Saying it like it isn’t: The pros and cons of 360-degree feedback

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Abstract In corporate America, the use of 360-degree feedback continues to rise. Is this tool, though, all it purports to be? Used with caution, the feedback process can provide meaningful information for both the organization and the individuals involved. Misuse of the process, however, can lead to hurt feelings, increased anxiety, and even loss of key personnel. This small case study showcases key research findings on best practices for using the 360-design feedback process, especially regarding intended use of feedback, aligning performance measures with organizational goals, and selecting and training participants.

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1. Meet “John”: A real-life experience of 360-degree feedback

Over lunch one day, my good friend “John” (not his real name) told me he had received the results of a 360-degree feedback effort that he had pursued on his own behalf. He had, he explained, through a survey designed by the Center for Creative Leadership in North Carolina, asked various people with whom he works to evaluate him on a variety of factors. The way in which John shared his story suggested the feedback was not entirely positive. Having taken on a CEO post at an organization that faced a $2 million-plus deficit for almost 10 years, John had, in a mere year and a half, managed to cut that deficit by $1.8 million. Thinking he was off to a very successful start, John anticipated that his 360-degree feedback would be somewhat glowing; unfortunately, it was not. Although none of the feedback was overtly negative, neither was it stellar in its praises. John was hugely disappointed, and I think he honestly wondered about his ability to succeed.

As relayed by the feedback, John’s superiors and peers were quite positive about his performance and felt he was off to a great start. Only two negative comments related to John’s communication style suggested his “passion” was often misperceived as “anger” or “frustration.” Direct reports were not as positive, and their negative comments similarly related to John’s communication style and performance demands. While direct-reports were pleased with the increased financial strength and
bleeding, and that had necessarily demanded times.

John had stopped the organization’s financial bleeding, and that had necessarily demanded major modifications. Big changes don’t happen easily; even those who benefit from changes still often resist those very adjustments. John’s hope for everyone to have gotten on his bandwagon was a stretch. Since our conversation, I think John has come to realize this fact, and he is less sensitive about the feedback comments. He had to reach that realization on his own, though, without the support of others. For John, it was a lonely, scary process.

According to Dyer (2001), 360-degree feedback is increasingly being used by educational and business organizations as a tool to provide leaders with “an authentic read on their relational assets and liabilities.” In light of John’s experience with the process, could that statement be true? Is the 360-degree feedback process an effective and reliable way to assess a leader’s performance, or might it do more long-term damage than good?

The Center for Creative Leadership (the creator of the instrument John used) is a reputable and well-known leadership resource. Moreover, according to human resources consulting firm William M. Mercer, use of 360-degree feedback is on the rise, reportedly growing from 40% of U.S. companies in 1995 to 65% in 2000 (Pfau & Kay, 2002). If more and more companies are turning to use of the 360-degree process, isn’t that a sign of its effectiveness? According to a review of the research literature, that may or may not be true.

After further reflecting on his experience, John realized the feedback he received wasn’t so much the problem as the way in which the feedback was captured. This, ultimately, tainted the process, and likely prevented John from gaining realistic feedback from participants. First, a board member prompted the entire effort by asking John to find out how people working with John perceived his efforts, but never fully clarified why he wanted John to pursue that information. As such, no clear goals were initially established. Second, John was not provided with financial or emotional support to help craft meaningful feedback tools, which resulted in the use of generic instruments. Third, because John was fairly new to his post, respondents may or may not have been able to authentically answer feedback questions. These and other problems with the feedback process design likely skewed results. In John’s words, the entire process could be summed up as “garbage in, garbage out.”

This later revelation on John’s part echoes what the literature says about the potential effectiveness of a 360-degree feedback process; namely, feedback gained is essentially worthless if the 360-feedback process itself is not carefully planned, executed, and evaluated. In order to achieve successful implementation, research suggests that organizations must, at a minimum, link the process to organizational goals and strategies, limit use of results to professional development, train all participants on the process and use of measurement instruments, promote an environment of trust and protect confidentiality, and provide coaches or mentors to help participants process and act upon the feedback. These “effectiveness factors” were largely discovered through researchers’ examinations of companies that reported experiencing high to moderate benefits from pursuing a 360-feedback process. Through case study investigation, researchers analyzed what specific aspects of the process and measurement instruments used could be linked to an organization’s successful experience.

Key organizational benefits of using 360-design feedback showcased across the literature were also largely identified through case study research. By participating in the feedback process, employees felt their opinions had been actively sought and heard, which ultimately led to a more open and communicative environment. Work groups were strengthened by the ability to share concrete behavioral feedback that could promote enhanced individual and group performance. Coaching or mentoring relationships created foundations from which personal action plans could be developed and pursued, and educational or training gaps could be exposed and addressed.

Not all research, however, painted as rosy a picture. While none went so far as to say 360-degree feedback is a bad thing and should be avoided, many researchers focused on the potential damage a badly implemented process could have on an organization. For example, giving feedback is not an easy task, and if participants are not trained in how to provide constructive feedback, the process can lead to hurt feelings, uncertainty, and outright conflict. Not asking the right questions or not linking the questions to organizational goals can also lead to irrelevant feedback, which can demoralize workers. Compromising confidentiality in collecting feedback, as well as not clearly stating how feedback will be used (i.e., performance evaluation versus personal development), can lead to increased anxiety and mistrust. Finally, not having a follow-up plan for interpreting and using feedback can lead to ineffective use of information and a rapid loss of excitement or enthusiasm for the process.
2. Performance evaluations: Not a new phenomenon

How am I doing? This seemingly simple question rarely leads to a simple response when posed in a work setting. Providing honest and constructive feedback rarely comes naturally or easily in today’s work environments, which feature wide disparities in status, power, personalities, and demographics. Traditionally, an employee performance review was a one-on-one event in which a higher-up reviewed a subordinate’s accomplishments; however, in the early 90s, organizations started rethinking that one-on-one feedback system. How much time can or does a supervisor actually spend observing an employee’s behavior? Is it enough to be able to offer a holistic and/or realistic evaluation? These questions led to development of the 360-feedback process, which has, itself, evolved over time. Through that evolution, the number of reviewers for a single employee has increased to include peers, subordinates, upper management, customers, vendors, and support staff. Increased attention to the importance of customer feedback also forced the need for additional voices in the review process, and ever-increasing reliance on work teams called for peer feedback vehicles, as well. Finally, globalization oftentimes physically prevented management from viewing an employee’s behavior; to remain competitive, organizations needed feedback from a variety of sources with which they could compare their own views.

3. What is 360-degree feedback?

360-degree feedback is a performance appraisal methodology that captures input from an employee’s supervisors, colleagues, subordinates, and, possibly, customers. The person being appraised also evaluates his/her own performance (self-evaluation), and those ratings are added to the overall feedback mix. Most 360-degree feedback programs focus on upper leadership positions. Institute of Government faculty reporter and performance evaluation expert Margaret S. Carlson (1998) reported three key assumptions on which 360-degree feedback is based:

1. Multiple viewpoints from multiple sources will produce a more accurate picture of one’s strengths and weaknesses than would a single reviewer’s evaluation;
2. The act of comparing one’s own self-perceptions with others’ perceptions will lead to enhanced self-awareness, and greater self-awareness is a good thing; and
3. People who are effective at what they do will have self-perceptions that match others’ perceptions of them fairly closely.

According to Bruce Pfau and Ira Kay of Watson Wyatt Worldwide, the overriding premise behind 360-feedback is that “people who work most closely with an employee see that person’s behavior in settings and circumstances that a supervisor may not. . . .[T]he more complete the insight into an employee’s performance, the more likely he will understand what needs to be improved and how” (Pfau & Kay, 2002, p. 54).

4. Handle with care

The growth in use of 360-degree feedback is mirrored by growth in texts and research articles reviewing the process. The majority of sources reviewed suggested the 360-degree feedback process was a good methodology in terms of its premises and objectives; nonetheless, those same sources took pains to describe specific criteria and best practices necessary for successful implementation of the methodology. Meaningful results depended upon thoughtful implementation and careful planning before, during, and after the process. Key areas of concern included intended use of the feedback, matching performance standards with organizational goals, and selection and training of the individuals involved.

4.1. Intended use of feedback

A key discussion point among the articles was the organization’s need to decide whether feedback would be used for personal/professional development or as a performance evaluation. Nearly all sources reviewed suggested feedback should primarily be used for personal/professional development, although organizations with a history of successful implementation may eventually be able to use it for evaluation. According to Carlson (1998), both raters and those being rated are less fearful and more likely to be honest if they know results will be used for personal development purposes.

As reported by Rogers, Rogers, and Metlay (2002), organizations that used 360-feedback for purposes other than personal or organizational development often failed. Their research of 43 global organizations found most used 360-feedback as a development and feedback tool. In the words of the authors, “Some participants felt penalized
if...feedback reports were linked to their success within the organization; others found the tie to compensation to be unfair...Buy-in and support among participants was affected (p. 46). Further, it was suggested companies that use 360-feedback as a development tool foster a “development culture” that results in higher performance across the board (p. 46); by enhancing individual capacities through feedback that is meaningful and shared in a positive fashion, the organization, as a whole, will gain from the effort. Having management develop personal action plans based on the feedback leads to a more open, communicative environment in which people sense an ownership of organizational values and goals.

Dr. George Vukotich, a consultant who has created, developed, and implemented internal and external 360-degree feedback processes, warns that 360-degree programs are only the start of an organizational capacity development process. According to Vukotich, follow-through on results, as well as planning before implementation, can make or break the success of the development process. For effective development of collective capacity to occur, feedback needs to be shared in appropriate ways and follow-up activities should last at least six months after results are discovered.

Coaches and mentors can play a key role in ensuring follow-up activities successfully lead to both personal and organizational development. Researchers suggest it is critical to have coaches in place ahead of time who are trained and fully linked to organizational objectives and the feedback process. Coaches need to help participants accurately interpret results and make connections to goals and objectives. Scott Wimer (2002), a specialist in 360-degree feedback, suggests coaching is especially important in helping negative feedback recipients accept the validity of the feedback, experience minimal damage to self-esteem, focus on positive behaviors that should be continued, and select key challenging behaviors on which to improve. As Wimer notes, though, “Unfortunately, the emphasis is often only on changing undesirable behaviors. That can seem so daunting that recipients don’t know where to start” (p. 39).

To that end, Vukotich suggests coaches help employees prioritize possible next steps in response to the feedback in terms of “Ease of Improvement” versus “Importance of Improvement.” Both short- and long-term development areas should be mapped out to promote efficiency and learning. Focusing first on “quick wins” on the list can create a platform of success from which to tackle more challenging items. For the tougher challenges, coaches and employees should identify possible strategies early on in the process so that measurement of progress can be recognized.

Perhaps the most important component of the whole process related to fostering a developmental culture in the wake of 360-degree feedback is “time.” Organizations need to realize the process is not a one-shot event that happens at the end of a fiscal year; instead, it is a multi-stage process that features careful planning, careful implementation, and careful follow-up.

4.2. Aligning performance measures with organizational goals

According to human resource consultants Scott Wimer and Kenneth Nowack (1998), the number one mistake organizations make when implementing a 360-degree feedback process is having no clear purpose. Too often, measurement tools and questions do not mesh with organizational issues or strategic needs. In the words of the authors, “Performing an intervention without a clear purpose is like prescribing an antibiotic for a virus; it doesn’t treat the underlying problems and may lead to undesirable outcomes” (p. 70). In the opinion of Wimer and Nowack, ideal feedback processes are designed with a specific purpose in mind, such as helping develop management performance skills, planning for succession, or mapping career development. Overarching organizational goals and strategies should also be considered throughout the planning process.

In addition to having clear goals, the process must also feature measurement tools that connect directly to those goals. Generic performance measures will not provide as meaningful feedback as measures that are crafted to directly reflect the skills needed to fulfill an organization’s mission and goals. Organizations should gather their own performance dimensions from several sources, including interviews with key stakeholders and top management, job analyses, and theoretical models. Focusing on business strategy and goals not only leads to creation of a more meaningful instrument, but also enables creation of authentic action plans based upon feedback received.

Rogers et al. (2002) further suggest the act of customizing feedback tools not only encourages more meaningful results, but also helps create an open culture. The customization of questions to management’s real-world experiences creates a sense of trust, as respondents and those being reviewed can recognize explicit connections to those work experiences. That trust, in turn, can foster discussion of results with peers, who may be
struggling with similar issues, and lead to collective brainstorming on solutions.

4.3. Selection and training of individuals involved

Nearly all articles reviewed emphasized the dangers of “rater accuracy.” For the feedback process to work, the right people have to be asked the right questions to procure the right information. All participants, reviewers and those being reviewed alike, need to be trained ahead of time in how to provide constructive feedback. The multi-rater approach usually seeks feedback from the participant and his/her peers, superiors, subordinates, and customers. Choosing participants from each of those groups can pose a challenge; for example, how well do participants really know the person being rated? Lominger Limited, Inc. CEO Robert W. Eichinger and Director of Research Michael M. Lombardo suggest people who have known the reviewee for at least one to three years are most accurate in their ratings. The results for the three-to-five year group were significant, although much lower than the one-to-three year group, and the less-than-one-year group was least accurate. As Eichinger and Lombardo (2004, p. 24) explain, “Knowing the person long enough to get past first impressions, but not so long as to begin to generalize favorably, seems to produce the most accurate ratings.”

Eichinger and Lombardo also suggest confidentiality has an effect on rater accuracy; when raters think their feedback will somehow be exposed and connected to them, ratings tend to go up significantly and often become less correlated to performance. Another interesting effect on rater accuracy relates to how “sure” raters are of their ratings. If a rater posts a high score (i.e., a positive score) on a particular dimension, she tends to report being “more sure” about that rating than if she had reported a lower score (i.e., a more negative score). This may suggest lower scores need to be examined more closely if a higher level of uncertainty is connected to those scores.

In terms of rater titles/positions, bosses tend to provide the most accurate feedback, followed by peers and direct reports. Self-generated feedback is the least accurate, along with that offered by customers. Feedback that includes only superiors’ and peers’ input is less accurate than that which also includes downward review. To ensure the right people are involved in the process, Rogers et al. (2002) encourage organizations, through a standardized process, to maintain a level of approval over the individual’s selection of raters. This prevents friends rating friends or the involvement of reviewers who have little experience with the person being reviewed.

Wimer (2002) raised an interesting point related to ratings accuracy in terms of the number of people participating, at the same time, in the 360-feedback process. If only one person in an organization is reviewed, it may give feedback providers “the impression that person is considered a problem child or is on the way out of the company” (p. 37). As a result, feedback generated might be more problem-centered and negative.

Advance training of raters to provide meaningful and authentic feedback is also critical to the success of the 360-degree feedback process; not doing so poses a very real threat to any existing levels of teamwork or positive morale. Although such training can add to the overall cost of the feedback process, it is well worth the expense. Raters should be trained in both the theory and goals of the 360-feedback process, as well as the actual mechanics of the survey instrument itself, including how the rating scales work and clarification of the definitions of the competencies being measured. Because raters are supposed to remain anonymous, it is difficult to ask them to clarify their responses after feedback has been collected; therefore, organizations need to recognize constructive feedback requires training and practice before being used in a real-world application.

A safe environment for raters is also critical to success, especially when raters are reviewing superiors. As one moves up the corporate ladder, the less likely he or she is to receive honest and specific feedback (Dyer, 2001), as raters fear retribution and/or want to avoid confrontation with the leader. As such, organizations must create a sense of safety in order for raters to fully express themselves. Fearful climates can lead to diluted feedback or blank responses to questions. Ideally, well-constructed feedback should provide a range of different reactions.

Reports that appear biased are often easily dismissed by respondents. Overly negative reports that don’t clearly identify specific perceived negative behaviors can lead to exaggerated or overgeneralized impressions of how others perceive them (Wimer, 2002). As a result, those being reviewed can sweep such comments aside or be devastated by the feedback; on the other hand, an overly positive report can seemingly grant permission for recipients’ negative behaviors to continue.

Safe environments require a level of confidentiality that can be tricky to create. If feedback is clustered in ways that reflect the responses of distinct groups of people, the recipient could seek to punish any “offending” groups. If the group is small...
in number, the recipient may even try to identify individual sources of comments and retaliate. Most articles reviewed suggested at least three raters should be selected from each rating group (i.e., peers, direct reports, customers, etc.), although an exception would be made for supervisors, as most leaders have only one direct supervisor. Having three or more raters helps prevent the reviewee’s ability to identify exactly who said what.

5. Connections to John’s case

For reasons noted below, John could well serve as the poster child for how not to conduct a 360-feedback process. Despite his negative experience, John still believes in the value of a well-conducted 360-degree feedback process, and is committed to trying it again. He’s just hoping to do it better the second time around.

5.1. Intended use of feedback

No clear goals were established ahead of time for John’s use of a 360-degree feedback process. As noted earlier, John only pursued the effort in response to a key board member’s request that John conduct some form of staff/peer appraisal that would showcase how people perceived his leadership. No mention was made by the board member as to how the effort would connect with either organizational strategies or John’s own professional development, leading John to worry the feedback would be used solely as a performance evaluation. Although John now believes the feedback was supposed to be for personal development, as the board member has yet to request review of the findings, not knowing for certain still haunts him a bit. To date, no further mention has been made by John or the board member as to what next steps should be taken to work with feedback gained.

Before John begins the next 360-degree feedback process, he plans to work with his superiors and other key stakeholders to craft clear goals and better ensure effective follow-up use of feedback. The process will also be used exclusively for personal development of those involved toward increasing the organization’s capacity for meeting its mission and goals.

5.2. Aligning performance measures with organizational goals

Because no clear goals were identified by John’s superiors prior to the 360-feedback process, John was left to craft the entire method on his own, including developing the actual appraisal tool. Being familiar, from a prior experience, with the Center for Creative Leadership’s 360-degree feedback process, he contacted them; however, to avoid any major expense, John used a generic instrument instead of designing one that explicitly connected to his organization’s goals. As a result, there was no legitimate contextual background from which the survey questions were crafted, especially in terms of measuring the crisis reality the organization was facing at the time. According to researchers, illegitimate questions result in illegitimate feedback.

The next time John pursues the 360-feedback process, he plans to customize his feedback instruments to mirror the organization’s strategic goals and mission; specifically, questions will reflect the language and culture of the organization and describe real-world experiences of those involved in the process. Actual wording of strategic goals will also be incorporated into questions to help clarify the type of behavioral feedback being sought.

Lack of context in John’s first experience also restricted the ability of his assigned coach to develop an action plan that accurately reflected the organization’s state of affairs. Unfortunately, the coach was forced to admit there was no way feedback results could be interpreted in a meaningful manner when the questions posed did not directly connect to the organization’s reality or the specifics of John’s role and responsibilities. John found himself faced with the frustrating dilemma of having a wealth of feedback, but no clear cut direction as to what to do with it.

Use of a customized instrument that explicitly connects to John’s organizational mission and goals should largely eliminate this problem the next time he pursues the process. Once relevant feedback is assured, John will work with his coach to set behavioral goals that are both measurable and achievable. A year-long action plan will then be developed featuring three “quick wins” and two more challenging actions that connect with feedback data.

5.3. Selection and training of individuals involved

In addition to selecting his own survey instrument, John also self-selected the people to be included in the performance review. He feels confident he chose a good mix of direct supervisors, direct reports, and peers; however, having to ask for his own feedback was highly awkward, and likely biased the process to some degree. Furthermore, because John had just completed his first year with the organization, nearly all respondents were just barely (or not at all) members of the optimal one-
to-three year rating group described by Eichinger and Lombardo (2004). Ratings accuracy could surely be challenged on that basis alone.

John also reported experiencing the phenomenon Wimer (2002) described of feeling like a “problem child” who had been instructed to approach all those he’d angered to weigh in on how he could do better. The fact he was the sole person being reviewed made him feel like he bore some unspoken blame for something he had done wrong and, worse, was handing people the power to say whatever they felt like saying.

According to John, when he repeats the process, he will definitely include more people for review than just himself. He strongly believes his being the only one up for review skewed feedback in a negative direction, especially in light of the organization’s dramatic crisis backdrop. To strengthen rater accuracy, John will also have a larger pool of candidates in the “known for one to three years” group from which to choose, simply by virtue of having been with the organization for a longer period of time.

Rater training was yet another roadblock to John’s initial feedback effort. Neither John nor those selected to review him were trained in any fashion as to how to use the instrument or had clarification of key terms and definitions. Research suggests this lack of training likely led to results that were not as legitimate as they could have been. The generic format of the survey instrument probably further skewed the validity of the responses, as the language choices and performance measures were not innate to the unique organizational culture.

Training will be a key feature of John’s revised future effort. All participants, including John, will be trained on use of the survey instrument and rating scale, and definitions of competencies and organizational strategies will be shared.

Finally, in terms of providing a safe environment, John felt the process was sound in protecting confidentiality of participants. The Center used a variety of tools (e.g., emails, personal letters, survey packaging) to help participants feel assured their confidentiality would be maintained. John plans to repeat that same process; however, as with the survey instrument, communication tools will be customized to reflect the language and culture of the organization.

6. 360-degree feedback can work, if managed carefully

According to the literature, there is a method to the madness of conducting an effective 360-degree feedback effort. Knowing answers to the following questions can help guide organizations toward success.

6.1. What are your goals for pursuing the process?

First and foremost, organizations need to determine how feedback gained will explicitly connect with overall organizational strategies, as well as performance management and career development. To that end, organizations are strongly encouraged to initially commit to using feedback solely as a development tool (versus a performance appraisal tool).

6.2. How committed are you to the process?

Organizations need to be willing to commit to a long-term effort, not a single-shot event, that includes trained coaches or mentors who can help management interpret results accurately and develop meaningful action plans. That commitment requires resources (financial and human), as well as time and energy. Don’t start something you can’t finish well.

6.3. What tools will you use to gain feedback?

Research suggests use of a customized instrument can lead to more meaningful feedback; however, use of such an instrument inherently demands extra time and costs. The overriding goal in crafting any measurement tool is to have questions stated in ways that accurately reflect the language of the organization and eliminate ambiguous words or concepts. It should also be determined if questions will be quantitative and/or qualitative in nature; quantitative responses are easier to process and analyze, but qualitative questions can elicit more in-depth feedback.

6.4. Who will be involved in the feedback process?

Just as a measurement instrument can make or break feedback relevance, so can choosing appropriate participants to serve as raters. Keep in mind how long raters and the person being reviewed have known one another, and try to pursue as authentic a 360-degree circle as possible (i.e., superiors, direct reports, peers, customers, vendors, etc.). Most important, be sure all parties involved are thoroughly trained in the process and the actual mechanics of using measurement tools. This includes providing definitions of key terms and clarification as to how rating scales work.
6.5. How will confidentiality be protected?

From the start, determine which data will be shared and with whom it will be shared. Participants deserve to know how their responses will be collected and analyzed, and an open process will encourage participants to speak freely.

6.6. How will you follow up on the research once it is collected?

Ensure feedback results can be shared and analyzed with those being reviewed in a safe and supportive way. To guarantee accurate interpretation of feedback, coaches or mentors should be in place ahead of time to help individuals sift through the comments. Once agreement can be reached on the strengths and challenges cited in the data, coaches can help those being reviewed prepare meaningful action plans featuring short- and long-term objectives. As with any performance evaluation, goals should be both measurable and achievable, and check-point meetings to discuss progress should occur at least six months after the feedback process is completed.

7. Final feedback on the 360-degree process

The 360-degree feedback process can be a meaningful multi-rater method for performance appraisals if careful attention is given to planning, implementation, and evaluation of the process. While John’s comment, “garbage in, garbage out,” may be less than scientific, it does describe the very real dangers of a badly constructed 360-feedback effort. Organizational leaders and stakeholders must do what it takes to ensure a 360-degree feedback process that ultimately does more good than harm.

References


Pfau, B., & Kay, L. (2002). Does 360-degree feedback negatively affect company performance? Studies show that 360-degree feedback may do more harm than good. What’s the problem? HR Magazine, 47(6), 54-60.


Recommended reading on the 360-degree feedback process


