34

360-degree feedback

360-degree feedback is a relatively new feature of performance management, although interest is growing. The Institute of Personnel and Development 2003 survey (Armstrong and Baron, 2004) found that only 11 per cent of the organizations covered used it, but the e-reward 2005 survey established that 30 per cent did. This chapter starts with a definition of 360-degree feedback and goes on to describe how it is used and operated and to discuss its advantages and disadvantages and methods of introduction.

360-DEGREE FEEDBACK DEFINED

360-degree feedback has been defined by Ward (1995) as: 'The systematic collection and feedback of performance data on an individual or group derived from a number of the stakeholders on their performance.'

The data is usually fed back in the form of ratings against various performance dimensions. 360-degree feedback is also referred to as multi-source assessment or multi-rater feedback.

Performance data in a 360-degree feedback process, as shown in Figure 34.1, can be generated for individuals from the person to whom they report, their direct reports, their peers (who could be team members and/or colleagues in other parts of the organization) and their external and internal customers.
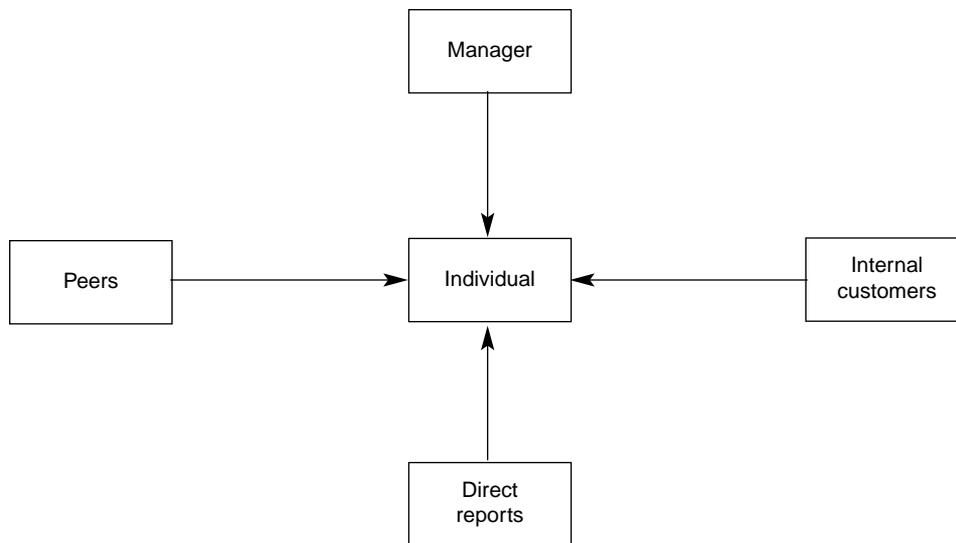
Figure 34.1 360-degree feedback model

The range of feedback could be extended to include other stakeholders – external customers, clients or suppliers (this is sometimes known as 540-degree feedback). A self-assessment process may also be incorporated using for comparison purposes the same criteria as the other generators of feedback.

Feedback can be initiated entirely by peers (in a team setting) or by both peers and team leaders. It can also take the form of 180-degree or upward feedback where this is given by subordinates to their managers. Feedback may be presented direct to individuals, or to their managers, or both. Expert counselling and coaching for individuals as a result of the feedback may be provided by a member of the HR department or by an outside consultant.

USE OF 360-DEGREE FEEDBACK

360-degree feedback is used for a number of purposes. Research conducted by the Ashridge Management Research Group (Handy *et al* 1996) found that typically, 360-degree feedback forms part of a self-development or management development programme. The 45 users covered by the survey fell into the following groups:

- 71 per cent used it solely to support learning and development;

- 23 per cent used it to support a number of HR processes such as appraisal, resourcing and succession planning;
- 6 per cent used it to support pay decisions.

A 1997 survey by the Performance Management Group (unpublished) of 22 organizations using 360-degree feedback found that:

- 77 per cent either disagreed or strongly disagreed with the statement that it is 'a personal development tool and should not be used for wider HR or organizational purposes';
- 81 per cent disagreed or strongly disagreed that 'the natural use of 360-degree feedback is to provide a basis for reward'.

The research conducted by Armstrong and Baron (1998) for the IPD also found that the 51 organizations covered by the research predominantly used 360-degree feedback to help in assessing development needs, and as a basis for performance coaching. Only one-fifth of the respondents used it to determine a performance grade or pay award.

RATIONALE FOR 360-DEGREE FEEDBACK

The main rationale for 360-degree feedback has been expressed by Turnow (1993) as follows:

> 360-degree activities are usually based on two key assumptions: (1) that awareness of any discrepancy between how we see ourselves and how others see us increases self-awareness, and (2) that enhanced self-awareness is a key to maximum performance as a leader, and thus becomes a foundation block for management and leadership development programmes.

London and Beatty (1993) have suggested that the justification for 360-degree feedback is as follows:

- 360-degree feedback can become a powerful organizational intervention to increase awareness of the importance of aligning leader behaviour, work unit results and customer expectations, as well as increasing employee participation in leadership development and work unit effectiveness.
- 360-degree feedback recognizes the complexity of management and the value of input from various sources – it is axiomatic that managers should not be assessing

behaviours they cannot observe, and the leadership behaviours of subordinates may not be known to their managers.

● 360-degree feedback calls attention to important performance dimensions which may hitherto have been neglected by the organization.

360-DEGREE FEEDBACK – METHODOLOGY

The questionnaire

360-degree feedback processes usually obtain data from questionnaires, which measure from different perspectives the behaviours of individuals against a list of competencies. In effect, they ask for an evaluation: 'how well does… do…?' The competency model may be one developed within the organization or the competency headings may be provided by the supplier of a questionnaire.

The dimensions may broadly refer to leadership, management and approaches to work. The headings used in the Performance Management Group's Orbit 360-degree questionnaire are:

● leadership;
● team player/manage people;
● self-management;
● communication;
● vision;
● organizational skills;
● decision making;
● expertise;
● drive;
● adaptability.

The leadership heading, for example, is defined as: 'Shares a clear vision and focuses on achieving it. Demonstrates commitment to the organization's mission. Provides a coherent sense of purpose and direction, both internally and externally, harnessing energy and enthusiasm of staff.'

Ratings

Ratings are given by the generators of the feedback on a scale against each heading. This may refer both to importance and performance, as in the PILAT questionnaire which asks those completing it to rate the importance of each item on a scale of 1 (not

important) to 6 (essential), and performance on a scale of 1 (weak in this area) to 6 (outstanding).

Data processing

Questionnaires are normally processed with the help of software developed within the organization or, most commonly, provided by external suppliers. This enables the data collection and analysis to be completed swiftly, with the minimum of effort and in a way that facilitates graphical as well as numerical presentation.

Graphical presentation is preferable as a means of easing the process of assimilating the data. The simplest method is to produce a profile as illustrated in Figure 34.2.
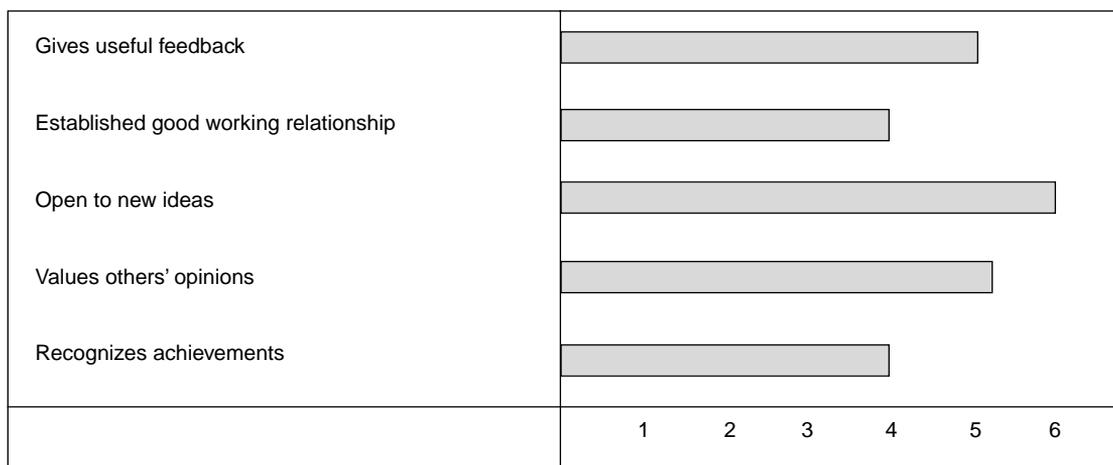

Figure 34.2 360-degree feedback profile

Some of the proprietary software presents feedback data in a much more elaborate form.

Feedback

The feedback is often anonymous and may be presented to the individual (most commonly), to the individual's manager (less common) or to both the individual and the manager. Some organizations do not arrange for feedback to be anonymous. Whether or not feedback is anonymous depends on the organization's culture – the more open the culture, the more likely is the source of feedback to be revealed.

Action

The action generated by the feedback will depend on the purposes of the process, ie development, appraisal or pay. If the purpose is primarily developmental, the action may be left to individuals as part of their personal development plans, but the planning process may be shared between individuals and their managers if they both have access to the information. Even if the data only goes to the individual, it can be discussed in a performance review meeting so that joint plans can be made, and there is much to be said for adopting this approach.

DEVELOPMENT AND IMPLEMENTATION

To develop and implement 360-degree feedback the following steps need to be taken:

1. *Define objectives* – it is important to define exactly what 360-degree feedback is expected to achieve. It will be necessary to spell out the extent to which it is concerned with personal development, appraisal or pay.
2. *Decide on recipients* – who is to be at the receiving end of feedback. This may be an indication of who will eventually be covered after a pilot scheme.
3. *Decide on who will give the feedback* – the individual's manager, direct reports, team members, other colleagues, internal and external customers. A decision will also have to be made on whether HR staff or outside consultants should take part in helping managers to make use of the feedback. A further decision will need to be made on whether or not the feedback should be anonymous (it usually is).
4. *Decide on the areas of work and behaviour* on which feedback will be given – this may be in line with an existing competency model or it may take the form of a list of headings for development. Clearly, the model should fit the culture, values and type of work carried out in the organization. But it might be decided that a list of headings or questions in a software package would be acceptable, at least to start with.
5. *Decide on the method of collecting the data* – the questionnaire could be designed in-house or a consultant's or software provider's questionnaire could be adopted, with the possible option of amending it later to produce better fit.
6. *Decide on data analysis and presentation* – again, the decision is on developing the software in-house or using a package. Most organizations installing 360-degree feedback do, in fact, purchase a package from a consultancy or software house. But the aim should be to keep it as simple as possible.
7. *Plan initial implementation programme* – it is desirable to pilot the process, preferably at top level or with all the managers in a function or department. The pilot

scheme will need to be launched with communications to those involved about the purpose of 360-degree feedback, how it will work and the part they will play. The aim is to spell out the benefits and, as far as possible, allay any fears. Training in giving and receiving feedback will also be necessary.

8. *Analyse outcome of pilot scheme* – the reactions of those taking part in a pilot scheme should be analysed and necessary changes made to the process, the communication package and the training.

9. *Plan and implement full programme* – this should include briefing, communicating, training and support from HR and, possibly, the external consultants.

10. *Monitor and evaluate* – maintain a particularly close watch on the initial implementation of feedback, but monitoring should continue. This is a process that can cause anxiety and stress, or produce little practical gain in terms of development and improved performance for a lot of effort.

360-DEGREE FEEDBACK – ADVANTAGES AND DISADVANTAGES

The survey conducted by the Performance Management Group in 1997 (unpublished) revealed that respondents believed the following benefits resulted from using 360-degree feedback:

- Individuals get a broader perspective of how they are perceived by others than previously possible.
- Increased awareness of and relevance of competencies.
- Increased awareness by senior management that they too have development needs.
- More reliable feedback to senior managers about their performance.
- Gaining acceptance of the principle of multiple stakeholders as a measure of performance.
- Encouraging more open feedback – new insights.
- Reinforcing the desired competencies of the business.
- Provided a clearer picture to senior management of individual's real worth (although there tended to be some 'halo'-effect syndromes).
- Clarified to employees critical performance aspects.
- Opens up feedback and gives people a more rounded view of performance than they had previously.
- Identifying key development areas for the individual, a department and the organization as a whole.

- Identify strengths that can be used to the best advantage of the business.
- A rounded view of an individual's/team's/the organization's performance and what its strengths and weaknesses are.
- It has raised the self-awareness of people managers of how they personally impact upon others – positively and negatively.
- It is supporting a climate of continuous improvement.
- It is starting to improve the climate/morale, as measured through our employee opinion survey.
- Focused agenda for development. Forced line managers to discuss development issues.
- Perception of feedback as more valid and objective, leading to acceptance of results and actions required.

But there may be problems. These include:

- people not giving frank or honest feedback;
- people being put under stress in receiving or giving feedback;
- lack of action following feedback;
- over-reliance on technology;
- too much bureaucracy.

These can all be minimized if not avoided completely by careful design, communication, training and follow-up.

360-DEGREE FEEDBACK – CRITERIA FOR SUCCESS

360-degree feedback is most likely to be successful when:

- it has the active support of top management who themselves take part in giving and receiving feedback and encourage everyone else to do the same;
- there is commitment everywhere else to the process based on briefing, training and an understanding of the benefits to individuals as well as the organization;
- there is real determination by all concerned to use feedback data as the basis for development;
- questionnaire items fit or reflect typical and significant aspects of behaviour;
- items covered in the questionnaire can be related to actual events experienced by the individual;
- comprehensive and well-delivered communication and training programmes are followed;

- no one feels threatened by the process – this is usually often achieved by making feedback anonymous and/or getting a third-party facilitator to deliver the feedback;
- feedback questionnaires are relatively easy to complete (not unduly complex or lengthy, with clear instructions);
- bureaucracy is minimized;
- 360-degree feedback is not limited to pay – its main purpose is developmental, not financial reward.