Why 360 Degree Feedback Doesn't Work and What to Do About It

IPAC 2011 Conference

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Kenneth M. Nowack, Ph.D. is a licensed psychologist and President of Envisia Learning, a talent management consulting and publishing company.

Dr. Nowack received his doctorate degree in Counseling Psychology from the University of California, Los Angeles and has published extensively in the areas of 360-degree feedback, assessment, health psychology, and behavioral medicine.
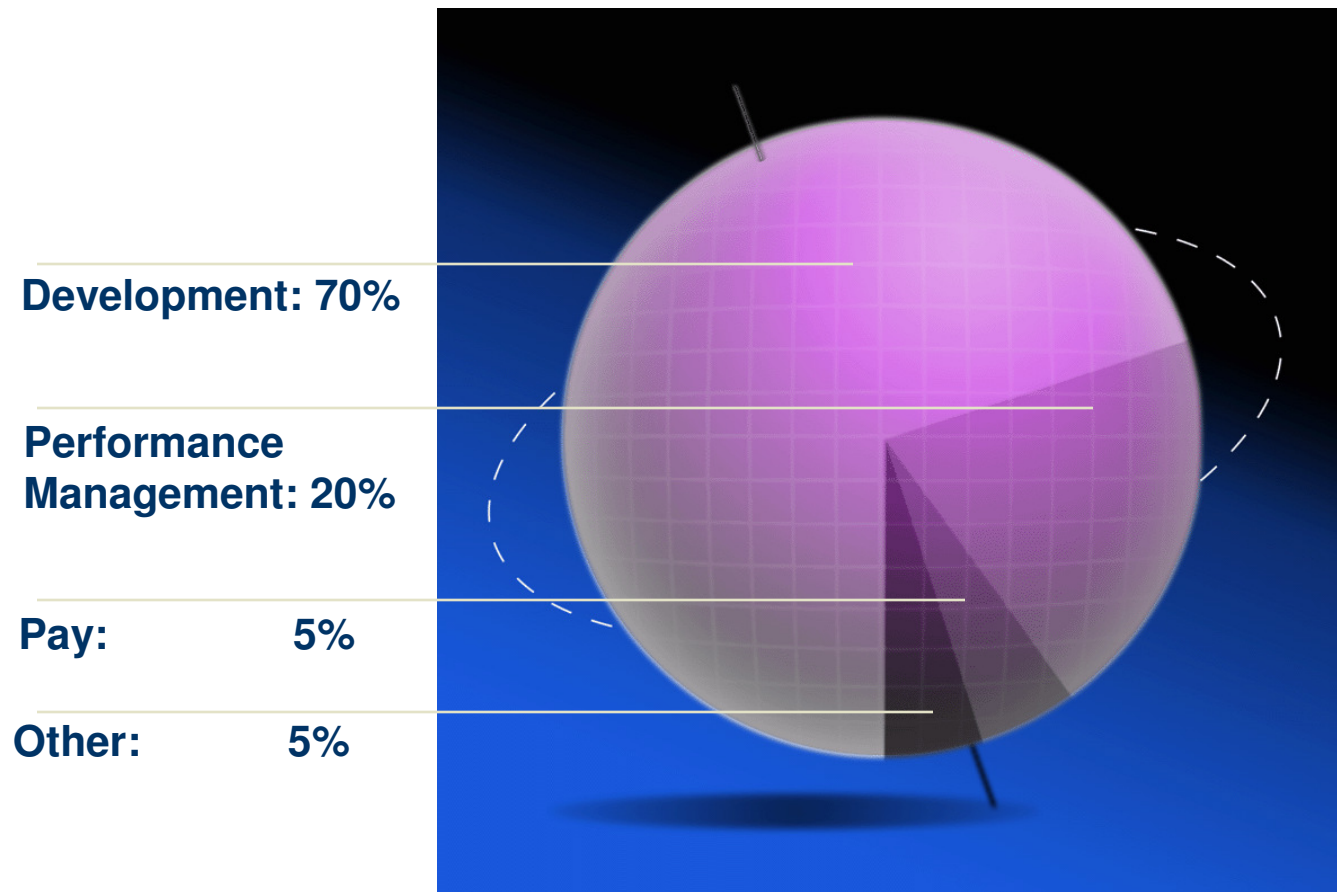
Ken serves on Daniel Goleman's Consortium for Research on Emotional Intelligence in Organizations and is a guest lecturer at the UCLA Anderson School of Management.

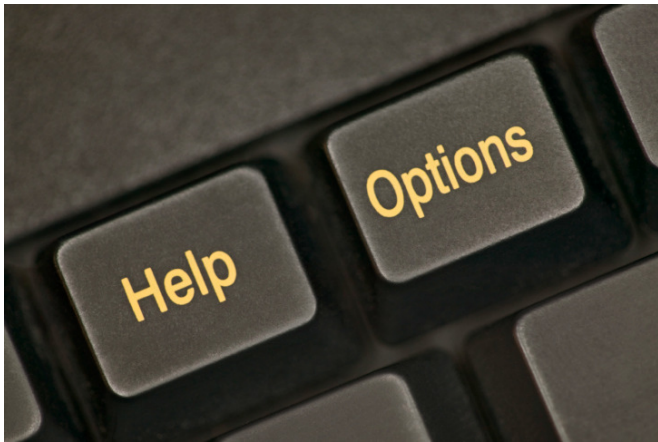# Why 360 Degree Feedback Doesn't Work and What to Do About It

- **Does 360 Feedback Cause More Harm than Good?**
  - ❖ Neurobiology of Feedback
  - ❖ Issues in Using 360 Feedback
- **Leveraging the Impact of 360 Degree Feedback**
- **Evidence Based Best Practices in Feedback**

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360º Feedback Usage

Development: 70%

Performance Management: 20%

Pay: 5%

Other: 5%

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Common Complaints About 360s

- Too many 360 surveys to complete (39%)

- Surveys too long (25%)

- Concerns about confidentiality (22%)

- Suspicious about management's intentions (14%)

- Job relevance unclear (8%)

- Dislike on how results will be used (8%)

- Bad time (6%)

- Nothing done with results (6%)

- Technology difficulties (6%)

- Too long before feedback is given (2%)

- Short deadlines (2%)

- None (6%)

Source: 3D Group, 2009 Benchmark Study

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Does 360-Degree Feedback Do More Harm Than Good?

Neuroscience of the Stress Response

Activating the primary threat and reward circuitry takes 1/5th of a second

Rock, D (2008). SCARF: a brain based model for collaborating with and influencing others. Neuroleaderhip Journal, 1, 1-9.

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Neuroscience of the Stress Response
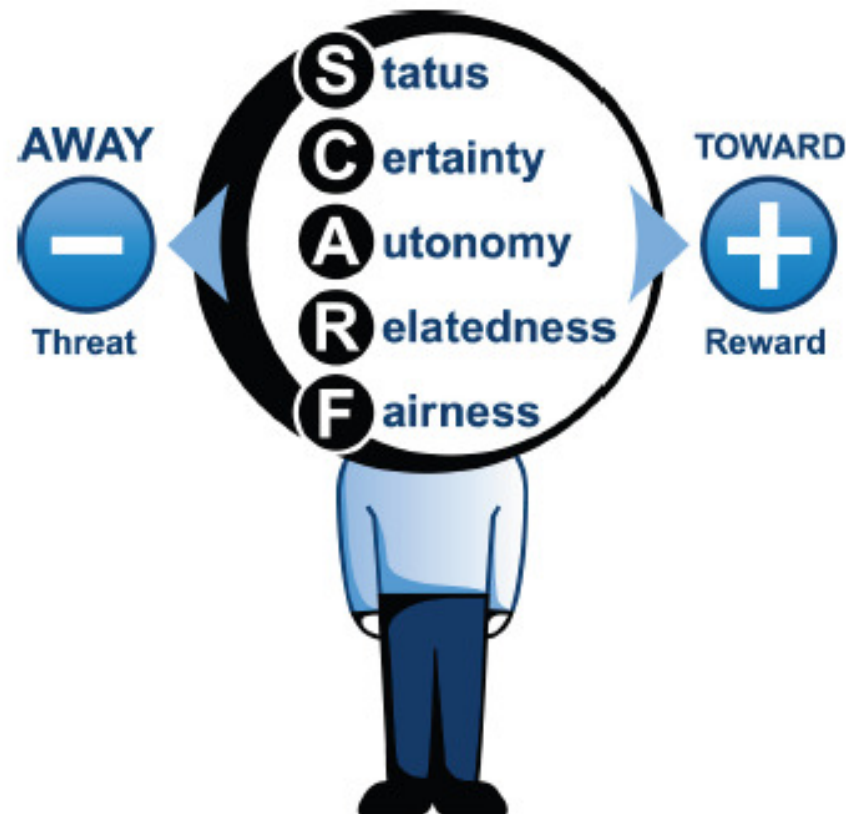
Rock, D. (2008). SCARF: A brain based model for collaborating with and influencing others. Neuroleaderhip Journal, 1, 1-9.

Social Judgment and Stress

- Interpersonal stress (e.g., being judged or compared to others) has an effect on cortisol *three times* greater than when the stress is impersonal

- For impersonal stress, cortisol returns to normal in about 40 minutes but if *interpersonal* cortisol remains high 50 percent longer taking an hour more to reach baseline

Dickerson, S. & Kemeny. M. (2004). Acute stressors and cortisol responses: A theoretical integration and synthesis of laboratory research. Psychological Bulletin, 130, 355-391.

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Social Rejection and Physical Pain

Social pain lights up two brain regions key in the response to physical pain and correlated with self-reported distress

Eisenberger, N., Lieberman, M. and Williams, K. (2003). Does rejection hurt? An fMRI study of social exclusion. *Science, 302, 290-292.*

Four studies showed that recall of past socially painful situations elicits greater pain than reliving a past physically painful event and has greater negative impact on cognitively demanding tasks

Chen, Z., Williams, K., Fitness, J. & Newton, N. (2008). When hurt will not heal. *Psychological Science, 19, 789-795.*

Social Pain

Physical Pain

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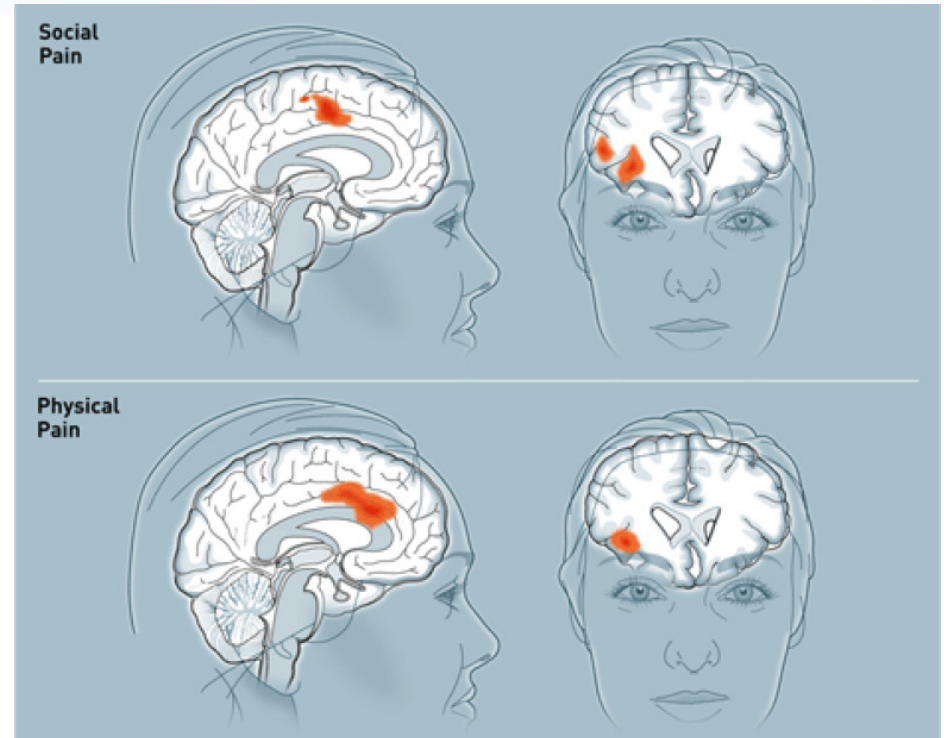
Social Rejection and Physical Pain

- 62 healthy volunteers took 1,000 milligram acetaminophen or placebo every day for three weeks. Those taking the medication reported <u>significantly lower</u> levels of "*hurt feelings*" and social pain than the group taking the placebo (no change in happiness levels)

- In a second experiment, 25 healthy subjects took either 2,000 milligrams of acetaminophen daily or a placebo and after three weeks played a computer game designed to measure social rejection. fMRI results showed <u>reduced neural responses</u> in brain areas associated with *physical pain* (dorsal anterior cingulate cortex) only in those taking acetaminophen

DeWall, C. et al. (20010). Acetaminophen reduces social pain: Behavioral and neural evidence. Psychological Science, 21, 931-937

Does 360º Feedback Result in Improved Performance?

Watson Wyatt's 2001 **Human Capital Index**, an ongoing study of the linkages between HR practices and shareholder value at 750 publicly traded US companies found that **companies that use peer review have a market value that is 4.9 percent lower than similarly situated companies** that don't use peer review and **companies that allow employees to evaluate their managers are valued 5.7 percent lower** than similar firms that don't.

Pfau, B. & Kay I. (2002). Does 360 degree feedback negatively affect company performance? HR Magazine, Volume 47, 54-60

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Does 360º Feedback Result in Improved Performance?

A meta-analysis over over 3,000 studies on performance feedback found that although there was a significant effect for feedback interventions (d=.41), **one third of all studies showed performance declines**

Kluger, A. & DeNisi (1996). The effects of feedback interventions on performance: A historical review, meta-analysis and preliminary feedback theory. Psychological Bulletin, 119, 254-285

Does 360º Feedback Result in Improved Performance?

Atwater and colleagues found that **improvement following an upward feedback intervention <u>only</u> resulted for 50% of the supervisors** who received it.

Atwater,L., Waldman, D., & Cartier. (2000). An upward feedback field experiment. Supervisor's cynicism, follow-up and commitment to subordinates. Personnel Psychology, 53, 275-297

Does 360º Feedback Result in Improved Performance?

A recent meta-analysis of 26 longitudinal studies indicate <u>significant</u> but <u>small</u> effect sizes suggesting that it is **unrealistic to expect large performance improvement** after people receive 360-degree feedback

Smither, J., London, M., & Reilly, R. (2005). Does performance improve following multisource feedback? A theoretical model, meta-analysis and review of empirical findings. Personnel Psychology, 58, 33-66

Issues in Using 360 Feedback

Common 360 Issues and Questions

1. Should 360 be used for evaluation or development?
2. What competencies should be measured?
3. Who should be asked for feedback?
4. How many raters should be asked?
5. How should raters be selected?
6. How confidential and anonymous should it be?
7. Who should receive feedback?
8. Who should deliver the feedback?
9. How should open-ended questions be presented?
10. How should 360 data be presented?
11. How soon should the 360 be repeated?
12. How should behavior change be facilitated?

Nowack, K. (1999). 360-Degree feedback. In DG Langdon, KS Whiteside, & MM McKenna (Eds.), Intervention: 50 Performance Technology Tools (pp.34-46). San Francisco, Jossey-Bass, Inc.,

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Potential Sources of 360° Feedback
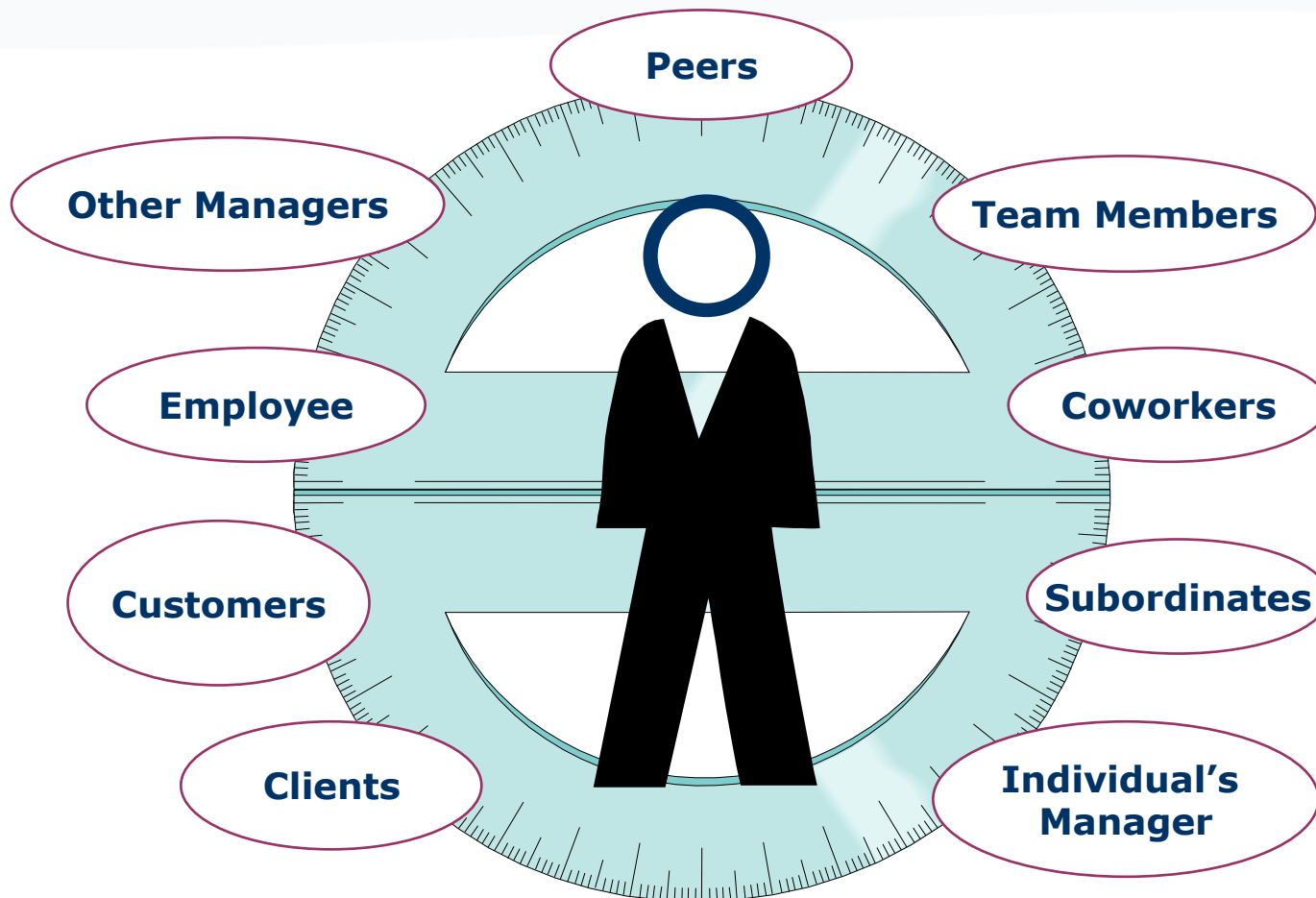
Are Raters Providing Unique Information?

Agreement Within Raters

The average correlation between:
- two supervisors is only .50
- two peers .37
- two subordinates .30

Conway, J. & Huffcutt A (1997). Psychometric properties of multi-source performance ratings: A meta-analysis of subordinate, supervisor, peer and self-ratings. Human Performance, 10, 331-360

Are Raters Providing Unique Information?

Agreement <u>Between</u> Raters

- **Self-ratings are weakly correlated** with other rater perspectives[1]

- Bosses, direct reports and peers **overlap only modestly on how they view an individual**[2]

[1]*Nowack, K. (1992). Self-assessment and rater-assessment as a dimension of management development. Human Resource Development Quarterly, 3, 141-153*

[2]*Harris, M. & Schaubroeck, J. (1988). A meta-analysis of self-supervisor, self-peer and peer-supervisor ratings. Personnel Psychology, 41, 43-62*

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How Many Raters Do You Need to Ensure Reliability?

If a 360-degree feedback assessment has and average of 5 items to measure each competency it requires **at least** 4 supervisors, 8 peers and 9 direct reports to achieve acceptable levels of reliability (.70 or higher)[1]

[1]Greguras, G.J. & Robie, C. (1995). A new look at within-rater source interrater reliability of 360-degree feedback ratings. Journal of Applied Psychology, 83, 960-968.

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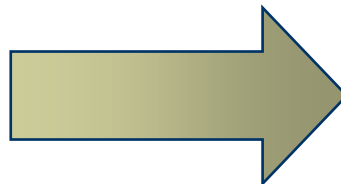Enable.

Self-Other Perceptions

BOSS →
Technical Competence
"Bottom Line" Performance
"Burr in the Saddle" Effect

REPORTS →
Derailment Factors (EI)

PEERS →
Leadership Potential

Nowack, K., (2002). Does 360 degree feedback negatively effect company performance: Feedback varies with your point of view, HR Magazine, Volume 47 (6)

Who Should Select Raters?

- Participant alone

- Manager alone

- Participant + manager/coach

Whether individuals select their own raters or they are selected by others, **ratings are equal**

Allowing participants to select their own raters may enhance feedback acceptance without reducing rater accuracy

Jennifer Nieman Gonder et al. (2006). The effect of rater selection on rating accuracy. Poster presented at the 21st Annual Conference of the Society for Industrial and Organizational Psychology, May 2006, Dallas, TX

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Best Practices in Selecting Raters

- Mutual selection process to engender acceptance of results

- Technology can be used to allow managers or HR to approve selected raters by participants

- Meet minimum requirements

  - Anonymity protection

  - Direct reports are least reliable so invite all

  - Peers next least reliable to select 8 to 9

  - Minimum time working with the participant to be invited (e.g., 3-6 months or longer)

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Impact of Open Ended Comments

- 70% of written comments are generally positive

- **Favorable comments** were associated with **improved performance**

- Managers who received a **small number** of unfavorable behavioral/task comments **showed greater improvement**

- Managers who received a **large number** of unfavorable behavioral/task comments **declined in performance**

Smither & Walker (2004). Are the Characteristics of Narrative Comments Related to Improvement in Multirater Feedback Ratings Over Time? Personnel Psychology, 89, 575-581

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Positive Illusions and Self-Delusions

Self-Awareness/Social Awareness
Self-All Raters View (N = 13)
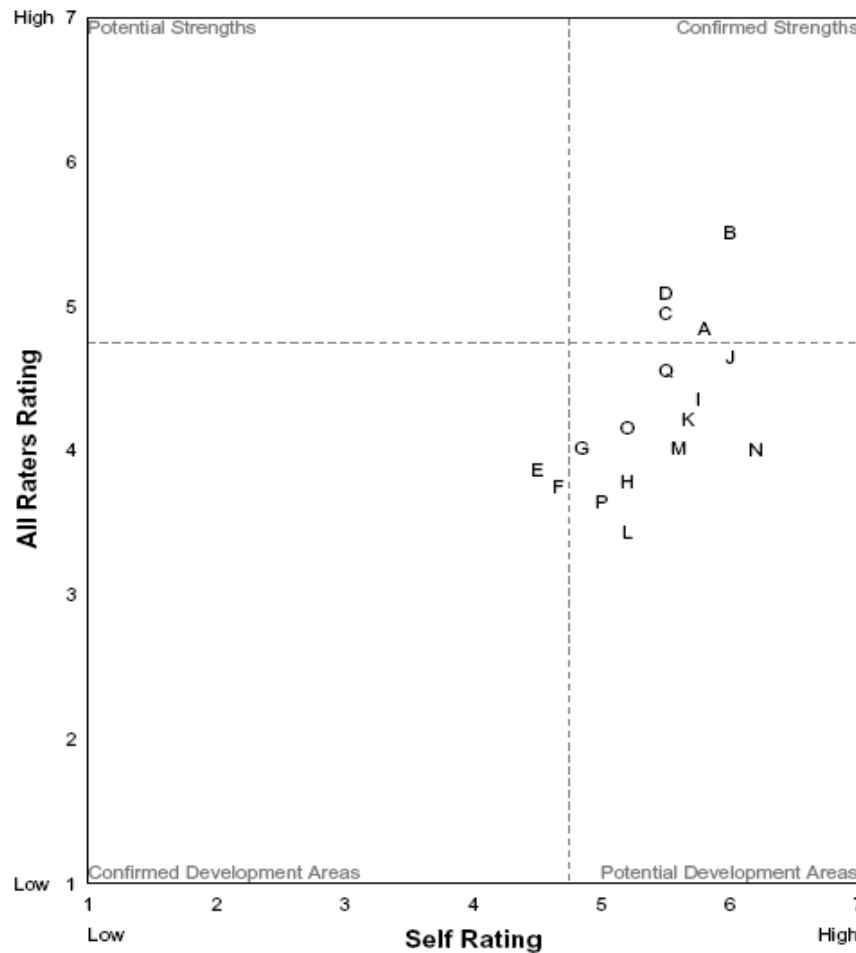
	Average Scores	
	Self	All Raters
Confirmed Strengths		
A. Strategic Problem Solving	5.80	4.84
B. Written Communication	6.00	5.51
C. Oral Communication	5.50	4.95
D. Oral Presentation	5.50	4.89
Confirmed Development Areas		
E. Self-Development	4.50	3.86
F. Two-Way Feedback	4.67	3.74
Potential Development Areas		
G. Adaptability/Stress Tolerance	4.80	4.02
H. Self-Control	5.20	3.78
I. Trustworthiness	5.75	4.36
J. Achievement Orientation	6.00	4.69
K. Building Strategic Relationships	5.67	4.22
L. Conflict Management	5.20	3.43
M. Leadership/Influence	5.60	4.01
N. Interpersonal Sensitivity/Empathy	6.20	4.00
O. Team/Interpersonal Support	5.20	4.16
P. Collaboration	5.00	3.65
Q. Listening	5.50	4.55

Positive Illusions and Self-Delusions

- **In general, self-ratings are inflated relative to others**

- **Overestimators tend to be:**

  - Executive level
  - Male
  - Older
  - Less educated
  - Those with greater tenure
  - Those who supervise more employees

Ostroff, Atwater & Feinberg (2004). Understanding self-other agreement: A look at rater and ratee characteristics, context and outcomes. Personnel Psychology, 57, 333-375

Issues in Designing 360 Feedback Assessments

Which Rating Scale is <u>Best</u> to Use?

- **Frequency** (e.g., Small extent to large extent; Almost always to Almost never)

- **Competence** (e.g. , Outstanding to Not developed; Outstanding strength to Needs significant improvement)

- **Performance/Effectiveness** (e.g., Far exceeds expectations to Far below expectations; Very effective to Very Ineffective)

- **Comparison/Relative**[1] (e.g., One of the best to Not as good as most; Top 5% to Bottom 5%)

- **Importance** (e.g., Very important to Not Important)

[1]For relative ratings to be advantageous, the ratings should be evaluative (*Goffin, et al., (2011) Is it all relative? Comparative judgments and the possible improvement of self-ratings and ratings of others. Perspectives on Psychological Science, 6, 48-60*)

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How Many Response Categories Should I Have?

- Test re-test reliability is <u>lowest</u> for 2 to 4 point scales, <u>highest</u> from 7 to 10 point scales and decreases with more than 10 (*Preston & Coleman 2000*)

- The <u>optimum reliability</u> is between 4 and 7 point scales (*Lozano et al., 2008; Bandalos & Enders, 1996*)

- Scales with 5 categories are <u>least</u> prone to context effects (*Viswanathan et al., 1996*)

- Scales <u>with labels</u> for all categories have higher reliability than those with just the ends (*Weng, 2004*)

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What is the Best Response <u>Labels</u> to Use?

- Leniency effects (negative skewness/low variability) in scale ratings are common in 360 feedback (*LeBreton, et al., 2003*)

- Use of *positively worded* scales result in lower mean scores and increase variability relative to typical anchored scales

- *Positive worded* scales are comprised of anchors with a <u>larger</u> number of positive verbal qualifiers

English, A., Rose, D., McClellan, J. (2009).Rating Scale Label Effects on Leniency Bias in 360-degree Feedback. Paper presented at the 24th Annual Meeting of the Society for Industrial Organizational Psychologis. New Orleans, LA.

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How Many Response Categories Should I Have?

Example of a *Positively Worded* Frequency Scale

Scale	1	2	3	4	5
Positive Scale	Almost Never	Sometimes	Frequently	Almost Always	Always
Typical Scale	Never	Infrequently	Sometimes	Often	Always

Typical 360 Feedback Survey Length
Reference: 3D Group 2009 Benchmark Study
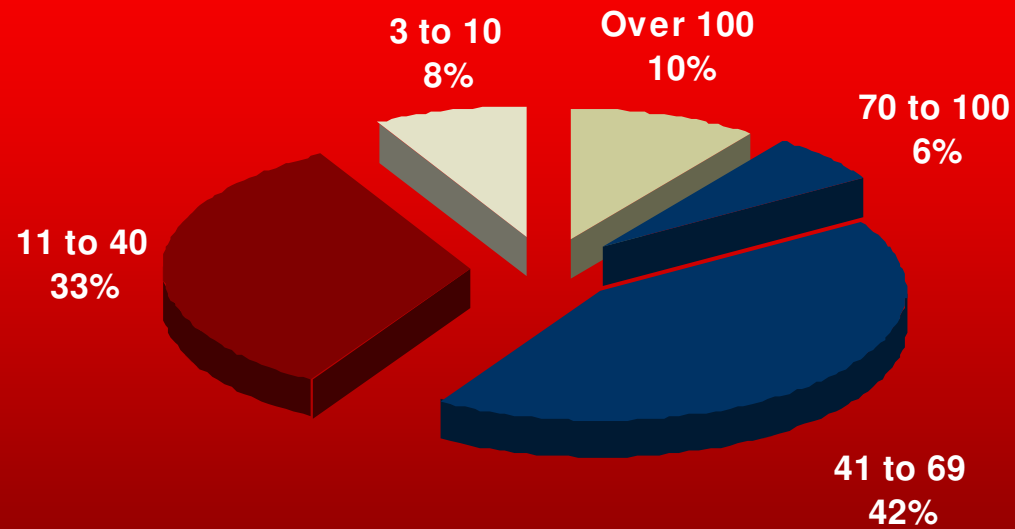
360 Item/Question Design

- Questions per competency should be behaviorally based, observable and specific

- Questions should <u>not</u> contain reversed scored or negatively worded items (360s are not a test)

- Questions should be free from jargon and euphemisms (e.g., "thinks outside the box")

- Questions should be actionable and able to be modified through coaching, training etc.

- Open ended either specific or start/stop/continue doing

- Questions do not need to be randomized (make 360s as transparent as possible by organizing by competency)

- Questions per competency should be equivalent

- Minimum of 3 and maximum of 6 questions per competency

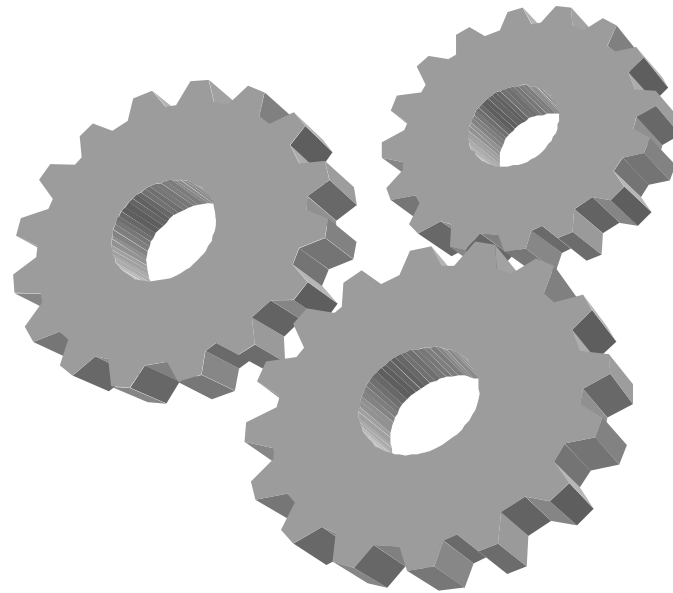- Maximum length of items to minimize rater fatigue is approximately 50-70

Leveraging the Impact of 360 Feedback

Necessary Ingredients for Changing Behavior

1. Enlighten

Assessment and Feedback Process (awareness of strengths and potential development areas)

2. Encourage

Readiness to Change (clarification of motivations and beliefs)

Goal Setting/Developmental Planning (measurable and specific)
Skill Building

3. Enable

Reinforcement, Monitoring, and Social Support to reinforce learning and behavior change

Relapse Prevention Training

Evaluation (knowledge acquisition, skill transfer, impact)

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Outcomes With 360 Feedback and Coaching

- Olivero et al. (1997) found that employee coaching increased productivity over and above the effects of a managerial training program (22.4% versus 88.0%)

- Thatch (2002) found that 6 weeks of coaching following 360 feedback increased results by 60%

- Smither et al., (2003) reported that after receiving 360 feedback, managers who worked with a coach were <u>significantly</u> more likely to set specific goals, solicit ideas for improvement and subsequently received improved performance ratings

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Randomised Executive Coaching Study

- Solution-focused cognitive-behavioural coaching intervention with 45 executives
- Half-day leadership development programme
- Measures
  - 360 feedback
  - Goal Attainment Scaling
  - Cognitive Hardiness/Resilience
  - Workplace Well-Being
- Four coaching sessions over 10 weeks
- Control group got coaching ten weeks later

Grant, Curtayne, & Burton (2009). Executive coaching enhances goal attainment, resilience and workplace well-being: A randomised controlled study. The Journal of Positive Psychology, 4, 396-40

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Randomised Executive Coaching Study
Goal Attainment
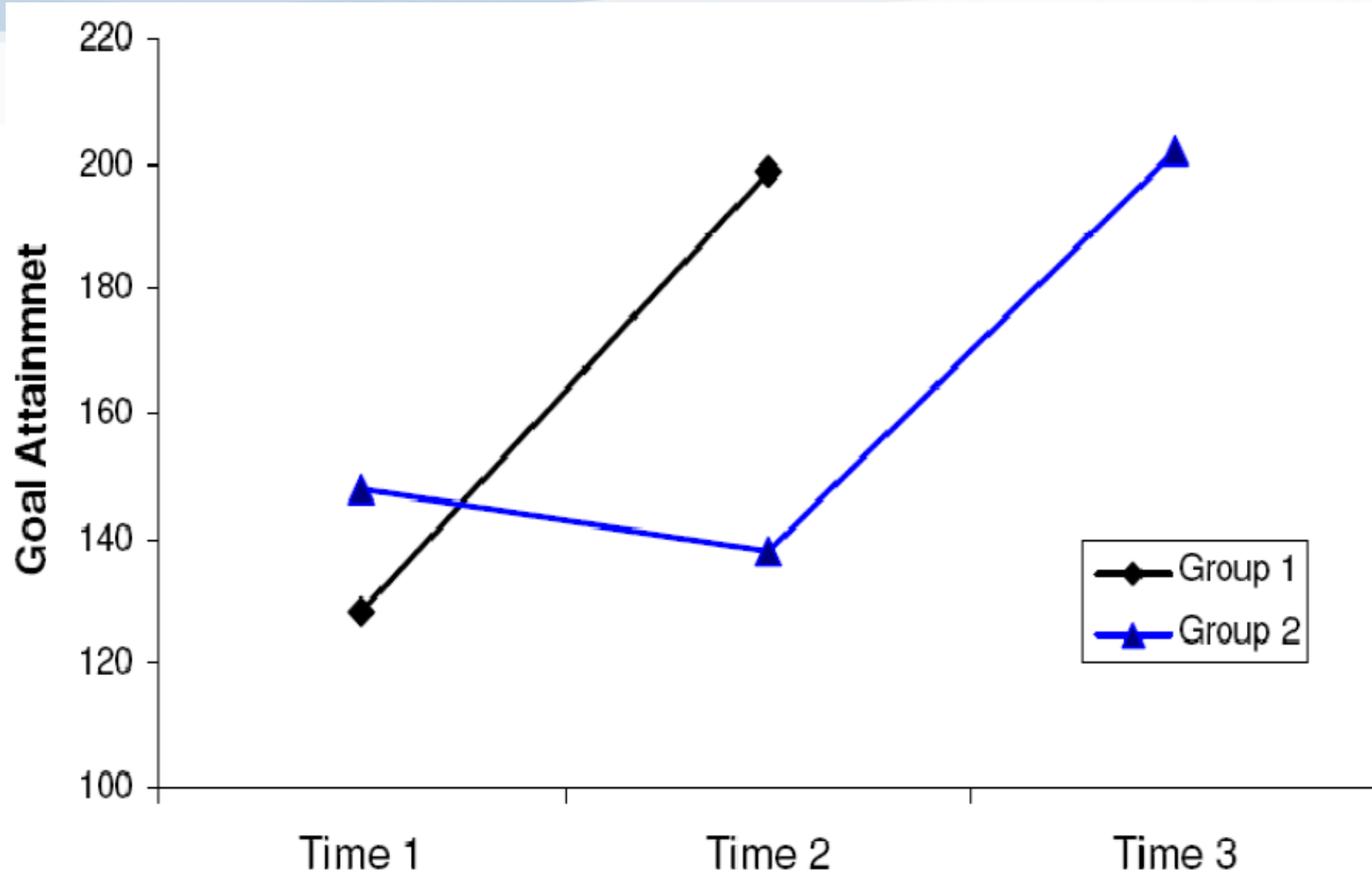
360 Feedback and Manager Involvement

- 62% of the respondents reported being **dissatisfied or highly dissatisfied** with the amount of time their manager spent helping with a development plan

- More than 65% expressed strong **interest in utilizing an online follow-up tool** to measure progress toward behavior change

Rehbine, N. (2006). The impact of 360 degree feedback on leadership development. Unpublished doctoral dissertation

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Leader as Performance Coach

- A 2009 survey of over 2,000 international employees and 60 HR leaders reported that 84% of managers are expected to coach talent but only 52% <u>actually do</u> (only 39% in Europe)

- <u>Only</u> 24% of all leaders are rewarded or recognized for coaching and developing talent

- 85% of all managers and employees see value in leaders as coaches but 32% of managers reported <u>it takes too much</u> time and interferes with their job

The Coaching Conundrum 2009: Building a coaching culture that drives organizational success. Blessing White Inc. Global Executive Summary

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Typical Organizational Support

Sharing development plan with manager	69%
Individual debrief sessions	65%
Development planning documentation	29%
Internal workshops	18%
Resource library or documentation	18%
Online coaching and training	12%
Other	4%
None	2%

Reference: 3D Group, 2009 Benchmark Study

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Coaching and Behavior Change Model

Components of the Talent Accelerator

- **Development Resource Library**: The *Talent Accelerator* resource library provides a comprehensive source of readings, websites, media, and suggestions to facilitate development

- **Feedback Reports**: *Talent Accelerator* provides an electronic copy of the assessment summary report

- **Development Suggestions**: For each assessment tool, specific developmental suggestions or tips are provided to enhance job effectiveness

- **Development Planning "Wizard":** The development "wizard" provides a structured way for users to focus on those behaviors that are most important

- **Automated Reminders**: *Talent Accelerator* allows users to select how often the system sends out reminders about due dates on the users development plan

Talent Accelerator Case Study

- **Business Issue**: Department of pathology at a leading University medical center wanted to improve leadership performance coaching to increase engagement and retention of talent

- **Intervention**:

  - Executives attended a performance coaching workshop + 360 feedback and their own development planning (N = 15)

  - Pilot program with technicians in one of the pathology departments: 360 feedback + developmental planning + monthly follow up lunch discussion/support meetings (N = 23)

Talent Accelerator Case Study

Assessments included:

➢ Executive View 360 (senior team)

➢ Performance View 360 (direct reports)

➢ Talent Accelerator (used by executives and direct reports)

➢ Coach Accelerator (used by managers)

Talent Accelerator Case Study

TALENT ASSESSMENT

Talent Development Workshop

- Co-Facilitated by Envisia Leaning human resources and senior staff within the Pathology Department

- Introduced the validated 360-feedback assessment process measuring 14 competencies in the areas of project/task management, communication & interpersonal relations

↓

Development Plans

Individual Feedback Meetings to Finalize Development Plans/Quarterly Trainings

↓

Tracking/Monitoring Plans

Use of Talent Accelerator to Track and Monitor Progress

↓

Post-Program 360-Feedback Assessment (13-Months)

Senior Management

- Attended 1-Day Performance Coaching Workshop

- Took a management 360 and used an online developmental planning system to create and monitor their own executive development

- Used these same tools with a pilot department (12 non-supervisors)

- Met quarterly with each direct report to track and monitor development plan progress

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OUTCOMES

1. Significant Pre-Post Behavior Changes on all 360 Feedback Competencies 13-Months Later

2. Development Plans (13-months)
   - 100% of the employees created a plan
   - 80% completed a plan targeting one competency
   - 40% reported completing their entire plan

3. Average Time to Complete a Goal was 53 Days

4. Development Plans Resources Included: Off-the-Shelf Suggestions (55%), Reviewing Websites/Blogs (23%), Books (12%), Watching Videos (10%),

5. Competencies Most Frequently Targeted
   - Negotiation
   - Listening
   - Collaboration
   - Influence/Leadership
   - Sensitivity

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Talent Accelerator Case Study Outcomes

- All participants created a development plan

- Participants targeted *potential development areas* rather than *strengths*

- The *average time* to complete their plan was 53 days (SD = 46 days) with 55% focusing on developmental suggestions from our resource library, 23% focusing on resource websites/Blogs, 12% reading books and the remainder watching videos/podcasts

- Time series 360 (ANOVA) demonstrated <u>significant increase</u> in interpersonal, task and communication competency ratings in talent over 12-months

- 80% completed at least one competency based action plan

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Evidence Based

360 Feedback

"Best Practices"

Envisia 360° Feedback Study "Best Practices"

- **Provide individual coaching** to assist in interpreting and using the 360 feedback results

- Hold participant and manager **accountable to create and implement a professional development plan**

- **Track and monitor progress** on the completion of the development plan

- **Link the 360 intervention** to a human resources performance management process

- Use 360 tools with **sound psychometric properties**

- Target **competencies** for 360 feedback interventions that are **related to strategic business needs**

Nowack, K. (2005). Longitudinal evaluation of a 360 degree feedback program: Implications for best practices. Paper presented at the 20th Annual Conference of the Society for Industrial and Organizational Psychology, Los Angeles, March 2005

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Maximizing the Impact of 360° Feedback

- Some evidence that **facilitated** feedback enhances successful behavior change

  Seifert & Yukl, 2003; Nowack, 2005

- Some evidence that **coaching coupled with 360 feedback** can facilitate behavior change

  Smither, J. et al. (2003). "Can working with an executive coach improve multisource feedback ratings over time? A quasi-experimental field study." Personnel Psychology, 56, 23-44

- Some evidence that **use of an online development planning system** can facilitate behavior change with managerial involvement and evaluation

  Rehbine, 2006; Nowack, 2006

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360° Feedback Summary

Feedback is important

Most of us don't wake up each morning and spontaneously change behavior

You can't always get what you want

Feedback doesn't always result in enhanced performance

Be realistic

Don't expect 360 feedback to modify "competent jerks" into "lovable stars"

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360° Feedback Selected References

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