Best practice in 360 Degree Feedback: Results and experiences from practice

An overview:

I. Definition: "What a 360 Degree Feedback really is"

II. Goals of a 360 feedback

o *Grade-1*: goals for the feedback recipient.
o *Grade-2*: goals for the evaluation of the recipient.
o *Grade-3*: goals for the company and HR management.

III. A plethora of methodological approaches

IV. 360 Degree feedback in the organizational context

V. Feedback Systems

VI. Best Practice of implementation with feedback systems

o Definition of goals, feedback method, and rating criteria.
o Definition of the project process.
o Communication and expectancy management.
o Resources.
o Nomination of the steering committee.
o Presentation of results and training offers.
o Regular Feedback for control of progress.

VII.   Methodological and content saturation

VIII.   Effects

IX. Actual factors of success

X. Empirical results

o The procedure.
o The feedback instrument.
o The usual process.
o Measures and quality assurance.
o Presentation of results.
o The use of the results.
o Value tendencies and statistical results.
o Acceptance of 360 feedbacks.

Best practice in 360 Degree Feedback:
Results and experiences from practice

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

> – Dr. Clive Fletcher
> [Goldsmith College, University of London]

Companies are shaped by the goals they have, the people they work with and the contemporary texture in which they are embedded. Several decades ago, organizations were modeled upon hierarchical frameworks which, inevitably, rendered a very clear and precise organizational model. With the wave of lean management came the toppling of organizational hierarchies and the installation of more interlaced, dynamic organizational settings focused upon cross functional and project based corporations. These new organizational settings have proven to be more conducive to a setting in which projects and goals arise and are tackled by team based structures rather than hierarchical ones. Within these new frameworks, team oriented goal setting flourished, in part, because of the dynamic relationship between managers and subordinates. These structures create a broader span of control for leaders making it indispensable for them to use more systematic leadership instruments like MBO processes and performance feedbacks. Besides the evaluation of productivity and the reaching of certain goals, the so called "social and networking skills" of employees gained a once unnoticeable relevance. It has been found that these, "social skills", can be measured through 360 Degree Feedbacks. Behind this assertion lies the assumption that both personal and operative competencies contribute to the success of a manager and that these competencies are vibrant enough for assessment. In the meantime there are a wide array of studies and experience reports proving the effectiveness of 360 Degree Feedbacks for both individuals and companies alike.

I: Definition: "What a 360 Degree Feedback really is".

A 360 Degree Feedback is based on several opinions about the contributions and behavior of an employee as well as his or her own assessment through a structured procedure.

A proper 360 Degree Feedback demands that third party evaluations come from groups with a variety of relationships to the focus person: i.e. peers, managers, subordinates external suppliers and customers. The various viewpoints of the different feedback groups within 360 Degree Feedbacks contribute to comprehensive and authoritative results based on average values. 360 Degree Feedbacks are methodologically diverse and can, according to what is ultimately sought after, point to an equally diverse range of goals. Nevertheless, there is one guiding principal involved: good feedback should be precise and behavior focused and that focus should be value neutral. Assessments should yield positive change and depict relevant behavioral alternatives that the focus person can implement. Besides the goals deducted for the company setting, a good multi-perspective feedback instrument is especially instructive for the personal development of employees.

II: Goals of a 360 Degree Feedback.

Given that a 360 degree feedback is a subjective appraisal, it can not be thought of as an objective test instrument for the assessment of employee qualifications. Nevertheless, many people believe they can do the diagnostics of qualifications with a 360 Degree Feedback. Such an assertion is, however, false given that feedbacks do not follow an invariable scale. What is more, many associate 360's with their goals for selecting people for advancement within the workplace. To determine promotions and wage increases upon the results of a 360 Degree Feedback would be similar to holding an election within a company. Most companies that use 360 Degree Feedback use them to foster individual development in a way that is in keeping with the organizational goals and values which contribute positively to the further development of the leadership culture and to the organization as a whole.

We have reached a point in our discussion where it may be possible to create an overview of all the goals that are attainable with a 360 Degree Feedback. The question as to how and under what conditions these goals can be attained will be discussed later. In what follows, the goals of a 360 Degree Feedback will be laid out in gradations. In general, one can differentiate between *Grade-1* goals, (that is, the goals and direct results for the participants) and the *Grade-2* and *Grade-3* goals which are focused more specifically on the potential consequences of feedback measures.

Grade-1: Goals for the feedback recipient.
- Professional and personal feedback.
- Quantitative visualization of otherwise difficult to measure criteria: i.e., the success of leadership and integrative behavior.
- Draw a distinction between self and third party evaluations.

- A check against company wide individual performance norms.
- Relative analysis of strengths and weaknesses as well as indication of areas for potential development.
- Deliver reasons for change as well as catalyze development.
- Deliver the "know-how" for bridging goals through goal reaching strategies.

Grade-2: Goals for evaluation with the recipient.
- For the managers: providing a systematic leadership instrument.
- For the coach: providing a basis for coaching and career planning.
- For the team: providing the activation of problem solving processes.

Grade-3: Goals for the company and the HR department.
- Evaluation of operative competencies as observed by others.*
- Evaluation of personal competencies as observed by others.*
- The comprehensive assessment of potential core competencies.*
- The analysis of potential.
- Selection of employees through skill profiles.
- Activation of leadership behavior.
- Indirect training of social competencies.
- Partial analysis of individual goal reaching.
- Setting the stage for employee evaluation rounds and goal setting discussions.
- Evaluation for promotions and wage increases.
- Bonus calculation through performance evaluation.
- Setting the stage for the development of "whole groups" during an organizational overhaul.
- Fortification of motivating factors in employees[1].
- Fortification of sustainable performance enhancement in employees[2].
- Definition of training measures.
- Definition of selection criteria and target profiles.
- Profile comparisons in different groups, (i.e. sales, purchasing, managerial groups,) to deduct target audience's specific improvement measures.
- Support during restructuring phases[3].
- Optimization of work processes.
- Development of feedback culture and, in particular, acceptance of critique and constructive feedback.
- Support of team development through the initiation of steering and team building processes.
- Control of successful training measures and personal development techniques.

---

* Others claim that this can be measured objectively. We argue against such an assertion later in this study. For now we stress a conditional and limited meaning for this goal.

[1] This is a theoretical assertion.

[2] This is a theoretical assertion.

[3] The 360 Degree Feedback indicates which competencies are available for organizational development.

This list may not be complete, though the length of the list may suggest, already, that a 360 Degree Feedback could be an appropriate solution to all sorts of change management problems. However, this is not the case. In fact, many of the listed *Grade-3* goals can be achieved more easily through the employment of other methods. But, studies have shown that these same *Grade-3* goals are, in fact, reachable through 360 degree feedback if and only if the content of such a feedback is tailor-made for the problem setting faced by the organization.

Some of the most important *Grade-3* goals can be met simply by fostering open communication and cooperation. This involves more than one would immediately think. Some of the changes made possible through open communication are: leadership impulses, changes in goals which were previously set, continuous innovation or improvement, a more powerful corporation through better mutual understandings, improvement of the employer image among employees and customers, organization wide establishment of a structured and unified method in human resources management.

III: A Plethora of Methodological Approaches.

In 1997, half of the companies surveyed in Great Britain had implemented a feedback process of one kind or another. At the same time, in the United States, 360 Degree Feedbacks were already the standard. Although 360 Degree Feedbacks have long since been the standard, today the methodological diversity through which people seek to implement such systematic feedback processes is astounding. In fact, methods of implementations reach from standardized online instruments to slightly adapted versions of a 360 Degree Feedback to specific phases or processes in a company, to a note on a sticky pad or even a discussion over coffee. Yet, all of these have come to be known as "360's". In fact, one can even buy a "360" template over the internet for about 4 dollars. This obvious and prevailing blurredness of the meaning of 360 Degree Feedback is the reason why HR-Meter conducted a study in this field in cooperation with the chair of organizational psychology at Ludwig-Maximilians-University in Munich. The central question was: ***"Which feedback method, under what conditions, is most successful?"*** The study focused on a wide variety of feedbacks in which systematic results were collected through multiple evaluations. The methodological "fine tunings" (quantitative and qualitative) are listed here:

- The frequency of feedback projects.
- The time needed for each feedback project.
- The combination of feedback projects and other resources like "performance measurements", MBO's, "performance engagement surveys" and other change management activities.
- Average number of participants and which organizational rank they are coming from.
- Average number of third party ratings per focus person.
- Average number of groups doing third party ratings.
- Average number of measured dimensions.

- Focus and either behavior oriented or trait based work relevant behavior, competencies and performance dimensions.
- Type of scaling: unipolar, bipolar, no scaling.
- Integration of open questions and comment fields.
- Integration of an external coach.
- Communication and transparency of the project.
- Qualification of participants.
- Instruction and info resources for participants.
- Does the report include self-assessments against third party assessments?
- Does the report include gap analysis?
- Does the report include "rater group" evaluations?
- Does the report include analysis of strengths and weaknesses?
- Does the report include the integration of managerial evaluations?
- Does the report include recommendations for future development?
- Does the report include the results on the organizational level?
    - Benchmark reports.
    - Reports for all organizational units.
    - Level reports.
    - Performance criteria reports.
- Does the report include a deduction such as: suggestions for individual improvements, developmental perspectives?
- Does the report include a communication plan, including the consequences of the feedback results?
- Does the report include open, team, or individual treatment of negative feedback?
- Does the report include analysis of results and consequences for the human resources department?
    - An action plan?
- Does the report include the effects and value correction in the intercultural and hierarchical comparison?
- Does the report facilitate general acceptance and satisfaction with the feedback process?
- Does the report include steps for the organizing and implementation of "coaching"?

IV: 360 Degree Feedback in the Organizational Context.

To successfully implement a 360 Degree Feedback with a concentration on *Grade-3* goals, as previously defined (i.e. organizational development purposes), it is indispensable to properly observe the organizational context of the assessment. On this basis, it is possible to select an appropriate feedback method and define an appropriate feedback process. In fact, the process of feedback implementation is as important as the feedback itself and the feedback itself is as important as the initial goals setting. So, good feedback tools might prove unsuccessful if they are implemented in the wrong way. The

three most important points to prevent a failure are to inform participants in advance of the goals and procedures of the 360, assurance that there is total anonymity for all parties involved at all times, and participants need to know who is going to see the results and what consequences are to be expected.

If you want to be sure that all your bases are covered, here is an enumeration of the preliminary questions that should be addressed in a 360 Degree Feedback project evaluation:

Knowledge Box 1

"Questions that should be addressed *before* engaging in a 360 Degree Feedback project":

- Which goal does the company pursue and is this goal also depicted in a 360 Degree Feedback as well as addressed by the procedure?

- Which goals are set for individuals and which goal reaching strategies can be implemented in an understandable and easily carried out way?

- Who should receive a feedback and who should merely participate?

- Which questions or competencies should be the core elements of the procedure?

- Who is conducting the feedback (HR or an external consultant)?

- What happens to the reports?

- What consequences do the results and the reports have on individuals and who has knowledge of these results?

- What are the consequences of the results for the company[4]?

- How should the feedback results be integrated into the organizational development?

---

[4] There might be benchmarks available or reference group data pointing towards a necessary change.

One should always imagine that, with a 360 Degree Feedback, however the project is constructed, that structure can and will affect motivational factors for personal development.

A good example of strategic implementation of a 360 Degree Feedback, in the context of a company, is derived from the system used by General Electric. Set in a simplified way, the GE management tries to translate company goals into individual goals and then package that formally with the yearly performance evaluations. A collateral 360 Degree Feedback is then added and adapted to the MBO process in which the value system of the GE management and certain goal reaching strategies are integrated. The GE value system is based, to this date, on the following values: the implementation of a common vision, responsibility, striving for excellence, open mindedness and good communication, teamwork, innovative contributions for activity, and the preservation of quality in a global context. In the best case, the GE feedback system will have the effect that the targeted leadership culture is preserved and influenced correctly and that individual results can be recognized in the yearly performance evaluations with their managers.

V: Feedback Systems.

Since a 360 Degree Feedback involves a large amount of data, over the last few years, 360 Degree Feedback systems have evolved into state-of-the-art online assessment systems. They function through email invites to web portals within which the participant has login access to online questionnaires for self and third party assessment. A database steers the storage and the organization of the data for each focus person. From this database, at a later date, reports are generated through an evaluation logarithm. Reports attempt to be comprehensive, concise, and are made accessible in an intuitive layout. Averages and deviation values in rating groups (i.e. peers and subordinates) are grouped together and graphically displayed. Individual reports often contain gap analysis between self and 3rd party assessments. Results get aggregated as "competence arenas" and suggestions for improvement and alternative behaviors are added. This is all configured through the very same auto features that make online systems attractive in the first place since they are time and resource efficient and enable fast, standardized, and professional report generation as well as timely delivery to the focus person and, given the automatic, online structure of such assessments, provide an equal opportunity for each employee to benefit from feedback.

Without online systems, Human Resource departments of larger companies would have to overcome massive logistical hurdles that would, inevitably prove to be very difficult to handle. However, there is always the temptation to use an online system and the "English format" for multinational use within a single company. Yet, one must not forget that cultural differences are so ambiguous that things which are a "given" in one country might be seen as rather strange or unfamiliar to employees in another country. Entire reference frames might be diverse, while the words are translated one on one. Cultural differences, in any case, have the effect of producing different value data.

VI: Best Practice of Implementation with Feedback Systems.

Definition of goals, feedback method and rating criteria: the rating criteria which need to be integrated into a 360 Degree Feedback need to be discussed in advance with the people who promote the project through their power and expertise as well as the individuals in charge of HR, with the aim that company specific apprehensions can be recognized. This process should be based on proven modules which have a known validity as well as on customized parts and open questions. Other than the content, it is necessary to define the method of the feedback and the processes that seem to be most successful for the implementation of the whole feedback process.

Definition of the project process: Typically a feedback project is divided into three parts.
1) A "kick off" info meeting with all of the assessment participants wherein all parts of the process and the consequences are made plain and illustrated through examples.
2) The implementation of the feedback itself.
3) A discussion of the results of the evaluation with each of the focus persons.

Communication and expectancy management: The communication of the feedback project, along with its specific elements, must be very precise. During communication of the project, it is important to cover aspects of instrument security, confidentiality, the treatment of data and the anonymity of 3rd party ratings. Of equal importance for the credibility and acceptance of the procedure is the precise communication of each of the project's phases. Each participant needs to know what is expected and the consequences incumbent upon the results.

Resources: It is a fact that giving and receiving feedback, for employees and managers alike, is a difficult task. The fact that 360 Degree Feedbacks grant anonymity *does not* make it easier. Discussing feedback results in the correct way is still a crucial step for the success of the project. Therefore, it is indispensable to teach participants how to give effective feedback as well as what the importance of effective feedback is. Many participants may need explicit instructions in order to properly work with a 360 degree feedback tool. For example, a "rater" should always keep in mind what comparison group to evaluate the focus person against. Usually such info is given in a "kick off" meeting and on the survey itself as well as within a manual wherein all of the important information is gathered. This helps to insure acceptance as well as a feeling of security among the participants and improves the quality of feedback enormously.

Nomination of the steering committee: The involved internal and external "pilots" must be well known as well as accessible by all of the feedback participants. These "pilots" should be thoroughly familiar with the project, procedure and resources and should, at any given time, prioritize the trust that individuals put in them.

Presentation of results and training offers: In a final evaluation workshop and during individual feedback talks, the results gleaned from the project are communicated and the possibility of changes and improvements is made clear. The one-on-one "feedback talks" should also include individual goal setting which is facilitated by managers. Therefore, a

third party consultant or "coach" should, along with the manager, discuss the feedback results with the focus person in terms relative and relevant to the prescribed goals of the feedback project.

Regular feedback for control of progress: When employees come to expect a certain regularity of feedback, participants show a sustained implementation and begin to connect to their feedback results. A second and third project can refocus on the individual results and additionally it can be enlarged by organizational benchmarks and team development values. It is a known fact that what is measured becomes more important. If the focus of attention is steered toward certain metrics, over time, those metrics tend to increase in value.

VII: Methodological and Content Saturation.

We integrated, early in this article, a long list of goals that shed some light on how many different expectations individuals have of 360 Degree Feedbacks. Those same false expectations are the very reason why so many 360 Degree Feedback projects are overrun with methodological and content saturation. Those *Grade-3* expectations can be parted into the problem of diagnosis of competencies and organizational development in the broadest sense.

The diagnosis of competencies:

Expectations for a diagnosis of competencies are tied to the belief that feedback tools are objective, reliable, and relevant measuring instruments. In fact, some 360 Degree Feedback tools cite such scientific figures as proof of their test quality and validity. In fact, there are even some 360 Degree Feedbacks wherein up to 45 individual competencies are measured, though, again, since feedbacks use averaged survey values and opinions to qualify those values, one can hardly consider them to be true and objective measurement instruments. A similar fact can be stated concerning the accuracy of opinion measurements. Opinions depend on the value systems upon which they are based and, so, an opinion's frame of reference is strongly limited or biased. If, for example, two values are produced with the same instrument and show the same degree of importance for the individuals who expressed them but stem from two different frames of reference, then these values are incompatible. The sociologist, Professor Neuberger, has gone one step further by claiming that "opinions that are first gathered in numerical versions and are then compared, in their merely numerical form, often offer poor quality in terms of value. That is, opinions rendered in numerical form are necessarily abstract given that they are deducted from a reality purified from all of the conditions that were, otherwise, responsible for their existence."

In a more practical sense, managers must live with the fact that they are living in a fish bowl, forever evaluated. Their careers depend upon the results of those "evaluations". With this being said, it seems obvious that a manager should take a vested interest in the opinions of his or her fellow colleagues when those opinions are in direct reference to the manger and to study those opinions to determine, more accurately, how

he or she should "behave" at work. It recently has been tested that people who are more capable of monitoring themselves are generally given better performance ratings.[5] It is possible that his or her next bonus or promotion depends on exactly that. On the other hand, one must admit that, although 360 Degree Feedback results are hard to codify and compare, the profile values (the relative differences within a feedback result), nevertheless, give a solid picture of reality.

While judging "competencies" through a 360 Degree Feedback, the following question must be asked: "Are employees at all able to judge the competency of their managers in a comprehensive way?" One should make clear that competence measures, within a 360 Degree Feedback, can only depict competencies that are used by employees within a company and that are truly observable in the interaction between colleagues. Therefore, a feedback questionnaire must have a very high and precise standard upon which it forms and bases its results and this standard must be the product of custom development tailor fit to the company in question.

The issue of "value relativity" has another problem: One knows not of a compact theory that could elevate the content of a 360 Degree Feedback to the level of absolute objectivity which is otherwise desired of "competency assessments and tests". It is a fact that the question systems applied within 360 Degree Feedbacks and the way these systems are evaluated either miss the solid theoretical basis that is proven relevant in an organizational context or lack the proper, and somewhat tedious, adaptation of the questionnaire to the goals of the company. In this regard, one finds that feedback instruments prove especially problematic when focused on "personality traits". Further, we find that the experiences colleagues share at work do not automatically put them in the position to judge one another's personality. It could never be claimed with any validity that one's personality shines true from nine to five. Feedback givers (raters) usually find it difficult to give assessments of other's personalities and are not wrong in doubting the credibility of such assessments. There is very little research to suggest that specific personality traits are proven to be the sole condition for a successful career in business. These limitations reduce the validity of feedbacks in general. Even if Human Resource consultants make it clear that 360 Degree Feedbacks do not comply with the norms of test theory, (for example, DIN ISO 33430[6]) it is still the case that psychological test instruments with the scientific quality criteria of objectivity, reliability and validity, that would usually be applied to every diagnostic competency instrument, are, nevertheless, taken to be objective, and wielded as such, by the test administrators. For whatever reason, it has proven difficult to avoid this misconception.

Organizational development in the broadest sense:

The expectations that many have of feedback instruments and their utility in the area of organizational development or change management (*Grade-1,2,3* goals) are quite broad. Many of these goals are only achievable with the well organized and planned implementation of, what could be considered to be, an over arching strategy. The feedback tool itself usually has a specific and well defined role to play in a larger strategy. On the company level, transparent processes and a certain degree of consistency in the behavior of key managers does contribute to successful change management,

---

[5] Research compilation on the value of networking done by HR-Meter in August 2007.
[6] Insuring the quality of personnel selection and evaluation processes.

whereas on the level of individual employees, a 360 Degree Feedback oriented around similar values that are decisive in the motivation for change can prove most effective. It is known that GE and Siemens use particular and well tailored 360 Degree Feedbacks that have value systems and competency systems that are consistent with each of the corporation's "value systems", ultimately providing the advantage that the reports generated for participants in the 360 Degree Feedback are always labeled with or indicated by the "normative value" used in the company so that the employee can compare his or her "scores" with the normative "score" laid down by the organization as a whole. Such a platform is positive for several reasons. First, it characterizes a 360 Degree Feedback as something that produces results which are useful and logical but limited to a certain organization. Also, such a norm based platform steers the focus of attention toward cooperation within the company and communicates the goals of the process to be reached by employees. Behavioral change, on the level of individual employees and teams, becomes navigable when all of the employees are "on board". Obviously, regular feedbacks that go beyond the evaluation of a stagnant "status quo" are to be preferred. Such feedbacks can also depict the progress of a change management process in a pre / post study through which a precise need for change can be calculated, organized, and catalyzed bringing about a measurable texture.

A lot of the mentioned analytical and administrative *Grade-3* goals can be tackled through a properly implemented 360 Degree Feedback. For the most part, this is a valid statement, though, of course, there is the limitation that a 360 Degree Feedback deals with "relative results" meaning that their precision and comparability to more "objective" assessments are not fully reachable. It is possible, however, to take a 360 Degree Feedback as close to the objective frontier as possible by selecting questions that are extremely close to actual, observable, behavior and that are oriented toward a value and competency system that is known to lead the whole organization to its goals. This not only has the advantage that raters find it easier to differentiate their evaluations but it also improves the ease of understanding the results. A feedback recipient can easily imagine his or her own behavior and its alternatives when the focus is on a descriptive situation in which behavior is relevant and that they are familiar with. In this case, the impulse for change is much stronger.

VIII: Effects.

"The discussion of feedback yielding a behavioral change in the feedback recipient is not a new one. Since Thorndike's research, it has become clear that only through direct behavioral related feedback can a learned success be realized and a foundation for behavioral change be made."[7]

Every communication is feedback. One can not avoid giving and receiving feedback anymore than one can avoid communicating with others. Maxim: "The more open a communication, the better the feedback that is exchanged." Fact: "Employees need comprehensive feedback to know where they "are" in their career." Such a feedback

---

[7] Bernd Runde and Dirk Kirschbaum: University of Osnabruck.

platform can be organized quite professionally in a 360 Degree Feedback given that the method moderates what would otherwise be a highly subjective and managerially controlled exercise. A manager who receives a negative feedback via 360 Degree Feedback knows that the feedback is not the opinion of one, but, rather, of many and so, in turn, is more motivated to change his or her "behavior". Equally, feedbacks are anonymous and so critique can not be rejected quickly on the grounds of "vendetta" or the "blame game". The feedback creates an ideal coaching platform and long term misbehaviors can be discovered, mutually discussed, and corrected.

However, a 360 Degree Feedback can also have unwanted side effects. In more elaborate and hand written feedback processes, the way in which people tend to put together their ideas on paper can, at once, single out certain employees simply upon their "style" and, thus, compromise the anonymity of the whole feedback process. Moreover, when employees rate their managers, things get even more sensitive. Feedback may show more laudatory claims than critique when one focuses on bottom up reviews.

In general, for employees, receiving a 360 Degree Feedback could mean a well earned recognition. In every case, a comprehensive feedback is a wellspring of information concerning topics that are, during normal work days, not the focus of attention. For example, 360 Degree Feedbacks offer interest in the people, themselves, (rather than Human Capital), the perception of qualities in people who might not stand out in the corporation as well as other people who might not ever be the subject of conversation. Mangers often have difficulties giving positive feedback for things that usually go without saying. On the other hand, a bad feedback result can produce strong reactions and such situations need to be treated professionally. Especially effective in this are two things:

1) Well defined processes, as well as the absence of any discernable discrimination, tends to produce a positive degree of trust in employees who are participating in a 360 Degree Feedback project.

2) A confidential handling of the results which focuses on the personal development of those involved. Such a strategy may prove to be possible only through the employment of an external coach.

A trained coach can, for example, see whether the results seem to display a high degree of metrical balance which would indicate an absence of strong bias or if some focus persons were given poor ratings because of the biases of the focus person's fellow employees. Individual rating patterns like anonymous critique or undifferentiated laudatory remarks are not easy to discern, though as soon as there is a suspicion that these may, in fact, exist, one should get to know the background of how such ratings developed. Personal, one-on-one interviews usually bring about such answers, though, should be carried out by an external, third-party, consultant.

In this context, coaches need to master difficult tasks through professionalism. They should thoroughly know their instruments and that instrument's metrical relations as well as the limitations of results. Additionally, a trained coach should have a solid leadership background, preferably through work experience in a larger company, so that they can objectively analyze subjective feedback results in front of the organizational backdrop. Last but not least, there is immense psychological fine tuning required which is only reached through training. Not every coach refrains from deriving meaning from

psychology or discussing feedback results in a way that they can be accepted easily as well as a motivation for a positive development.

IX: Actual Factors of Success.

One of the most important success factors of the 360 Degree Feedback, apart from fast working, transparent projects with a good product, is to have several leading and responsible people in the company steer the project in cooperation with external professionals. Empirical data gleaned from a research cooperation between the chair of organizational psychology at Ludwig-Maximilians-University in Munich and HR-Meter has produced, among others, the following result: there has not been a specific feedback system created to date that would show advantages over another leading feedback system. The acceptance rate of feedback stems from the quality and the consistency of the feedback project itself. A questionnaire concept that takes into account the performance criteria of a company, and the actual affective values of successful cooperation between employees, constitutes a great base. A successful project could be evaluated through the following criteria:

Knowledge Box 2

"Evaluation criteria – predicting success of 360 degree feedbacks":

- o Are goals and conditions for implementation of feedback clearly defined in advance?

- o Are metrical performance thresholds included in the questionnaire and are they derived from company goals?

- o Are unique, real life and experiential leadership principals as well as company values integrated?

- o Were the key activists in the whole process integrated and did they ensure acceptance of the feedback at all times through their behavior?

- o Was it guaranteed that a confidential, immediate, individual and continued dialog over goals and procedures conducted?

- o Were the discussions of results and development measures immediately put into practice?

- o Is the feedback periodically repeated to render data over development

and to communicate to focus persons that their feedback is subsequently affective?

o Has the feedback become part of the leadership culture in the company?

o Does the integration of other leadership instruments yield an overall profit from the feedback results and do all of the instruments interlace?

X: Empirical Results.

Over the course of several months, 750 heads of Human Resources have been invited by HR-Meter and LMU Munich to take part in an online survey to benchmark their company's internal feedback projects. According to the number of website visits, many have taken an interest in this project, though due to the very precise, long, in-depth questionnaire, not many completed the survey entirely. Nevertheless, 35, complete, in depth, data sets were gathered. Given that 360 Degree Feedbacks are not standard in German companies, this was, in fact, a very satisfactory result. The sample size (N=35) shows a broad coverage of industry distribution. Furthermore, 26% of participating companies have more than 5000 employees whereas 35% indicate that they have less than 1000 employees. On average, the participants, whose companies use 360 Degree Feedbacks, have been doing so for many years and conduct, on average, one per year.

The Procedure:

67% of participants indicate that the focus persons of their feedbacks are leaders or managers. 58% indicate that the focus persons of their feedbacks are employees. When asked whether they believed that, in most cases, it is preferred to offer 360 Degree Feedback to a whole hierarchy rather than selecting certain employees, with the exceptions of high potentials, 50% of companies replied in the affirmative.

The number of individuals who are logged as 3rd party "raters" was shown to be broadly distributed:

Over 33% use more than eight 3rd party ratings. 30% use between four and seven 3rd party ratings. In 28% percent of the cases, the feedback consists of only one to three 3rd party ratings. This is consistent with the hypothesis that people often discuss 360 Degree Feedbacks but equally often only mean simple feedbacks that are not actually 360 degree rating groups but, rather, a 360 degree variety of feedback types. This is very similar to the news reporter who claims to give 360 degree news reports and so discusses everything from cats in trees to foreign policy. We find that, when people typically refer to 360 Degree Feedback, what they believe the meaning or essence of such feedback to be is nothing more than a variety of feedback types and so feedback is produced by very few people. This, of course, is an incorrect understanding of the meaning of 360 Degree Feedback. In detail the distribution is as follows:

1) In 62% of the cases, ratings by only one superior are considered. In 22% of the cases, 2 or 3 superiors are considered and even fewer take more than 5 into

account. Only 6% do not take into account a rating done by a manager or a superior.

2) In 33% of the cases, 3 peer ratings are considered. In 23%, 4 or 5 peer ratings are taken into account. In 10% of cases, more than 5 peer ratings are considered and in 17% of cases, no peer reviews are done.

3) In 39% of cases, 3 subordinate ratings are considered. 21% of companies take 4 or 5 subordinate ratings into consideration and in 14% of cases more than 5 subordinate ratings are used, though, in 11% of cases, none are used.

4) In 34% of cases 1 to 3 external ratings are used. 24% of companies use 4 to 5 external ratings though a staggering 42% of companies do not use any external data.

If we average results over big and small companies, the results indicate that 30% of employees receive a systematic feedback of one kind or another. In 44% of those cases, this means a whole hierarchical level of feedback. For the most part, certain hierarchical levels are defined and assigned to each employee and they become eligible for a feedback based upon their "level." In only 11% of the cases, it is possible that, by initiative taken by employees, 360 Degree Feedback is implemented as an employee review. Also, in only 8% of the cases, specific employees (rather than whole groups) are considered by their managers or the HR management department to receive a feedback and a targeted improvement program.

The feedback instrument:

In almost two thirds (69%) of all cases, it is indicated that the dimensions of the feedback instrument are oriented toward an internal, targeted, leadership culture. It is probably the case that questions that make up these instruments are, by content and language, adapted to equal the goals, values and behaviors that are visible in the company. This correlates with the preference for behavior oriented criteria and questions of the feedback instrument. In fact, 31% of companies indicate that "personality traits" are measured. Nevertheless, the only methodologically *preferable* use of bipolar scaling, which often times produces a certain amount of confusion when reading the results, is used by only 14% of companies. In 14% of companies, feedbacks work without a scaling, while in 81%, open questions, with an opportunity to enter one's own feedback text, is granted.

The usual project course:

In 47% of cases, companies indicated that the most common way to communicate the set-up, goals and procedure of a 360 Degree Feedback project to their employees is through the HR management department or the personnel development department. In 39% of the cases, communication is initiated by the superior. A similar number of companies begin the 360 Degree Feedback project with "kick off" trainings. However, in only 25% of the cases, a project workshop is held.

Unfortunately, the instruction embedded in a 360 Degree Feedback instrument as well as the tool invitation, are the most common sources of information about the tool as well as the procedure.

Two thirds of the participants indicate that work with external consultants during different phases of the 360 Degree Feedback project is common. The most common phases were:

1. The concept phase.
2. Instrument development phase.
3. Data collection phase.

Of all of these cases, two thirds of participants brought in an external consultant. However, when it comes to the definition of the feedback dimensions, only 19% of companies indicate that they work with external consultants. Nevertheless, 22% of the cases indicate that individual "result discussions" or "evaluation meetings" take place using external consultants. In a similar way, subsequent coaching is handled by external consultants 19% of the time. Given that external consultants are well versed and experienced in the implementation as well as the comprehension of various 360 Degree Feedback reports, it is, in many cases, advisable to delegate the "result discussions" to external consultants.

Measures of quality assurance:
Apart from information sessions divulging the importance of the content and goals of a 360 Degree Feedback, it is important to take certain steps to insure the quality of the project. When aiming at improving the result quality and acceptance of the feedback instrument, the most important steps, for which empirical data are available, are enumerated here:

1) Employees, who are assigned the task of rating others within a 360 Degree Feedback, need to, on a regular basis, work closely with the focus person in order to have enough past interaction to refer to in their assessment. This criterion applied to 58% of the cases.
2) Employees who have been elected to give ratings should be given the option to "opt-out" of a 360 Degree Feedback. This criterion applied in 50% of the studied cases.
3) Employees should be reminded to give as "fair" and "honest" feedback as possible to improve the probability that the focus person will benefit from the project and have sufficient incentive for personal development. In 42% of studied cases, this criterion held.
4) Employees should receive precise information about the group of people against which the performance of the focus person should be compared. Ideally, raters should be able to picture a normal distribution of performance within the comparison group. Although this is one of the most important quality assurance procedures, only 22% of the companies studied apply it.

Presentation of results:
The presentation of the results should have a good overview and should be understood intuitively. The answer distribution of our survey data gives a clear picture of the presentation form used in practice.

1) The results can be traced back to the original questions: (72%)

2) The "rater groups" are shown separately or individually: (67%)
3) Managerial ratings are shown separately: (64%)
4) The results are behaviorally oriented so that focus persons can greet improvement suggestions in the report or can at least derive them easily: (58%)
      a. The report is summarized in a maximum of 3 pages: (58%)
      b. Standard deviation values are indicated: (58%)
5) Benchmarks referring to comparison groups are integrated: (36%)
6) Organizational benchmarks are integrated: (28%)
7) An area of tolerance is indicated based on statistical errors (buffer): (28%)
8) The results of the feedbacks are usually communicated by project leaders in a confidential forum: (28%)
9) Results are received via internal office post: (22%)
10) Managers set up confidential, one-on-one meetings with employees to communicate results: (19%)
11) Results are distributed by Human Resources representatives within a workshop setting: (17%)[8]

The use of the results:

Consequences of feedback results are usually limited to developmental impulses which the focus persons receive through their results. They were initially labeled as *Grade-1* goals. The main focus of most 360 Degree Feedbacks that are studied in this report is on *Grade-3* goals such as the consequences of the project.

This study inquired into whether the project results were sought in order to inform the Human Resource departments within the company or whether the results were sought to inform the focus people. To create a better overview, we put all these results in a table. The criteria on the left side of the table increase in regard to the meaning they have for the focus persons.

Criteria	Information meant for HR department (%)	Information meant for focus persons (%)
Participation in the HRIS	14	11
Results of the HRIS	19	11
Training recommendation	61	50
Recommendation about leadership for the superior	47	28

---

[8] There is the danger that, during a forum, personal information is discussed that should otherwise be discussed in private.

Integration of results in the MBO	42	33
Definition of a bonus percentage	8	6
Decision over development perspective in the company	39	NO INFO

It is easy to discern from the table that a lot of the information stemming from a 360 Degree Feedback project stays in the Human Resources department and is not communicated to the focus person. This information asymmetry does not correlate with the concept or essence of a 360 Degree Feedback which, as a method, facilitates the communication of results on an anonymous basis. What is more, one problem emerges that refers to the interpretation of the feedback results: consequences are drawn that exceed the reach of the feedback results. It was described earlier that on the basis of feedback value, potentially false interpretations might come into existence, though most people know that feedback instruments are limited in reliability and validity. It did not come as a surprise to find that 58% of companies indicated that they draw conclusions about the "personality" of focus persons. Nevertheless, this is more than was expected given that only 31% of companies had indicated that they measure for "personality traits" at all. On the other hand, many indicate that they simply draw such conclusions out of the information gathered in the report even though no systematic attempt had been made to assess a focus person's "personality". Why do companies believe that testing for "personality traits" is beneficial? There are two possibilities:

1) There might be the suspicion that such tests render improvement potentialities as possible and lay the groundwork for a more seamless cooperation: (61%)
2) There may be fresh knowledge to be unearthed with regard to the leadership of the employees: (67%)

Furthermore, 53% of companies indicate that they draw conclusions about potential promotions and 42% think about organizational change based on such assessments. Only 17% of cases indicate that companies bring about changes in the MBO because of the conclusions of a 360 Degree Feedback project. These kinds of consequences are to be revised per case. The conclusions of a project depend heavily on the customization of questions in regards to the work and the goals of the focus person. A lot of work must go into the definition of criteria that often can not be reached through the implementation of some standard, ready-made instrument.

In 56% of the cases, focus persons that receive a poor or negative feedback were given an offer that granted him or her coaching and consultation in order to help improve the focus person's next evaluation. A negative feedback for almost half of the cases, results in some sort of confidential discussion between the focus person and his or her manager.

Value tendencies and statistical results:

A basic problem associated with 360 Degree Feedbacks is that one can hardly tell whether "high praise" was given for strategic reasons. That is, it is difficult to discern

whether or not a subordinate has given his or her manager or superior an overly positive rating simply in the hopes of pleasing his or her "boss".

3rd party rating and direction.	Relatively Precise: (%)	Too positive: (%)	Too negative: (%)
Bottom-up (feedback for superiors)	44	24	0
Feedback for colleagues.	36	31	3
Top-down: (feedback for subordinates)	36	22	0
Feedback from external sources.	33	8	8

The above table shows how, in hierarchically sensitive situations involving evaluations, negative value tendencies are hard to find. However, the survey only asked about "general experiences" and did not ask for specified statistical values. In total, only 6% of participants indicate that, in the overall evaluation, focus persons were to "pretentious". 56% of participants indicate that self-assessments, more or less, show consistency with the third party ratings and 14% indicate that self-assessments usually show more self-criticism and tend to be more self-critical than the 3rd party assessments of the same person. If one asks for individual results for a rating group, interesting details arise:

Self-assessment in comparison to*:	Relatively precise (%)	Too positive: (%)	Too negative: (%)
*Manager.	33	11	28
*Colleagues.	36	8	28
*Subordinates	17	28	25
*External sources.	22	19	6

What one would expect to find in a hierarchy is, in fact, qualified by the above table. "Bottom-up" ratings are usually taken with more precaution than "top-down". That is, subordinates tend to rate their superiors much more positively and neutrally than superiors tend to rate their subordinates. The "laudatory effect" should be taken into consideration as a "general effect" common to all systematic feedbacks projects.

Additionally, experienced participants of a 360 Degree Feedback projects know that it is better to "come across as humble" in the self-assessment rather than risk being made to seem overly confident in the 3rd party assessments.

Acceptance of a 360 degree feedback:

All participants indicated that there had been a certain level of acceptance with their 360 Degree Feedback tool. The study found that acceptance of 360 Degree Feedback projects is higher among employees in managerial positions than with employees who have a restricted sense of on-the-job-autonomy. This is also mirrored in the fact that the number of focus persons who indicated that they were satisfied with their results was 47% and that 31% claimed to be "very satisfied". Furthermore, a strong correlation has been found between the image of the company, as indicated by the participant, and the acceptance of feedback in managerial and employee levels.

If you would like to receive more detailed information concerning the benchmark process of 360 Degree Feedback Projects based on this study, please contact HR-Meter at any time.

You can reach us at:
info@hr-meter.com or via telephone: +1-866-373-2605

We are looking forward to your questions and comments.

Christina Dietzsch-Kley

About the authors:

Dipl.-Psych. **Christina Dietzsch-Kley**, MBA: As a social scientist, Christina has worked in Europe, the Americas and the United States in the area of Marketing and the distribution of Information Systems. In 2002 she founded the U.S. Platform, HR-Meter, LLC and merged it with the Munich based Consulting firm HR Effekt GmbH of which

she is the Principal. Mrs. Dietzsch-Kley earned her MBA at WHU and the Kellogg School of Management.

Dr. Juergen Kaschube holds a PhD in organizational psychology. He has been a professor at Ludwig-Maximilians-University in Munich more than for 15 years.