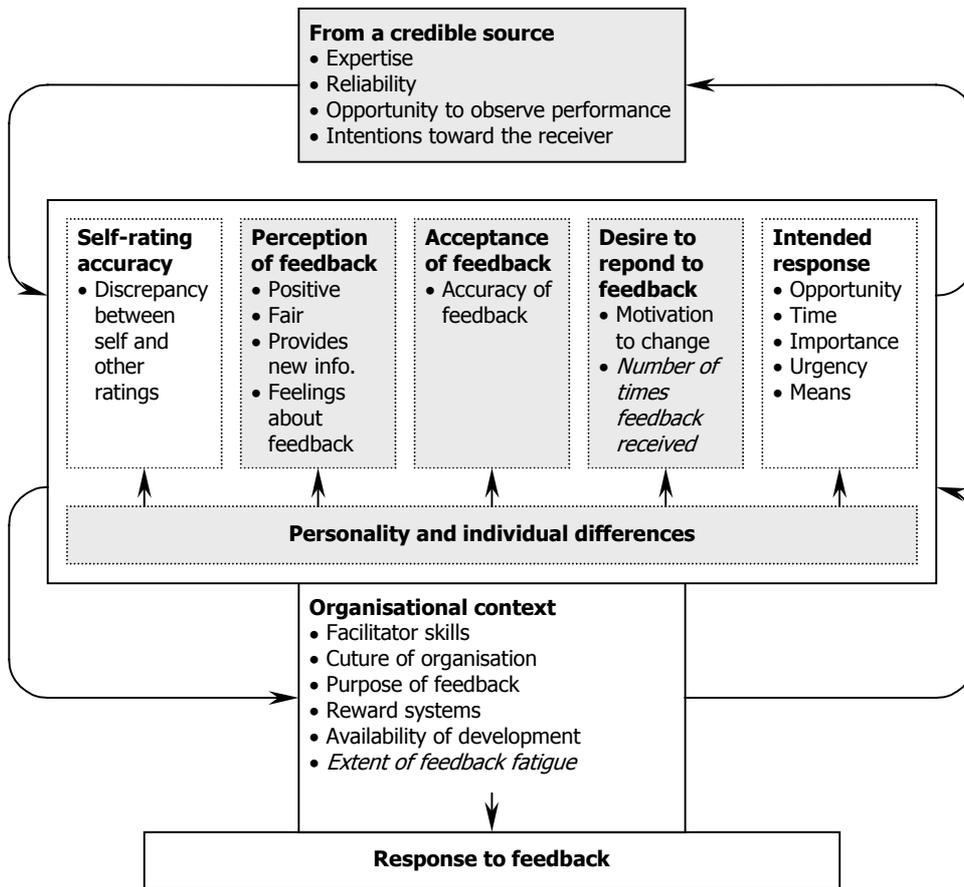
'I've been here ten years. I've had eight lots of feedback myself and I learnt a lot in the early years, although there's been nothing new for me for four years or so. I guess if I had changed jobs or had lots of new team members it might have been worthwhile doing it again and again. But I still make the effort to do ratings for others: I filled in eight forms this year, and perhaps that's about the average over the last eight years, so the quicker the process is, the better. It is hard to give value to those people I have to do time and again. I am forced to question whether there is enough value any more for individuals or the organisation, where there has been no change to someone's job or context, and where they were rated really high last time anyway.'

This finding does not mean that it is inevitable that over time 360-degree feedback schemes will produce negative consequences and that more things will go wrong. It may be that the effects of poor implementation decisions taken early on become magnified over time. Alternatively it may be a useful reminder that, like many other HR systems and processes, 360-degree feedback needs to be reviewed at regular intervals to ensure that it is being implemented in the way intended and is producing the outcomes desired. The danger in not undertaking regular formal reviews is that local managers may make the adjustments they perceive as necessary, which may in turn fuel more negative consequences.

4.9 A universal perspective

This chapter has focused on the factors that can influence ratings and thereby impact on how receivers respond to the feedback. Considering all these issues together, it can be seen that 360-degree feedback can be described as a very delicate process, the influence of which can be increased or decreased by a variety of factors and the interactions between them. Figure 4.2 shows in a diagrammatic form the various factors that can influence a receiver's response to 360-degree feedback. Whilst the model has not been empirically tested in its entirety, it does provide an informative framework in emphasising that while factors concerning individual employees themselves are important, the whole process takes place within a specific organisational context that also influences behaviour.

Figure 4.2: Factors influencing the response to 360-degree feedback



Source: Adapted from the Feedback Project (Spring 2001)

5. Key Findings and Conclusions

In this report we have tried to make explicit the issues faced by organisations either implementing 360-degree feedback, reviewing what they have gained since implementation, or considering its use within a different context (*eg* appraisal). The evidence presented in our case studies and by others elsewhere (*eg* Alimo-Metcalfe, 2003) suggest that there are still potential issues that organisations may face in future practice in using 360-degree feedback.

5.1 Implementation difficulties to overcome

The key issues that have led to problems in the introduction and success of 360-degree feedback appear to be that:

- The mission and scope of the use of 360-degree feedback is not clearly defined and is used in the absence of a strategic context
- There is an inadequate explanation of the whole process which leads to a lack of understanding of why it is used
- Organisational readiness for feedback is not evident. For example, the culture of the organisation does not support the process (*eg* low trust; inappropriate timing)
- Resources are not planned and accounted for post-feedback
- Unrealistic promises are made at the implementation stage which leads to increased cynicism and unmet expectations later on
- No evaluation of outcomes.

5.2 Feedback difficulties to overcome

Some of the potential problems highlighted with the feedback process included:

- Inappropriate instruments adopted
- A lack of explanation in the selection of raters
- Reasons for possible disparities amongst raters are not discussed or understood
- A focus on impressions rather than behaviours
- An assumption that more raters increase accuracy
- Giving feedback is often perceived as being an end in itself, as opposed to being the start of a process of development
- No evaluation of process.

In practice, one of the main reoccurring issues was that organisations often underestimated the requirement for ongoing resources following 360-degree feedback and the commitment required for maintenance of such system.

While clear benefits are championed for the use of 360-degree feedback, from our evidence, there appeared to be a shift in expectations by practitioners of the value of 360-degree feedback. There was some attempt to balance the benefits of what such a resource-intensive process can give with the practical realities of the process, but practitioners were unsure as to the extent that these benefits outweighed some of the problems associated with it.

5.3 The need to focus on outcomes

In this report we have also examined the evidence of the impact of 360-degree feedback on both the individual (in terms of behavioural change and improved performance) and the organisation (in terms of organisational effectiveness and added value). Evidence of evaluation is sparse across the literature, case studies and organisations we interviewed. Where it does exist, it is on the whole positive, but most of these evaluations have been on small-scale, resource-intensive 360-degree feedback programmes.

There is an obvious need for a more thorough evaluation of the impact to allow informed decisions to be made on future use. Alimo-Metcalfe (2003) suggests that where organisations are gaining an impact from 360-degree feedback, they are:

- Creating post-feedback plans
- Linking the resources required to the business strategy
- Conducting one-to-one feedback
- Holding monthly reviews
- Conducting post-feedback meetings.

The only individual-related aspect that may have an effect on whether feedback is successful is the employee's attitude and their view of their ability to change following the feedback. The literature suggests that this, along with motivation to change, is a key factor in changing behaviour under many work circumstances. However, this is not often looked at within 360-degree feedback systems, as it is often the process and the mechanisms used that are focused upon instead.

5.4 Lessons we can learn from practice

A key aim of our research was to provide recommendations for future practice, based on our findings, to increase the likelihood of impact in different contexts. The case study organisations and experiences of other organisations that we interviewed offer insights into the differing contexts and experiences, including the successes and failures of 360-degree feedback that are specific to each organisation. There are some core recommendations and lessons learnt from this research that we highlight here.

5.4.1 Key lessons we can learn from LeisureCo

The central issue to emerge from this case study concerned two different aspects of the implementation of the 360-degree feedback system. First, issues surrounding the practical implementation of the system, and second, issues surrounding the impact of the system on development.

Overall, the implementation of the system was very efficient. Coupled with the consideration that most receivers had never experienced this type of feedback system, they were generally

comfortable with the idea and were reasonably well informed of the system's logistics. In addition, despite some minor technological issues, performing assessments online was generally deemed to be straight-forward and effective. The format of the feedback report was liked by receivers, particularly where comments were available to supplement the given ratings. Moreover, the competency of the feedback facilitators was also seen as being of a high standard.

With regard to the impact of the feedback on development, there are a number of salient points to be made. Firstly, it is commendable that receivers typically liked and valued their involvement with the feedback system. Many reported enhanced self-awareness and felt as though they had learned something. There is evidence to suggest that many receivers found the experience rewarding in terms of receiving recognition and attention. However, whilst these positive attitudes are encouraging, actual evidence of the feedback making a significant impact on either development activity or job performance is scant.

Nonetheless, it is certainly true that many receivers thought very highly of the feedback and espoused very positive opinions regarding the implementation of the system. This was also true for those who thought that the exercise had not told them anything that they didn't already know. The fact that participants held positive attitudes toward the feedback system is indeed commendable, particularly as this was the first time such a system had been implemented within the organisation.

5.4.2 What can be done differently?

Increasing communication

Reassurance can be given to employees that assessment criteria are robust and that personal agendas should be laid to rest during the exercise. Moreover, this issue is also important for the future of the system itself in terms of the behaviours it encourages. For example, if an employee learns from their feedback that their assessment is based more on the atmosphere created in the workplace and in forging positive work relationships, they may focus on this aspect in order to increase their rating on the subsequent 360-degree exercise. However, this

may mean that other aspects of management may fall by the way side which may actually detract from the bottom line.

Assessment form completion time

The main concern with the amount of time taken to complete the online assessments is that it inevitably means that raters may get bored and frustrated towards the end and not give the assessment the attention that it demands. A 'stop and save' function would be effective in allowing raters to take their time and to give them the option to return to the form should they need to break.

Prior report reading

It appears that the feedback facilitation would benefit from the feedback report being given prior to the session to give the participants time to digest the report and reflect on issues they may want to raise during the session. At the same time, however, participants also reported the need for a facilitator to take them through the report. Although more difficult to organise in a practical sense, it may be beneficial for the facilitator to spend time going through the report with the participant, then allow the participant some time alone (*eg* one hour) to go back over the report and prepare a list of issues/questions to discuss in more detail, and then hold the formal feedback discussion.

Comments

Given that comments were thought to be of high importance and that removing anonymity may reduce the amount of comments made, it is perhaps logical to argue for the continued use of anonymising comments, despite the issues surrounding context and their relation to specific situations.

Feedback facilitation

The argument as to who should facilitate the feedback session (that is, third party or line management) is a fruitless one as there are equivalent advantages and disadvantages with each, and there is no accounting for the individual preference of employees. However, whatever decision is made, facilitators should have the skills to support the process. They need to have close familiarity

with both the instrument and the report, an awareness of the range of reactions employees may have to feedback, effective interpersonal skills in conducting a feedback session and to be seen as trustworthy and credible.

Postponed feedback sessions

Employees are taught, through the way they are treated, about the importance placed on the 360-degree feedback system by the organisation. When it appears to an employee that most other things should take precedence over the feedback session, this gives the impression that the whole system is not really that important. Following this type of situation, the impact of the feedback is likely to be seriously reduced. Both parties should be committed to attending the feedback session as soon as possible after the assessments have been collected.

Missing significant raters

It is imperative that all significant raters who work closely with the participant are able to give ratings.

Action planning

Incorporation some form of action-planning activity within the feedback discussion can help to maintain the momentum of the feedback process.

Soft skills

There is a danger that soft skill issues emerging from 360-degree feedback systems to become missed opportunities for development. Focusing on soft skills issues and how they can be strengthened, for example by means of coaching or workshops, can do much to enhance ensuing development. Making participants aware of resources and development opportunities related to specific feedback itself can even be included within the feedback report.

5.4.3 Key lessons we can learn from LocalGov

The central lesson to emerge from this case study was that although many employees perceived 360-degree feedback to be a good idea in theory, commitment to the process had diminished over time such that the process had become a chore for many, and its value had eroded. Extensive focus group work conducted in this case study leads us to conclude that there is little value in forcing people to undertake 360-degree feedback, particularly when employees themselves question its usefulness. In turn, this raises the important issue of whether there is an optimal time frame in which 360-degree feedback is most effective. That is, do all stakeholders in the process eventually 'build up a tolerance' to 360-degree feedback? At implementation, the feedback system is fresh and new, the system makes intuitive sense to most who will be involved in the process. However, several years down the line the process has begun to stagnate: the quality of the feedback is diminished, the number of questionnaire returns is low and, therefore, the impact of the process is reduced. Ultimately, many participants view it as a chore.

It was suggested that it was time to target the system at those people who would benefit most, at the time that it would most benefit them.

5.4.4 What can be done differently?

Concerns about negative feedback

If all employees who participate have concerns about negative feedback 'sitting on their file,' there is a danger that the feedback emerging will be highly susceptible to both halo or horn effects. That is, raters may be overly critical or overly lenient, as from the raters' perspective, they have the ability to influence the future progression of the person they are rating. Effective communication is needed to ensure that participants are clear about the impact of the feedback after the process has been conducted.

Quality of feedback

Quality of feedback may be, and often is, poor, in terms of the number of feedback questionnaires returned and the quality of

the feedback contained within them. There is definitely a case for making questionnaire responses compulsory.

Evidence of impact

There was little evidence of impact or behaviour change in response to the feedback, other than as a motivator or to build self-esteem (*ie.* from positive feedback). In addition to the fact that motivation towards the process had waned, a likely explanation for this finding is that poor quality feedback had meant that development planning had been very difficult.

Line managers as facilitators

Receivers' concerns that third party facilitators have no contextual information in which to assimilate the feedback came out very strongly in the research. Whilst many organisations choose independent facilitation, employees at LocalGov actually valued the contextual knowledge brought by line management.

Selectivity in rater choice

Many receivers were selective in choosing raters. Line managers should ensure that receivers have a representative sample of raters from which to draw feedback.

Personal agendas

This case study provided ample evidence of people using the 360-degree feedback process to air their own grievances and frustrations towards other employees. Whilst it is good that the process gives some the opportunity to provide feedback that will be noticed, organisations need to effectively communicate that the system should not be used as a stage on which to fight personal battles.

Training of feedback facilitators

As line managers acted as facilitators in this case study, it was essential that they had the right skills to do the job in the first place. The evidence suggests that this was not always the case and that on several occasions important feedback was not given

because the facilitator simply did not know how to say it. Organisations must ensure that all those involved in the facilitation of feedback reports should be adequately trained.

Structure of feedback questionnaires

In this case study, there was a definite preference for qualitative feedback over quantitative feedback. Listening to what receivers find most helpful should feed back into the process itself. In this case, feedback questionnaires could be redesigned to focus more on comments and less on scores.

Personal consequences

Perhaps one of the most worrying aspects of this case study was that there were several examples of raters 'getting in trouble' for giving upwards negative feedback. This highlights the point that giving negative upwards feedback in non-anonymised systems may have personal consequences. It is ultimately the culture and climate of the organisation that will influence whether a scheme should be anonymised or not.

5.5 Time for more evaluation and review

Taken together, the information gathered from the literature, case studies, interviews and consultations offer a detailed insight into the potential benefits and pitfalls of using 360-degree feedback in a variety of contexts. In summary:

- The prevalence of 360-degree feedback is still growing, but there has been a subtle shift in practitioners' expectations in terms of what can be delivered. Based on past experience these benefits and limitations are becoming better understood.
- Issues and problems with successful implementation include organisational readiness, the communication of a clear purpose for feedback and resourcing follow up developments.
- Application of the process into other areas (*eg* appraisal) offers benefits but also potential pitfalls.
- The design of the feedback process remains central to the effectiveness of the system.

The above points highlight the extent of what is known about the 360-degree feedback process and its implementation. In reviewing this, however, the focus has generally been on *guidelines* for an effective feedback process, in particular how to successfully introduce it within an organisation to ensure successful implementation and use. Less is known about the specific impact on individuals or organisational effectiveness of such a process. With such a high prevalence of usage in today's organisations, it is perhaps surprising that empirical evidence concerning the effectiveness of 360-degree feedback is unsubstantial.

The report would suggest that 360-degree feedback is an inherently delicate process, much more so than is typically advocated by external providers and HR staff responsible for its administration. All too often, too much attention is paid to implementation of the system without adequate attention being paid to what will happen post-feedback. We found a clear focus on process at the expense of outcomes.

Examples of increased performance, behaviour change, or enhanced involvement in development activity were scant in the evidence we gathered. Use of 360-degree feedback still reflects faith rather than proven validity. Our evidence suggests that many 360-degree feedback systems fall down in translating feedback into effective development. This hindrance makes itself apparent in several ways:

- not enough feedback to act on
- not enough attention paid to action/development planning
- not enough resources (financial or developmental) available to meet development needs
- not enough motivation to develop, *eg* the belief that engaging in development activities will not make any difference.

Organisations that were involved in our research recognised the value of the evaluation of the impact, but seemed to struggle with ways in which to practically and meaningfully evaluate impact of the process. Development of evaluation frameworks and metrics for this would significantly benefit individual and organisational understanding of the contribution of 360-degree feedback.

Organisations that had reviewed their feedback process and reactions at ground level found it an enlightening and useful exercise.

In a related vein, our research has shown how over successive rounds of 360-degree feedback, the value of the process can begin to decline. Participants come to view the process as a chore, this is especially the case where receivers consistently receive bland feedback which gives them little insight into how they may go about planning development in response. The evidence suggests that organisations would be well advised to think hard about whether they really need to conduct 360-degree feedback on a consistent/mandatory annual basis. Our research suggests that there is a case for limiting its application to either certain employee groups (*eg* senior managers) to certain times (*eg* every few years). However, much of the logistics involved will be dependent on the purpose of the scheme. For example, in organisations where 360-degree feedback is being used to feed information into the appraisal process, there will be little scope to make the process voluntary or anything other than an annual event.

It is the author's belief that many organisations have indeed adopted 360-degree feedback on a whim, without having considered the potential consequences. Uptake of this intervention has been rapid. This is perhaps unsurprising because of the number of external providers now pushing the process and espousing its benefits. Organisations must look beyond the spin and consider if such a process is really what is needed. All too often, schemes like this are implemented instead of just reminding employees that they should be giving candid and regular feedback anyway as good practice, regardless of any 360-degree feedback process.

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Appendix 2: 360-Degree Feedback – the Basics

What is 360-degree feedback?

360-degree feedback, also referred to as multi-source multi-rater (MSMR) feedback, is where an employee receives feedback from a variety of stakeholders such as direct reports, colleagues, managers, team members and customers (Ward, 1997).

The rationale organisations typically use in providing this type of feedback is that it establishes a more comprehensive picture of individual performance. However, ratings may not always be sought from the full 360 degrees and some sources may not be relevant for certain employees. Therefore, although the term ‘multi-source multi-rater feedback’ is perhaps more appropriate to describe this process, the term ‘360-degree feedback’ is more prevalent in practice. For this reason, the term 360-degree feedback is used throughout the report.

Perceived benefits

360-feedback has become one of the most popular HR practices of the past ten years (CIPD, 2003; Kearns, 2004). Indeed, a review of the literature highlights an abundance of reasons why organisations typically introduce 360-degree feedback (Hirsh and Carter, 2002; Alimo-Metcalfe, 2003). These include:

- An increasing awareness of the limitations of ‘traditional’ downwards appraisal methods.
- The need for a cost-effective alternative to development centres. Because of the structured, in-depth information that 360-degree

feedback provides regarding performance, detailed and relevant development plans can be formulated.

- Managers' reluctance to provide feedback, particularly negative feedback.
- Managers' inability to observe all their direct reports' behaviour. As many organisations have become less hierarchical, multiple lines of reporting have emerged. This has meant that organisations are unable to rely upon the feedback from just a single manager.
- The perception that 360-degree feedback is more objective and less biased than traditional feedback mechanisms in that multiple raters may reduce the risk of individual bias which accompanies single-rater appraisal. Grint (1995) in his review of what he finds to be 'a long and fruitless search for objective appraisals' *argues* that the subjectivity of single-rater appraisals can be overcome by considering the views of a '*collective author*.'
- An increased availability of suitable software.
- The potential for more honest and accurate feedback where responses are anonymised.
- The need for more job-related feedback, particularly for those at a career plateau.
- The increased prevalence of team-based working.
- Closer working relationships with various stakeholders (*eg* clients, customers or suppliers) who may provide a different perspective.
- The need to maximise employee engagement. The underlying principles of 360-degree feedback are particularly fitting with those of employee empowerment. Many employees report feeling particularly empowered when given the opportunity to assess the performance of their manager.
- The increasing prevalence of use. That is, implementing 360-degree feedback because so many organisations have already done so.

From an organisational perspective, 360-degree feedback can also feed in to a number of other HR initiatives. For example, it may be used to facilitate culture change or comprise part of a leadership development programme. It can help to reinforce competency frameworks and business values or be applied to performance appraisal. Furthermore, it can contribute to the legal defensibility of assessments through being linked to competency

frameworks and having rigorous measures and feedback methodologies.

From an employee perspective, 360-degree feedback is essentially used to determine strengths and weaknesses in performance and behaviour, to determine others' perceptions (and where they may mismatch with the employee's) and as a controlled mechanism to provide negative feedback. As such, there is an assumption that 360-degree feedback will provide a superior quality of feedback and, in consequence, that enhanced performance and increased self-awareness will follow.

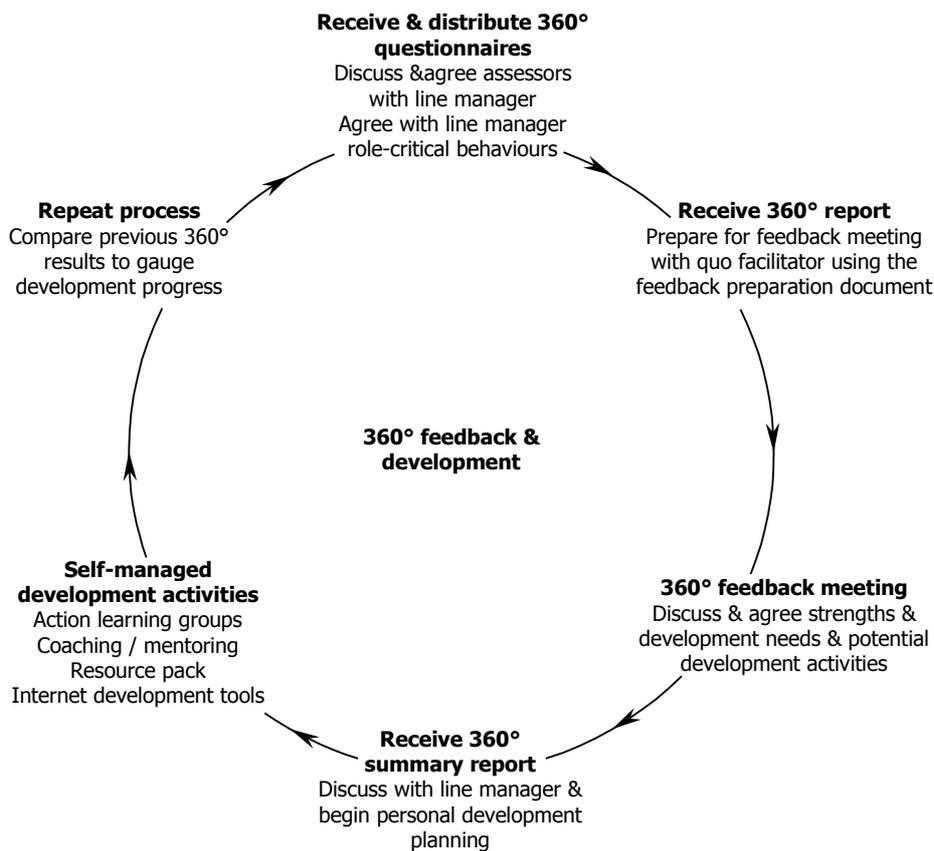
Moreover, 360-degree feedback can be an intensely influential and delicate process as it affords employees insight into how their own self-perceptions compare to how their performance is viewed by their colleagues, in that the process can focus on discrepancies as well as similarities between self and colleague assessments. Consider, for example, a report of a 360-degree feedback system implemented at O2 (the telecommunications company), where 0.6 per cent of senior managers saw their own management style as coercive, compared to 5.3 per cent of other employees. Similarly, 59.8 per cent of managers said they displayed authoritative behaviour, compared to 85.7 per cent in the 360-degree exercise (Crabb, 2002). Allowing individuals to see how others view them can act as a powerful motivator for both development and attitude/behaviour change.

Implementation issues in using 360-degree feedback

To put in context the emerging issues in using 360-degree feedback, it is useful to remind ourselves of the various stages in a typical 360-degree feedback system. Figure A1.1 illustrates this process.

This figure is useful in illustrating the processes involved at the micro level of delivering the feedback. However, there are other aspects that are not obvious from the diagram which also require consideration. These additional factors are important for organisations when either introducing 360-degree feedback for the first time, when reviewing what has been gained post-implementation, or when considering using the process within a different context, such as appraisal.

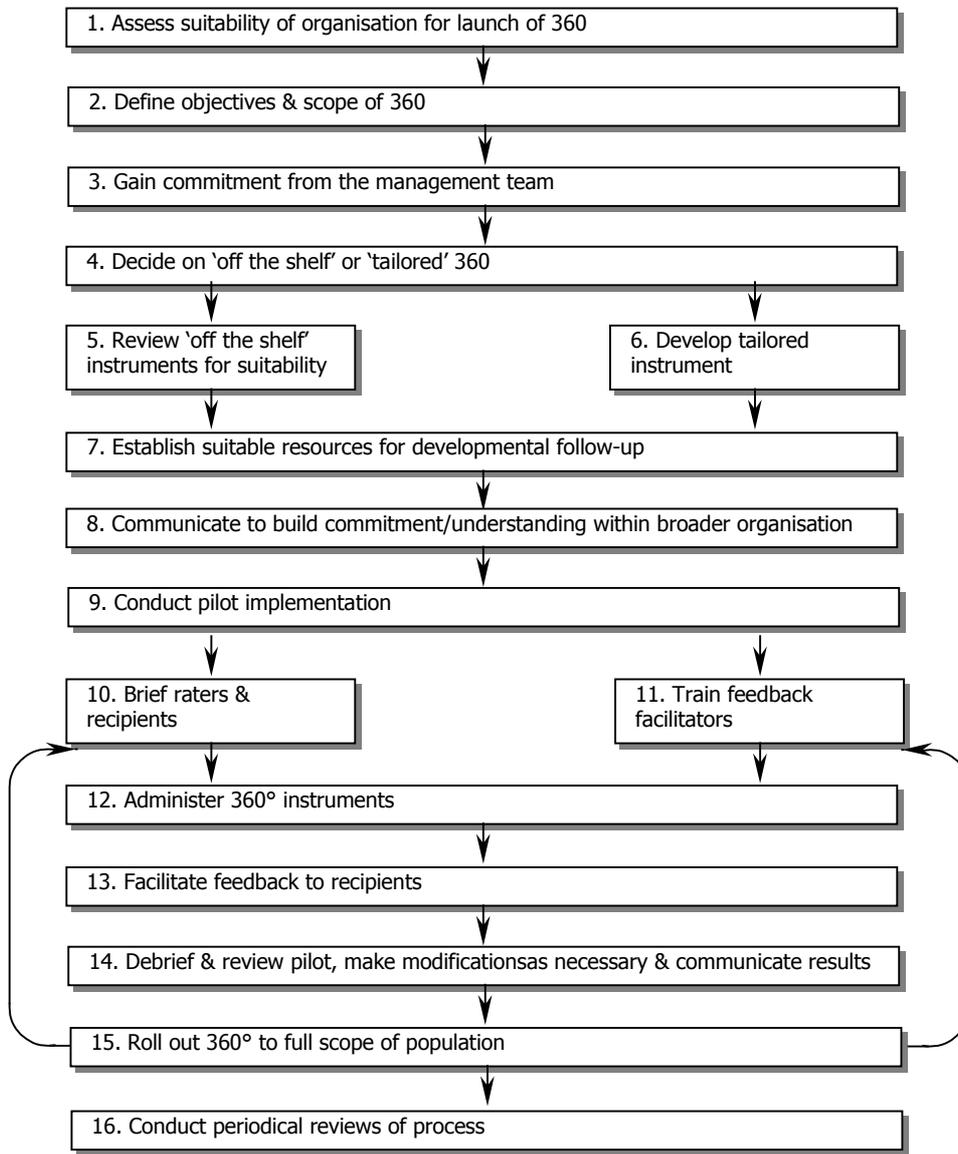
Figure A1.1: Overview of the 360-degree feedback and development process



Source: Edwards (2000)

Figure A1.2 outlines the various steps that many organisations have worked through in implementing a 360-degree feedback system. This 'step-by-step' figure is useful because we have been able to map our findings on to the figure in order to pinpoint the steps which our research shows are more problematic than others.

Figure A1.2: Classic steps in 360-degree feedback implementation



Source: *the Feedback Project (Spring 2001)*

Definitions of the parties involved

As there are many different parties involved in a typical 360-degree feedback programme, it is sensible to define these parties to avoid confusion. The following terms have been used throughout the report:

- **Receiver:** This is the individual who is the subject of the feedback exercise. It is the person who is being rated. In cases where 360-degree feedback is being used in an appraisal context, the receiver may also be referred to as the 'appraisee'.
- **Rater:** This is an individual who provides feedback by rating the receiver on various dimensions. The number of raters providing feedback varies enormously, however, there are typically between five and ten raters.
- **Facilitator:** This is the individual who feeds back the information provided by the raters to the receiver. The facilitator can be either the receiver's line manager or an internal or external third party. Typically the information is fed back during the 'feedback session' and will virtually always involve the presentation of a written 'feedback report' from the facilitator to the receiver. In cases where 360-degree feedback is being used in an appraisal context, the facilitator may also be referred to as the 'appraiser'.

Appendix 3: Detailed Review — Implementation Difficulties

Organisational readiness

Research suggests that an organisation's culture can influence the acceptance of a newly introduced 360-degree feedback system (Fieldsend and Standing, 2004). Indeed, careful consideration of the organisational culture prior to implementation can reveal hidden values which may hinder the success of the process. A 360-degree feedback system is more likely to be implemented without serious problems in organisations which value openness, trust and honesty coupled with a sincere regard for improving both employee and organisational effectiveness (the Feedback Project, 2001). It is less likely that a 360-degree feedback system would be accepted where the organisation has not previously given systematic feedback on performance. For many employees, this may present too much of an extreme step which may be greeted with hostility and resentment. Implementation should ideally develop from a continuous progression of appraisal and development systems. The example below highlights the importance of this issue:

Lack of organisational readiness at BrewCo

An issue which became apparent to those involved in the 360-degree feedback process was that the organisation was not ready, at that time, to embark upon feedback of this nature. There was no history of giving feedback to individuals about performance and historically the organisation had a 'macho' culture where giving feedback, either positive or negative was not the norm. The general feeling was that there was a need to get the basics right in terms of broader changes to the organisational culture and process before they would be able to embark on an effective 360-degree feedback process.

In contrast to this, the following example illustrates the ease with which 360-degree feedback can be introduced where the process is allowed to evolve organically:

Evolving organisation readiness at MoneyCo

At this organisation, there was an informal and low key introduction of 360-degree feedback in that it was not part of a major initiative or launch. Employees began to request the process as a development tool because of the fact that they had heard about it elsewhere or read about it. Therefore, it was not a deliberate introduction but rather it grew organically. It was optional for development and was often used as part of career development workshops. The implementation was very much a 'bottom up' approach and so HR responded by growing their delivery of it as a tool.

Some research (eg the Feedback Report, 2001) argues that giving employees a realistic overview of the 360-degree degree feedback system and the type of feedback employees can expect to receive (perhaps by disseminating an example of a feedback report) can help to lessen the degree of threat which some employees may perceive.

Employee awareness at LeisureCo

For the majority of employees, the implementation of a 360-degree feedback system was the first time they had experienced such feedback. The degree of threat experienced by receivers was alleviated to a large extent because they were given a realistic overview of the type of feedback they could expect to receive. Indeed, the majority of the receivers were aware in advance that the new feedback system was being implemented. A variety of methods were used to inform employees including telephone, email, workshops and information relayed directly from line managers. Some of the employees themselves had already received training as feedback facilitators and were aware through the facilitation workshops they had attended. Although most employees were aware of the 360-feedback system, there were still a handful of receivers who were not aware that they would receive a written feedback report.

Empirical investigations (eg Tziner *et al.*, 2001) report that managers' approaches to appraisal and actual rating behaviour can be influenced by such factors as their attitudes towards the organisation, namely perceptions of the organisational climate and their level of organisational commitment. Also, there is

evidence to suggest that work settings that are seen as supportive are likely to foster more accurate ratings as compared to unsupportive climates. (Yammarino and Dubinsky, 1990). The wider cultural context can also impact on ratings, for example, Dalal (2001) notes how Indian society does not encourage criticism of authority figures. Therefore, it is very difficult to obtain accurate ratings from raters when they are rating their managers.

Purpose

A 360-degree feedback system can be implemented for a variety of reasons. The following are the principal domains to which it is commonly applied (Ward, 1997):

- **Self-development:** here, the focus is on personal development or performance improvement as the responsibility of the employee. When used for self-development, the organisation often adopts more of a supportive role, facilitating the feedback and providing resources for development activities.
- **Highlighting training needs:** relatedly, 360-degree feedback may help receivers to concentrate on their training requirements and direct attention to suitable training activities.
- **Team-building:** information emerging from the feedback can allow teams to better understand their internal processes, or how the team is perceived externally, for example, by customers.
- **Performance Appraisal:** information derived from 360-degree feedback can be used to augment the feedback from traditional top-down appraisal.
- **Strategic development:** information from 360-degree feedback can also be accumulated so that HR strategists can highlight various occupational groups or organisational areas that have particular training and development requirements.
- **Remuneration:** a minority of organisations have begun to use 360-degree feedback as a method of determining part of employees' pay.

Whatever the reason 360-degree feedback is implemented, the data will be the same. However, the implications of the various uses for employees and the organisation can be very different. The reason for this is that some uses of 360-degree feedback are

more risky than others, if one considers the 360-degree feedback data in terms of the future impact on the employee. For example, the impact of 360-degree feedback used solely for developmental purposes will be very different from when it is used to determine part of employees' pay packets. Before these issues are discussed in more detail, it is helpful to think about the various uses of 360-degree feedback and the level of controversy associated with each use.

Ward (1997) notes that some uses of 360-degree feedback are perceived as carrying more risk for the individual than others. The controversy associated with the various uses of 360-degree feedback increases as the outcomes of the process relate more to administrative decisions. Self-development is the least controversial use, then training courses, team building, performance appraisal or management, organisation development and evaluation/validation. Links to remuneration are typically considered the most controversial.

For this reason, organisations that are clear from the outset about why they are implementing such a system and the impact it will have on employees and the organisation are more likely to avoid some of the risks it may otherwise pose. Indeed, in one of the participating organisations, a lack of clarity surrounding the implementation of the process had led to a number of unforeseen problems:

Revising purpose after two years at BrewCo

A 360-degree feedback system was initially introduced in the headquarters of the organisation in 1999, primarily as a development tool. After a review of how the process was received and the value it was adding, the organisation recognised that the system had been implemented without any explicit link to the wider business or HR strategy. There was no particular rationale for its introduction other than the fact that other competitors and industries were doing it and it seemed a positive and constructive process to introduce. At the time it was felt that there could be little harm in introducing 360-degree feedback.

The case example above illustrates the need for clarity of purpose surrounding implementation. However, there is also a need to ensure that the clarity of purpose is effectively communicated downwards within the organisation in order that employees are informed about how the outcomes of the process will affect

them. The purpose also needs to be re-communicated regularly or it can be lost over time. The case example below highlights this issue:

Losing sense of purpose after seven years at LocalGov

After seven annual rounds of 360-degree feedback there was confusion among staff surrounding the purpose of the process, namely, whether it is conducted in relation to performance management or development. Some staff commented that the organisation was not good at communicating the purpose of the process, and because of this, many employees doubted whether the process made much difference.

Senior managers did not perceive that 360-degree feedback played any significant role in helping address performance improvements. Other tools or systems were considered to be more helpful, and these varied according to the particular performance issues in different parts of the organisation. If poor performance, sickness or absence were the big issues, then 360-degree feedback was thought inappropriate to help in managing these and therefore 360-degree feedback should not be mandatory for these staff. Conversely if levels of motivation and staff commitment were already high there was no great benefit for the time invested in the exercise. Indeed whilst appraisal was considered important, 360-degree at LocalGov seemed to have become little more than one way of getting other people's views about past performance into the appraisal discussion. 360-degree was said to have been more helpful in the early years but over time the value of it has been eroded.

The importance of trust in the use of 360-degree feedback should not be underestimated in relation to purpose. Evidence from the case studies suggests that it is imperative that the purpose is clear. If employees have even the slightest suspicion that the information derived from the feedback exercise will impact their pay or progression if they have been led to believe it would not, then the whole focus of the system in terms of choice of raters by receivers, and the ratings provided by raters will be different:

Importance of trust at LeisureCo

On more than one occasion, it emerged that participants were not entirely confident that the outcomes of the feedback would be used for solely developmental purposes:

'Another thing is that they say is that this is being used just as a development exercise, but the thing is that it has got to have some

impact in some way on other things. I mean, I know the feedback session is done with a third party and is supposed to be confidential, but I'm sure it must have some effect somewhere along the way. I wouldn't be surprised if someone in HR had a little black book that they mark down the names of those who got bad feedback.'

Receiver

Resourcing

An important issue to consider when planning 360-degree feedback concerns how the organisation intends to maximise development activity in response to the feedback. This involves ensuring that there are sufficient resources in place to cover the cost of any additional development/training that may be required. When planning the introduction of a 360-degree feedback system, it is important to have an accurate view of the time and resources required to implement it effectively. This includes the time and resources needed:

- To establish and manage the system
- For raters to complete feedback questionnaires
- To gather and collate the feedback into a report
- For the feedback session
- To support subsequent action, typically in the form of training and development.

Therefore, not only must receivers be motivated to act in response to the feedback they receive, they must also have adequate resources for subsequent development and genuine support for career development. It goes without saying that the developmental benefits of 360-degree feedback can easily be nullified if receivers have accurate feedback which they are motivated to act on, but do not have the opportunity to do so. For this reason, it is important for organisations to consider in advance the resources needed to support such development activity. Considering the resources for subsequent development activity early in the process can help maintain a focus on the overall objective of the system and is likely to avoid the 360-degree feedback system turning into a frustrating experience for those involved.

Appendix 4: Detailed Review — Feedback Design Difficulties

Feedback questionnaire design

Goodge (2002) argues that many 360-degree feedback questionnaires are too long, their competencies overlap and questions are duplicated. These problems all contribute to the feedback fatigue mentioned earlier. He suggests that a concise questionnaire that asks for just the information people want would be much more effective. An additional advantage is that concise questionnaires can also be completed quarterly or perhaps at the end of each project.

Increasingly, computers are being used to support 360-degree feedback systems as they have considerable advantages in reducing the resources involved with gathering feedback compared to traditional paper-based, or even email-based, methods. This is especially true where employees work on different sites and in different countries. When gathering information in this way, particularly where the internet is involved, it is important to ensure the process is secure and that the information will remain confidential to the people involved in the process.

Potential pitfalls with questionnaires

The reason that the design of the feedback questionnaire is so important is because it ultimately affects both the quality and quantity of the feedback provided.

Quality of feedback

If the questionnaire is too long, raters are likely to rush through it, without giving it the appropriate attention. In consequence, the feedback produced can be very bland or inconsistent. Poor quality feedback is an important issue here, as illustrated by the case example below, it can have an adverse impact on employees' perception of the value of the process and ultimately its acceptance.

Poor quality feedback at LocalGov

The issue of people giving consistently average ratings when completing feedback questionnaires was argued to be relatively common. That is, raters do not have adequate time to think about each item in detail, and as a consequence they just charge through it in a couple of minutes, putting an average score for each one. In addition, some receivers commented that a lot of the feedback they received was very bland:

'I was disappointed with the quality of the feedback... I was quite looking forward to hearing what people had to say about me to be honest, but it seems as though people hadn't really given it that much thought.'

Receiver

In addition, line managers themselves often felt that raters had been too diplomatic as opposed to just 'telling it like it is'. As a consequence, this sometimes made it very difficult for facilitators to give any in-depth feedback to the receiver.

The case studies also highlighted issues concerning the length of time taken to complete feedback questionnaires:

Too much time required at LeisureCo

In terms of rating others, most participants reported no major concerns other than the time it took to complete the feedback

'Rating other people just took too long, they said that you should really spend at least one and a half hours for each person. I found that I'd start out well, but then I'd just get too bored and whizz through the rest.'

Rater

An additional issue for many participants was the amount of cognitive effort required to complete the assessment forms. Many reported

having to 'think really hard' to find examples of the certain behaviours they were looking for. Moreover, as no facilities were available to break in the middle of the online assessment and return to it at a later stage, it increased the probability that the assessment would be rushed if something more important came up:

'Completing the forms was very time consuming. There was no save function so you couldn't stop and come back to it.'

Rater

The wording and language used in the feedback questionnaire can also impact on the feedback produced. This is particularly true for large organisations, where there may be many layers in the organisational hierarchy, or where employees lower down the hierarchy are asked to provide feedback about issues which they may not be able to provide ratings for. This was reported in one of our case studies:

Impenetrable language at LocalGov

One of the most frequently mentioned problems with regard to the feedback questionnaires was the language used within them. The wording of certain items was deemed to be 'jargonistic', 'not applicable', 'hard to understand' and 'management speak'. There was a consistent view that the forms were originally designed for use in management roles, but the same form is being used with job roles lower down the organisational hierarchy:

'Some of the questions are either irrelevant or some people just don't understand them. They're asking admin staff to comment on how their manager works to fulfil the organisation's objectives and things like that. It's stupid; most people don't even have a clue what the organisation's objectives are. I've seen people actually write "I can't answer that" on their form.'

Appraiser

Quantity of feedback

In 360-degree feedback systems where it is not compulsory for raters to return feedback questionnaires, poor questionnaire design may limit the number of responses. In one of the case study organisations, poor response rates were not infrequent:

Poor response rates at LocalGov

Many facilitators commented upon the issue of raters not returning the feedback questionnaires that had been distributed to them. In many examples given, eight or ten forms were distributed but only three or four were returned. The reasons postulated for the lack of returns were that the process was time consuming because the process was done at the same time for everyone, meaning that some people had too many forms to complete. Receivers who received only a small number of responses often mentioned that they thought that the low response rate really devalued the whole process. That is, for the receiver, getting a low response rate made the process seem a bit 'flimsy.' Comments were made to the effect that non-responses were never chased up.

Pitfalls with feedback reports

Relying too much on the numbers

The majority of 360-degree feedback systems average numeric ratings. In addition to promoting rater confidentiality, averaging ratings also reduces the effects of bias resulting from the disposition of the raters. However, as highlighted by Warr and Bourne (2000) in their study of 247 UK managers, this can cause the feedback to lose some contextual sensitivity, concealing specific variations with certain groups of employees. This issue was mentioned in one of our case studies:

'I wasn't too pleased by the way in which they had averaged the scores. Someone might have marked you highly on something and another marks you down and then you just get an average score.'

Receiver

Interpreting all of the data received into feedback for the recipient is critical to the value of the process. The way in which results are presented in the feedback report undoubtedly affects how the results are internalised and applied. In relation to this, the feedback report should also be reviewed for sensitivity in how the information on the ratings is presented and in particular how the implications of lower ratings are conveyed.

IES' first 1997 study into 360-degree feedback demonstrated the variety of ways in which organisations collate feedback data. One approach is to encourage receivers to summarise the

feedback they have received however they see fit. Another is to refer receivers to a copy of a personal development plan form. Feedback questionnaires have typically been subjected to computer analysis and provide a range of statistical summaries. In the IES study, Kettley asked managers and employees what aspects of the data presentation had greatest impact and what they had found less helpful. The response was that all employees wanted a report that was easy to digest. However, if the report contained a lot of numerical scores, the report was perceived to be more threatening.

'Participants in one scheme received a 31-page report consisting entirely of tables and frequencies. Several of those interviewed found it heavy going and said that they relied upon the interpretation and summary of a coach.'

Kettley, 1997

Most employees found simple bar charts easiest to interpret. Receivers also found it helpful to be able to identify which category of source (*ie* manager, peer, subordinate) gave which rating. They queried the value of only giving the average. Feedback reports which highlighted the difference between the receiver's self assessment and raters' assessments in a coherent manner were very popular among the receivers.

Kettley (1997) also contends that it is important to ensure that employees receive the feedback report when there is support available to interpret the results by means of a trained facilitator. Providing a feedback report without support, particularly prior to a weekend or going on holiday may have strong negative consequences for the receiver. In addition, a decision must be made as to whether the feedback report is given to the receiver during or immediately prior to the feedback session.

In some cases, it may be that the feedback facilitation will benefit from the feedback report being given to the receiver prior to the session so as to give the receiver time to digest the report and reflect on issues they may want to raise during the feedback session. At the same time, however, receivers are likely to require a facilitator to take them through the report. This issue is highlighted again in our second IES study; consider the case example below.

Receiving the feedback report at LeisureCo

Although participants thought that the report *was 'easy to understand', that it had an 'excellent format' and it was 'logical and simple,'* there were some suggestions for the feedback report to be given prior to the actual feedback session in order that participants could really spend some time going through the report before discussing its contents:

'The report took a while to sink in, it would've been better for me if I'd have had the report a couple of hours beforehand, just to have a bit of time to digest it. You definitely need someone to take you through it though.'

Receiver

Although more difficult to organise in a practical sense, it is possible for a facilitator to spend time going through the report with the receiver, then allowing the receiver some time alone (eg one hour) to go back over the report and prepare a list of issues/questions to discuss in more detail, and then hold the formal feedback discussion. An alternative approach is used by IES in its own consultancy work: to post the feedback report to individuals one week before their scheduled session with their feedback facilitator.

The value of rater comments

Many feedback questionnaires also include a comments section in which other observations or comments may be made about the receiver. Typically, comments are used to support the numeric ratings and may be used to illustrate a particular example or situation as evidence for the particular rating given. Where comments are used, they are most likely to be fed back to the receiver word for word, this ensures that no meaning is lost. In addition, this takes less time in terms of analysis and is, therefore, cheaper to administer. It is important for organisations still using paper-based systems that comments be typed to ensure at least a measure of confidentiality where applicable.

Importance of comments at LocalGov

There was general agreement among participants that written comments were of far greater value than numeric scores:

'You have to answer these questions on a scale from one to four, so if I get a three on this item to do with team working and there is no comment there, what does that tell me? It gives me no direction about what I've done wrong that I don't get a four and tells me nothing about what I have to do to get a four.'

Receiver

In both our case studies, there was a consensus view that receivers found the impact of the information greater if they were able to relate the feedback to a particular situation or relationship by means of attributing comments to the rater who made them. In one of our case studies, some departments within the organisation had taken it upon themselves to modify the feedback questionnaire to produce a more qualitative outcome. One department reported that they dispensed with the official form altogether, instead they used four open-ended questions. This was not a development known to HR. The departments felt that the official form was a 'waste of time' and that a few simple open-ended questions that were based on the actual headings from the feedback questionnaire worked much better. These questions were along the lines of: 'What are the things they do well? What areas do they need to develop? What would you like to see them do more of?' Another department simplified the form by just asking: 'Two things that the person should improve? Two things that the person is good at?' These were reported to work very well in practice.

This highlights the importance placed on comments by receivers in terms of gaining a more in-depth understanding of how they are perceived by others. The other case study also elicited the benefits of comments:

'It was good where there were comments, but sometimes I'd think "Where the hell has that come from." After I got the feedback I went straight back to my desk and went through each comment with a pen and wrote down the name of the person who was most likely to have said it. By a process of elimination I could allocate most of the comments to certain people about a certain issue, so I could pretty much work out who had said what about me. That was the thing I wanted to know most, I felt as though I could understand the comments if I knew who'd said it, because then it meant that it was in context.'

Receiver

This quote helps to emphasise the intricate issue of confidentiality in relation to comments. It is a facet of human nature that most people care about what other people think and say about them. So not only do employees want to know what has been said, they also want to know who said it. This does not mean that feedback receivers intend any harm to those who give them negative feedback. Indeed, research evidence (eg Fletcher and Baldry, 1999) suggests that feedback can have the biggest impact when the feedback is attributable to specific people/events. However, this needs to be considered in line with the evidence (discussed later) which shows that raters have been shown to give different ratings, depending upon whether they do so anonymously or not.

Reactions to feedback

Many employees, and indeed organisations, may perceive an element of objectivity about being rated by a number of different people at different levels. Evidence suggesting the assumption that increasing the number and variety of feedback sources meant enhanced fairness and objectivity was also elicited in both case studies:

Perceived objectivity at LocalGov

Many participants agreed that 360-degree feedback was, in theory, a good idea. They cited the advantages of the process as giving a more rounded/accurate view of job performance and helping to address the power imbalance. Employees lower down the organisational hierarchy are empowered when they have the opportunity to provide upward feedback.

However, whilst 360-degree feedback may appear to be more objective, the idea that simply increasing the number of raters is somehow more objective and accurate than traditional top-down appraisal is difficult to support empirically (Fletcher, 2001). Fletcher argues that 360-degree feedback is fairer in the sense that it represents more than one viewpoint regarding an employee's performance. However, he argues that the psychometric qualities of 360-degree feedback ratings may actually be no better than those typically found in top-down appraisal (Fletcher *et al.*, 1998).

Unfortunately for organisations, 360-degree feedback has been shown to lead to a range of potential reactions, from renewed commitment and enthusiasm for development to shock and despair. In a study involving 13 organisations who had implemented 360-degree feedback (Geake and Gray, 2001), receivers were required to complete questionnaires before and after receiving feedback. Figure A3.1 shows the distribution of responses on scales where there were significant differences before and after the feedback. The largest difference pre and post-feedback is the feeling of relief. The only significant negative feeling to emerge post-feedback was reduced interest.

In a separate investigation, Geake *et al.* (1998) report that up to 95 per cent of the organisations they studied said that using 360-degree feedback had been a success, yet there was a question as to whether any potential benefits for the organisation were gained because of the stress and discomfort experienced by employees. This evidence does not necessarily concur with our case study findings:

Comfortable reactions at LeisureCo

Despite the fact that for many participants it was the first time they had been involved in a 360-degree feedback exercise, in general there was little concern about the process. Only a minority of

Figure A3.1: Feelings before and after feedback



Source: Geake and Gray (2001)

participants perceived a degree of threat and many were of the opinion that if one performed well and had generally good relationships with colleagues, then there was little to be concerned about:

'You should only have concerns if your bad at your job or everybody hates you.'

Receiver

Initial reactions towards the feedback were, on the most part, very favourable. There was a general consensus that the feedback was useful, worthwhile, and that it gave a rounded picture *'a 3D view as opposed to a 2D view like traditional appraisal.'* For participants, the opportunity to get an objective picture of how others perceive them was thought to be of great value. As was the ability to give feedback on other people.

In the majority of cases, receivers reported leaving the feedback session in a positive frame of mind. In some cases however, there was a certain amount of indifference to the process. That is, some receivers reported no particular emotions or surprises, it was just that it was what they had been expecting.

A related issue was specifically highlighted by receivers in just one of the case studies. It concerned the fear that there may be unpleasant surprises for them during the feedback session. This was especially true where the results of the feedback session were linked to appraisal:

Some demoralising reactions at LocalGov

For many receivers, the thought of receiving unexpected negative feedback during their appraisal was very demoralising. The main view expressed was that surprises should not occur because any issues should be aired before the feedback process. In effect, people should be open and honest and give feedback informally at that time instead of saving it up for the 360-degree feedback process. In a way, some participants suggested that the 360-degree feedback had, over time, actually worked against a culture of openness as it discouraged informal feedback and encouraged people to save their comments for the actual feedback process, effectively 'storing up problems':

'They should be encouraging more regular informal feedback, instead of someone bringing up something that happened nine months ago that I don't even remember.'

Receiver

However, having said this, some receivers agreed that it is perhaps reasonable to expect some element of surprise in the 360-degree feedback because if there are to be opportunities for learning then these will be accompanied by some element of surprise.

In our interviews, we encountered several examples of both positive and negative initial reactions to certain pieces of feedback:

Following the receipt of some negative feedback, one receiver we interviewed reported getting an 'awful sinking feeling.' This was despite the fact that the vast majority of the feedback she had received was positive and complimentary. The rater who made the critical comments offered to talk to the receiver about the comments she had made, to explain them in a bit more detail. But the opportunity never arose and the issue was never followed up.

Another receiver obtained critical feedback from someone she works closely with. The receiver stated that this negative feedback really 'pulled me down'. The receiver discussed the issue with her line manager who told her not to worry about it. However, despite this, she believes that the negative feedback still sits in her file. As far as the receiver is aware, this issue has never been raised with the individual concerned.

Receivers' reactions to the feedback they receive will also depend on the extent to which the feedback is positive versus negative. As different receivers are likely to react differently to negative feedback, this has implications for the sensitivity with which negative feedback is conveyed by the facilitator. Our case studies highlighted that many participants in both case study organisations held the view that the feedback emanating from the process should be more constructive and positive:

Negative feedback at LeisureCo

Only a minority of receivers reported that they had received any negative feedback. However, the reaction to negative feedback varied between receivers. Some saw it as highlighting areas for development, where as some perceived it a criticism:

'Some of the comments were really ambiguous and I found it difficult to relate them to specific situations. I felt like those comments detracted from the whole thing in a way. Because I didn't quite

understand what they were getting at, I sort of felt a bit negative about them. I guess I felt a bit confused at the end. I suppose you have to take it all with a pinch of salt.'

Receiver

The above quote not only highlights the issues of comments and confidentiality discussed earlier, it goes further in illustrating how an inability to relate ambiguous comments to specific situations may leave receivers feeling confused and disheartened.

In discussing reactions to 360-degree feedback, in one of our case studies, negative views were formed about the process because some receivers felt it to be an unnecessary intrusion:

Necessity of process at LocalGov

Some line managers expressed the view that many employees really felt that the 360-degree feedback process was very intrusive. Many receivers didn't like their work to be scrutinised and examined in such a way, they just wanted to get on with it. This was thought to be especially true for employees who had been in their job for a long time and had lots of experience:

'...many people see the whole thing as an unnecessary intrusion. There's no point in forcing people to do it every year if they don't need it.'

Receiver

Competency of facilitation

The competency of the facilitator, whose role it is to convey the feedback findings to the receiver, can play a crucial role in how the receiver feels after receiving their feedback even if it incorporates negative feedback. From their study, Geake and Gray (2001) suggest the following practical recommendations which may help to make 360-degree feedback more tolerable:

- Present receivers in advance with a realistic overview of the type of feedback they will receive so that they are familiar with the layout of the feedback report and the type of issues that are likely to emerge. Moreover, one effective technique which has also been shown to reduce perceptions of threat is to ask raters and receivers for their input into how the system should be organised from the outset. Employees' input into the design of the process may alleviate the degree of threat perceived and can

also help to create a more trusting environment for the 360-degree feedback system to be implemented.

- As employees are receiving sensitive information about how their colleagues and managers view their performance, sensitivity is required. Mentioning feelings as part of the communication about the system can help to make clear that it is common to experience nervousness or apprehension prior to receiving feedback. In particular, it allows receivers to acknowledge and express their feelings, rather than dealing with the issues in isolation. Therefore, in line with this, the role of feelings and emotions must be recognised. Material from the case studies illustrates this need well:

Sensitivity of facilitation at LeisureCo

Typically, receivers reported that the skills of the facilitator did have a large impact on how they reacted to the feedback, even if there were some critical aspects:

'There was one piece of feedback that I disagreed with. It made me feel a bit upset and depressed, I felt as though I needed to talk to someone about it. At the end of the feedback session I felt a bit angry and concerned. I had mixed emotions at the end of the session, I was pleased to be involved, and grateful for the time that the facilitator spent.'

Receiver

The above example stresses the importance of the facilitator in treating any negative feedback with sensitivity, helping the receiver look at the bigger picture and reassuring the receiver that highlighting areas for improvement is a positive outcome. This is particularly true where receivers whole-heartedly disagree with some of the feedback given, as illustrated in the case example below:

Disputed feedback at LeisureCo

Participants mentioned how clashes of personality and personal agendas manifested themselves in the ratings and comments provided:

'I'm not sure I agreed with some of the comments, I felt a bit uncomfortable about getting some of the more negative stuff. It's sort of pointless in a way because I knew who had said it, I knew why this person was angry, but it wasn't my fault.'

In cases such as these, it is both difficult and pointless to assess who is right and wrong. Attention should instead be given to the fact that the issues do exist, and how these issue might be resolved.

- The final recommendation to be made by Geake and Gray is that feedback facilitators need to have the appropriate skills to support the feedback process. Training of feedback facilitators is an important part of implementation. Facilitators need a good understanding of the organisation's policies on 360-degree feedback, close familiarity with both the feedback questionnaire and report, an awareness of the range of reactions receivers may have, and to be seen as trustworthy and credible.

In relation to this last point, the case study material also supports the view that it is important for facilitators to have adequate skills to conduct the feedback session:

Preparedness of feedback facilitators at LocalGov

There were inconsistent views concerning the extent to which facilitators felt adequately prepared for their role within the 360-degree feedback process. For some facilitators, it had been discussed in team meetings, others had received briefings and been given guidance from their managers. The effectiveness of the feedback session was thought to be, in part, dependent on the skills of the line manager as a facilitator. Interestingly, however, the majority of receivers felt that their managers were adequately prepared for their role as feedback facilitator (although this was not a view shared by the facilitators themselves).

The case study material also produced a number of good examples that highlighted the potential consequences of inadequately trained facilitators:

Consequences of inadequately trained facilitators at LocalGov

There was a consensus view among facilitators that training regarding 360-degree feedback and its facilitation was scant. Many facilitators either didn't receive any training, or received only limited training on 360-degree feedback as part of a more general appraisal training course. In fact, some facilitators felt so inadequate in terms of having the skills to facilitate the feedback effectively that important information was sometimes withheld from the receiver:

'Because of feeling uncomfortable about giving some really negative feedback to the receiver, the facilitator decided it would be easier not

to convey certain pieces of feedback. The facilitator stated that she just didn't know how to convey what was on the form without it sounding awful. So, she thought it would be best not to say it at all'.

Another example illustrates another consequence of facilitators not being adequately trained in facilitation:

'A receiver reported an instance of when she was given some really negative feedback in a critical way. The receiver thought that the facilitator had obviously not prepared very well for the session because it looked like he was still searching through the forms to pick out comments to feedback. The receiver got very upset during the session and felt that the facilitator handled it badly because the session was not constructive at all. The facilitator focused too much on the one piece of negative feedback even though the vast majority of the feedback was positive'.

As a final example in this section, it is important to note that some 360-degree feedback schemes operate with no facilitation whatsoever. In these cases, the feedback report is delivered direct to the receiver:

Importance of human facilitation at BrewCo

Because of the fact that the process was devoid of any human contact, employees had lost faith in 360-degree feedback as a process because it was perceived to have no credibility. The forms were completed by raters, emailed to an external provider for analysis and then feedback reports were sent back to receivers in the post. This presented the main concern in cases like this that the feedback may actually be causing more damage than good.

Independence of facilitators

In practice, there is a relatively even split of organisations who use an independent, third party to facilitate the feedback session (this person may be either internal or external to the organisation) and those who prefer that the receiver's line manager facilitates the feedback session. The central tenet of the argument in deciding who the facilitator should be is that whilst a third party can be more objective and independent, they have limited knowledge of the context and background to each receiver's situation. In our first case study example, the 360-degree feedback system used an internal third party to facilitate the feedback results:

Independence of facilitators at LeisureCo

To some extent there was a divide amongst the receivers with regard to those who thought that the feedback should be given by a third party, and those who would prefer to receive feedback from their line manager:

'I liked that the feedback was provided by a third party, because it was less emotional and more objective. It's good to do it face-to-face so that there is a chance to chat about things as you need to. I agreed with everything that was said.'

The above quote summarises one side of the argument, whilst the quote below illustrates the other side:

'I think I'd have preferred to have the feedback session with my manager. There was nothing wrong with the lady I had, it was more that she didn't know me, my situation, or the people I work with.'

In the case study example described below, the feedback session was facilitated by receivers' line managers:

Line manager preference in facilitation at LocalGov

There was an overwhelming consensus that having an independent person to feedback the results from the 360-degree exercise was a bad idea. The main objection to using an independent facilitator was that they would not know the work context, specific situations or people to be able to discuss in detail the issues emanating from the feedback.

'I wouldn't like that at all. How is someone you don't know going to be able to talk about issues in that same way as my line manager would? That would be a complete waste of time.'

One receiver illustrated the case of a colleague who had received a piece of unfair negative feedback because personal agendas had entered the 360-degree process. The line manager, knowing the receiver, realised that these comments were unfounded because they were aware of the situation and the people involved. If it had been an independent facilitator, however, they would not have known the context. As a consequence, the feedback provided would not be an accurate reflection of the situation and no informed discussion of the situation would have been possible.

Other participants noted how having their line manager facilitate the results of the feedback made them feel comfortable and reassured:

'I'd feel much more anxious about the whole thing if I didn't hear the feedback from my manager. I wouldn't feel comfortable hearing it from someone I didn't know.'

The argument as to who should facilitate the feedback session is indeed a fruitless one as there are equivalent advantages and disadvantages with each, and there is no accounting for the individual preference of employees. However, whatever decision is made, facilitators should have the skills to support the process. They need to have close familiarity with both the instrument and the report, an awareness of the range of reactions employees may have to feedback, effective interpersonal skills in conducting a feedback session and to be seen as trustworthy and credible.

Mandatory versus voluntary involvement

Organisations must also decide the extent to which 360-degree feedback should be voluntary versus mandatory and for which staff groups. Obviously, this decision will be influenced by the purpose for which the process is implemented in the first instance. For example, if the process is being used in appraisal, then the process is likely to be mandatory. Whereas if the process is being used solely for development, participation may be voluntary. Moreover, organisations need to consider how far down the organisational hierarchy they wish to roll the process out.

The case studies clearly demonstrated the issues at hand:

Mandatory versus voluntary involvement at LocalGov

Many participants felt that 360-degree feedback should just be reserved for management staff, and more explicitly, those managing teams. However, some participants felt that making the process mandatory would make it seem very mechanistic and controlling. Other participants felt that it should be mandatory for managers and voluntary for those lower down the organisational hierarchy. In this way everyone within the organisation would be entitled to enter the process and receive feedback. Some participants noted that if it were done on a voluntary basis, then people would feel obliged to take part anyway, as it would raise suspicions if they didn't want to take part. That is, if someone stated that they didn't want to take part, then people would assume the reason was that they were scared of getting negative feedback.

Mandatory versus voluntary involvement at Government Office 2

Around four years ago, a government initiative stated a desire for all senior civil service employees to participate in 360-degree feedback. 260 senior managers were the first to participate. Today, all senior civil servants take part in the process and it has now been rolled out to the next management tier. The intervention has been evaluated and reported as successful in its outputs. 360-degree feedback is also provided to other managers if requested or if managers are part of leadership development training. The process is a developmental tool with no link to appraisal. Individuals can introduce the results of their feedback in their appraisal if they want to but only on a voluntary basis.