360-DEGREE FEEDBACK AND OUTCOME BENEFITS: A REVIEW

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ABSTRACT

360-degree feedback plan has to be clear regarding what the organizational objective is and what will be the individual objective of every employee. It should be used as a personal development process. 360-degree feedback system is employees receive feedback from multiple sources. These sources include supervisors, subordinates (i.e., direct reports), peers or colleagues, team members, internal and external customers and suppliers, and the feedback recipients themselves. “360-degree feedback” means to a circular, wide view of an individual’s performance and behaviour from individuals who interact with the employee and gives information that is more useful. This review of literature discusses 360-degree feedback and its benefits that provide employees the opportunity to increase their self-awareness. This will also help them to improve their leadership conducts by having feedback from various sources. The system will also increase individual commitment of subordinates by giving them chance to express their opinions about supervisors, and thus, to participate more in the decision making process which is likely to create a higher level of motivation. This review of literature aims at identifying using 360-degrees feedback and its benefits.

KEYWORDS

360-Degree Feedback, Employees, Leadership Development, Organization etc.

INTRODUCTION

360-degree feedback, also known as “multi-rater feedback”, is employee development feedback that comes from all around the employee, i.e. those individuals that interact with the person. “360” refers to the 360 degrees in a circle. The feedback would come from subordinates, peers, and managers in the organizational hierarchy, as well as self-assessment, and in some cases external sources such as customers and suppliers or other interested stakeholders. Multisource feedback or 360° feedback is an extension of traditional performance appraisal by collecting information from employee, subordinates, peers, supervisors and customers.

360 Degree Feedback is a system or process in which employees receive confidential, anonymous feedback from the people who work around them. This typically includes the employee's manager, peers, and direct reports. A mixture of about eight to twelve people fill out an anonymous online feedback form that asks questions covering a broad range of workplace competencies. The feedback forms include questions that are measured on a rating scale and ask raters to provide written comments. The person receiving feedback also fills out a self-rating survey that includes the same survey questions that others receive in their forms.

360-degree feedback has many uses; there are generally two reasons for using it—to evaluate employees for making personnel decisions, and/or for training and development of employees. According to a recent survey conducted by the editors of Compensation and Benefits, more than 90-percent of companies that have adopted 360-degree feedback use it in the evaluation process. Typically, 360-degree evaluations involve making personnel decisions involving promotions, pay increases, assignments, and selections for training/development programs. 360-degree feedback for evaluation purposes individuals providing feedback change their minds to affect a particular outcome

REVIEW OF LITERATURE

Smither, London, Flautt, Vargas, and Kucine (2003), investigated the association between 360-feedback and participation in executive coaching – and impact upon subsequent 360-feedback ratings. All found variability in feedback outcomes, which could be attributed to certain individual differences and/or situational variables. This study contributes to the literature, by investigating over time the role of self-efficacy and perceptions of the importance of feedback.

Bono and Colbert (2005) highlighted that motivation to change behaviour following 360 feedback is related to personality (core self-evaluations). Specifically, they found that individuals with high levels of core self-evaluations (those with high self-esteem, generalized self-efficacy, internal locus of control and low neuroticism) would be most motivated to change behaviour when they receive discrepant feedback and those with low levels of core self-evaluations will be most motivated when others’ ratings are most similar to their own. These results suggest the potential value of coaching to assist individuals to understand their potentially complex feedback and to increase motivation to set developmental goals.

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The use of multi-rater or 360-degree feedback, the process in which direct reports, peers, team members, and bosses provide anonymous feedback to managers for coaching, development and performance evaluation continues to grow in popularity (e.g., Novack, 1999).

When appraisals, feedback or decisions are based on a single-source, the organization may find itself in the position of defending the judgment of a single person. One person (supervisor), no matter how fair, may be subjected to claims of bias. On the other hand, 360-degree feedback offers stronger legal protection because the model combines multiple perspectives (Edwards, 1996).

Atwater, Roush and Fischthal (19959), opined that subordinates’ ratings of leadership were significantly higher following feedback from subordinates under which a highly structured session is there where leaders discussed the feedback results with subordinates.

Anu Wakhlu (2003) clarified that 360-degree appraisal and feedback system is developmental, and it can be linked to the overall performance of the business plans of the company and the individuals.

Savneet Kaur (2013) highlighted that The 360 degrees performance appraisal and how it can be implemented in organisations. Various benefits and disadvantages of introducing this method into organisations have also been listed down. The available literature provides an overview regarding how this method is beneficial for increasing the overall efficiency of the employee as an individual and the firm as a whole, and as a result performance improves and training and development leads to real opportunities for promotion within the company. Employees are also motivated and can have a positive knock-on effect in areas like customer service.

Boyatzis et al., (2002), studied that to discover more about the place of 360-degree feedback in leadership and management development. The study is set in the higher education leadership environment, and is timely in a period of accelerated age-related attrition in the global tertiary leadership sector currently, placing pressure on succession leadership planning and development.

Snyder et al. (2007), studied that the higher education management environment, similarly argue the importance of supportive institutional strategies to ensure appropriate integration of a 360-degree feedback mechanism. It is suggested; the 360-degree feedback interview should focus on relationship building to create shared meaning and mutual understanding (Lewis and Slade, 2000) and should inspire self-motivation to learn (London, 2002). In a study published in 2004, a team of researchers was interested to discover the emphasis that raters placed on supportive and developmental forms of leadership.

Rafferty and Neale (2004), investigated that the notions of supportive and developmental leadership by analyzing open ended comments made by respondents to the quality leadership profile (QLP). The QLP is a 360-degree feedback survey instrument tailored to leading and managing in the education/knowledge environment, used mainly by both academic and administrative leaders in Australia and New Zealand (Drew, 2006). The QLP uses a rating scale and a free text section for brief open comments. The researchers analyzed QLP results over a total of 160 QLP surveys involving 1,445 raters to determine what the open-ended comments on the QLP revealed as “top of mind” issues for raters. The authors’ Leximancer-based analysis found that followers appreciate and endorse supportive and developmental forms of leadership, with comments on supportive leadership predominating over other themes in the analysis. The findings suggest the importance of supportive leadership and, in turn, the benefit of organisations providing resources fostering supportive and developmental forms of leadership. It is documented that where individuals as 360-degree feedback participants perceive that support exists for development from supervisors and peers they are “more likely to participate in development activities and have more positive attitudes toward a developmental feedback intervention” (Maurer et al., 2002, p. 92)

Newbold (2008) stated that the 360-degree appraisals are classics. 360-degree appraisals are a powerful addition to the performance management system. It should be in alignment with the strategic aim of the organization. The author also focuses on the success of the 360-degree feedback. It is a success only because of few factors like the purpose being clear, organization readiness, employee preparation, the way it has to be run, and finally effective delivery of the feedback.

Alexander (2006) highlighted that how 360-degree feedback affects the employee attitude, effectiveness and performance. Organizations will be able to get benefit from the 360-degree feedback when the learner or the employee who is imparted training accepts the feedback and takes appropriate action to make the necessary changes. The right organizational climate helps in gaining benefit from the implementation of the 360-degree feedback process. The design and the implementation have to be always taken care properly.

Morse (2007) discussed that about the gender differences within the 360 managerial performance appraisals. It was found in the study that 360 appraisal systems does not discriminate the female managers in relation to their male counterparts. Here, the view of superior, sub ordinate, peers are taken and where in it was found that there was hardly any difference. It says that 360-degree feedback is one of the feedback process in which the process is very genuine giving the accuracy in the data collected. The limitation of the study was it was conducted on one company, which cannot be generalized.
Whiddett & Galpin (2002) stated that 360-degree feedback should be designed as per the organizational need as well as its objectives. It helps the organization to utilize the feedback effectively in the appraisal process and training & development leading higher organizational performance. Organizations at the same time should be clear about the 360-degree feedback process, its objectives before its implementation. There are three basic considerations to be made in 360 degree feedback i.e. who should be rated and by whom and the rating scales to be used.

“What is currently called 360 assessments - or multi-rater, multilevel, full-circle feedback - is a widely used and effective process for giving and receiving feedback” (Wilson, 1997). The term “360-degree feedback” refers to gathering and processing multi-rater assessments on an individual and then feeding that person back the results (Bookman, 1999). The process includes tuning into the observations and perceptions of those around the individual who are in a position to observe behavior and skills. The critical aspect of 360-degree feedback is to identify gaps between perception and desired performance (Wilson, 1997).

Wilson (1997), highlighted that an honest self-rater will gain much insight from the 360-feedback process; however, those that do not rate themselves honestly (either higher or lower) will not reap the benefits of 360-degree feedback. A lower or higher rating will negate the growth of that manager on their career path; thus, no real growth will take place. This self-knowledge will help the manager be aware of their current level of mastery and develop the steps necessary to increase performance.

Wimer and Nowak, (1998), stated that work groups within the organization and the entire organization might benefit from the 360-degree feedback process. Individuals that work with one another in a group setting are able to share their feelings on an anonymous platform, which can lead to unburring oneself of negative feelings. It is the hope of most raters that the feedback they provide will lead to motivation for others to change. “It’s common for a group’s morale and effectiveness to improve dramatically after the members have had the opportunity to give others concrete, honest, behavioral feedback and know that their views have been heard and taken seriously”.

Lewis, (2000), stated that the use of this feedback method for merit raises can undermine trust and may put relationship and careers in jeopardy. When employees are rating one another for promotions or pay increases, employees act in a manner to generate good feedback, leading to a popularity contest.

Graham, (2000), highlighted that the 360-degree feedback process is bound to bring out the imperfections of the manager. This process is difficult for people to focus on their weaknesses instead of improving their assets and the value of their contributions. Graham has found that some employees use the assessment tool as a means to “get back” at a manager who has angered them. Of course managers are aware of this and may start reprimanding their employees differently because they know that they feedback will reflect all behaviour, regardless if they are well intentioned for the company.

Bookman (1999), stated that Anecdotal and hard data have shown that 360-degree feedback, when used for performance appraisals, creates a new set of problems for the employees and facilitators, including improper rater selection, overrating and underrating biases, resistance from employees, and the neglect of personal development).

Winer, Nowack, (1998), stated that 360-degree feedback should not be a substitute for assessing and managing people’s performance. It is rather a process for helping people gain a rich perspective on how others view their management practices, interpersonal style, and effectiveness.

DeNisi & Kluger, (2000), stated that continually appraise the 360-degree feedback system to ensure that the proper goals are being met. There are not many published reports that state the effectiveness of 360-degree feedback; therefore, companies need to evaluate the effectiveness for their particular organization, based upon their strategic needs and goals.

Antonioni, (1996), discussed that twelve factors important to the design of a successful (that is, effective) 360-degree-feedback process: (1) Raters prefer the use of 360-degree feedback for developmental purposes as opposed to using feedback for compensation purposes. Such use of 360-degree feedback could produce negative reactions from participants. (2) Written and descriptor 360-degree feedback may be more helpful than rating-scale information. (3) Managers prefer accountability for ratings by the rater. Raters, however, prefer their ratings be anonymous. (4) Direct report raters (subordinates) who were held accountable for upward feedback (their names were associated with the feedback) gave their managers in higher ratings. Anonymous raters gave lower ratings. (5) Managers indicated the following about the nature of the feedback they received: 25% was expected positive feedback, 30% were unexpected positive feedback, 20 to 30% was expected negative feedback, and 15 to 20% were unexpected negative feedback. (6) Raters estimated that 19% of managers would be surprised by low ratings in the feedback. (7) Only half of the raters reported that managers had shared summary results of the upward appraisals. (8) Managers who score high on achievement motivation (that is, want to succeed) and who value feedback is more likely to discuss the results with their raters. (9) Managers are not likely to develop specific goals or action plans based on 360-degree feedback. (10) Improvement of low performance ratings is left to the rate. (11) Seventy-two percent of rates reported that supervisors did not follow up on action plans related to 360-degree feedback. (12) Eighty-seven percent of rates fell raters had not recognized their improvement efforts.
Budman and Rice, (1994), highlighted that 360-degree feedback as an increasingly used option for performance appraisal and discuss its use in various organizations. The trend toward using 360-degree feedback (as opposed to exclusively using top-down, supervisory ratings) allows employees to have control over evaluations. For organizations shifting to the use of 360-degree performance appraisals, a key factor is how timing affects employee trust in the process. Although managers may desire a new approach to traditional appraisals, they are often wary and insecure about receiving feedback from peers and subordinates. Although training can allay some fears, trust occurs only with time and organizational support for using 360-degree appraisal. The authors discuss various issues related to this method of appraisal: training, impact, managers’ sensitivity to receiving upward feedback, and format of the feedback assessment.

Coates, (1996), Stated that seven suggestions for preventing 360-feedback assessments from losing impact and effectiveness: (1) Learn the technology before investing in it. (2) Make sure the organization is prepared for the 360- degree process. (3) Use well-researched and well-constructed survey items. (4) Protect the confidentiality of raters. (5) Use skilled facilitators to implement the process. (6) Follow up with developmental activities. (7) Separate developmental feedback from personnel and compensation decisions.

Coates also suggested on seven years of research and development of 360-degree-feedback instruments. Each suggestion is followed by information that will allow users to resolve issues, evaluate options, prepare well, and increase the probability of success. The author asserts that experience has shown that 360-degree feedback can be a powerful tool, but it must be used wisely. He predicts that 360-degree-feedback technology will continue to increase its versatility and accessibility. Careful preparation will allow users to implement a 360-degree system that will meet organizational needs.

Heisler, (1996), stated that 360-degree assessment implemented in one of the operating divisions of Tenneco. The company developed a 360- degree assessment to measure nine leadership competencies thought to be necessary to the organization’s culture. Heisler uses Tenneco’s approach to support the belief that the 360-degree feedback process must be implemented slowly; it must be seen as more than a data collection system. Heisler suggests that 360-degree assessments be designed to measure behaviors and characteristics that relate to an organization’s strategy. The feedback process must also be supported with tools for the analysis and interpretation of data. Finally, he says that developmental planning for the participants should follow the process. The purpose of 360-degree systems is not only assessment but also to provide feedback to stimulate improvement and to promote an organization’s strategic business objectives.

Nowack, (1993), discussed the key issues related to the selection and development of a 360-degree feedback instrument. He gives five reasons for the increased use of 360-degree systems for feedback: (1) the need for a cost-effective alternative to assessment centers, (2) increasing availability of assessment software, (3) the need for continuous measurement in continuous-improvement efforts, (4) the need for feedback for career-platitude employees, and (5) the need to maximize employees’ potential. Before deciding to purchase a feedback instrument or to develop one, an organization must first decide what is to be measured. Off-the-shelf instruments are designed on five basic models: (1) job analysis: measures knowledge, skills, and abilities based on a traditional analysis of the position of interest (for example, managerial); (2) competency-based: measures behaviors as compared to high performers and low performers; (3) strategic planning: measures knowledge, skills, and abilities based on an organization’s strategic plans; (4) developmental theory: measures knowledge, skills, and abilities based on theoretical and conceptual models of employee growth and development; and (5) personality theory: measures knowledge, skills, and abilities associated with personality factors. An organization must also decide on issues such as scoring, confidentiality and anonymity, ownership of results, and instrument validity. Nowack discusses each of these issues and provides examples of various applications.

Warren Shaver, (1995), discussed on various pitfalls and benefits of using a multi-rate system. First, he talks about the four ways to implement multi-rater feedback systems: Buy an off-the-shelf instrument, hire outside consultants, build an internal system, or use a combination of any of these. Regardless of the type of feedback system used, it must be reliable and consistent, valid, easy to use, and should create positive change. Second, Shaver says that because 360-degree feedback is a relatively new and subtle technique (that can be potentially harmful), it is important to understand the process of setting up a system for using it. He provides these five steps: (1) Design and plan the process. Key factors are deciding who will rate and be rated, ensuring fairness, utilizing timing, and ensuring confidentiality. (2) Design and develop the instrument. Focusing the instrument on the organization’s vision can ensure that it is relevant to the future of the organization. (3) Administer the instrument. The format of the feedback system (for example, questionnaire design) affects the overall success of the assessment. (4) Process and report the feedback. Shaver cautions against problems of inaccurate transcription, editing, and slow processing. (5) Plan responses to the feedback. Receiving the data is only the first step in a manager’s development process. Creating and adhering to an action plan is...
where the improvement actually occurs. In this regard, there are three sources of help for managers using feedback for development: one-on-one facilitators, group discussions or workshops, and workbooks.

Manuel London and James W. Smither, (1995), highlighted that how 360-degree feedback can go beyond traditional performance appraisal by providing information that can be used for behaviour change and employee development. The authors present a model and seven associated propositions specifying how differences in perceptions of performance between the focal individual and his or her Co-workers can affect factors such as self-image, goal setting, behaviour, and performance. Components in their model include personal variables, such as feedback-seeking behaviour, self-monitoring, and impression management. Situational factors in the model indicate how the feedback process is implemented and organizational performance standards.

Avolio, (2005), stated that, “To be an effective leader means to reflect, deeply reflect, and on events that surround oneself that have reference to how you see our own behaviour and actions influencing others.” To reflect, Avolio (2005, p. 194) suggests, means “to know oneself, to be consistent with one self, and to have a Positive and strength-based orientation toward one’s development and the development of others.” London (2002), Peiperl (2001) and Rao and Rao (2005) argue the efficacy of 360-degree feedback to aid reflective practice, particularly to improve interactive engagement in the leadership role.

Garavan et al., (1997), highlighted that, to ensure the success of 360-degree feedback as a developmental tool, supervisors should provide coaching and the organisations should reward managers for their efforts. Positive results are also obtained when the feedback process is built into broader strategic human resources activities (Caciopppe & Albrecht, 2000; Lepsinger & Lucia, 1997).

Smither et al. (1995) studied that low- and medium-level performers improved and high performers declined over time. Some of this result was due to regression to mean, but not all of it was. However, managers who received feedback were more likely to improve performance than managers who did not receive feedback.

Mount et al. (1998) studied that each rater’s ratings (self-ratings, two bosses, two peers, two subordinates) were different enough from each other to constitute a separate method. The implication for 360-degree feedback reports is that the information should be displayed separately for each individual rater. This would allow the rate to examine patterns of each rater’s ratings across the skills. However, anonymity would be an obvious concern with this recommendation.

Megha Vashishth (2014) highlighted that 360-degree feedback facilitates the person to know that how he is being perceived by the related parties. He may have contradictory results from his superiors or subordinates as he usually behaves in different manner with the different parties. It provides information to the employee from all the channels associated with him. Multi-source ratings (alternatively called 360-degree feedback) have been used widely as a means of giving managers developmental feedback about their performance from different perspectives (Brutus, Fleenor, & London, 1998). This paper focuses on the need for introducing multi-source ratings system in the organization. It also describes the benefits of implementing 360-degree feedback to the employees and the organization along with some factors for its successful implementation.

Thomas S. Hancock, Lieutenant Colonel, USAF, 1999, studied that Integrity, service, and excellence. These are only three words, but as core values them serve as ideals that inspire Air Force people to make our institution what it is—the best and most respected Air Force in the world. Core values represent the fundamental principles that guide our work and everyday lives. They serve as the heart of our profession. This explains why at a recent CORONA Conference, Air Force leaders reaffirmed their commitment to these values. Originally included in “Global Reach, Global Power,” they remain intact as part of the new Air Force strategic vision document, “Global Engagement: A vision for the 21st Century Air Force.” While the vision calls for integration of instruction in core values throughout Air Force training and education, more can be done to translate Air Force core values into behavioral change. To help instill core values in airmen and strive for continuous improvement in adhering to them, the Air Force needs to expand its performance feedback program to include 360-degree feedback. This initiative would offer the best return on investment for not only teaching core values, but also living and practicing them in day-to-day activities at every level.

Phongstorn Ermongkonchai, (2008), studied that, as performance appraisal method known as multisource feedback (MSF) or 360-degree feedback was popular in Western organizations for decades, it is questionable if the practice will offer similar benefits at international level. In this article, the literature on multisource feedback and comparative culture is reviewed. Based upon practices suggested by recent literature, a research was conducted at the two large-size organizations in Thailand. This research found that managers could accept the multisource feedback for development purpose. Negative cultural implications can be avoided while maintaining the merits of multisource feedback for employee development.

CONCLUSION

360-degree feedback gives a clear picture of employees and helps to know strength and weakness. 360 Feedback can also be a useful development tool for people. It is the opinion that for growth and development of personnel and the department will be more probable with the adoption of 360-degree feedback system. More so, the implementation of 360-degree performance appraisal systems in the organization is very much essential. 360-degree is the newest alternative for performance appraisals...
measurement system. 360-degree feedback is usually a sensitive subject. People are often cautious. 360-degree feedback and takes serious steps to insure the integrity of the process and support of the individual. 360-degree questionnaires can help by providing a tool to help leaders compare their self-perceptions with the observations or colleagues or others who know well them.

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