Feedback effectiveness: Can 360-degree appraisals be improved?

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Executive Overview

Performance feedback is an important part of many organizational interventions. Managers typically assume that providing employees with feedback about their performance makes it more likely that performance on the job will be improved. Despite the prevalence of feedback mechanisms in management interventions, however, feedback is not always as effective as is typically assumed. In this article, we present specific conditions under which feedback might be less effective, or even harmful. We then discuss the implications of our results and model for designing of interventions aimed at improving performance, and focus more narrowly on 360-degree appraisal systems. After arguing that these systems typically have design characteristics that reduce effectiveness, we conclude with recommendations for improving their effectiveness. We also emphasize the need for systematic evaluations of feedback interventions.

Everyone is interested in performance feedback—knowing how well he or she is performing some task. When employees do not receive feedback from their job, they will seek it on their own. Feedback is also seen as an important source of motivating potential on the job and its presence has been proposed to lead to increased satisfaction and motivation. Furthermore, most decision-making models, and many motivational models, include a feedback loop to indicate that individuals learn from the outcomes of their decisions or behavior. Therefore, it would be safe to say that, for many scholars and practitioners in the field of management, the effectiveness of feedback for improving performance is essentially a given. We generally assume that outcomes such as job performance will improve as a result of feedback, especially when compared with the performance of employees who receive no such feedback. But actual data concerning the effectiveness of feedback is fairly limited. Furthermore, the models available for explaining how feedback works are rather narrow, and often cannot be reconciled with what we do know about feedback’s effects. Given this dearth of information, it is possible that a poorly implemented feedback program could actually hurt, rather than help performance. Therefore, it is critical that we study the effectiveness of feedback in order to better understand how well it works, and develop some models to help predict when feedback will have any effect on subsequent performance.

A recent article we published included a review of the literature on the effectiveness of feedback interventions, and a meta-analysis that we conducted of these data. The results indicated that, although feedback interventions were usually effective, in more than one-third of the cases feedback actually lowered subsequent performance. We also proposed a feedback intervention theory to help understand how feedback works, and tested some of the propositions of that theory. Those analyses allowed us to draw conclusions about some factors that are critical to feedback effectiveness. In the present article, we will discuss some of the major propositions from our theory, and the results of the tests we conducted. We will then outline the conditions under which feedback is more or less likely to be effective. We will then use this as a framework for discussing typical 360-degree appraisal systems. We conclude with a discussion of how organizations can design 360-
degree systems, and other feedback interventions, to maximize their effectiveness.

Does Feedback Work?

For many scholars and practitioners, the answer to this question is, “Of course, it works.” But we came to question the universality of that answer. Notice that we do not suggest that feedback doesn’t work, or even that it doesn’t often work. In fact, all available evidence suggests that feedback interventions often have exactly the effect they are intended to have—they help employees to improve their performance. Yet we became aware of findings that were inconsistent with this general conclusion, and decided to conduct a more complete analysis of the available data.

We began with a search of the published literature for all papers dealing with feedback interventions. We decided to limit our study to performance information, provided by some outside source, for the purpose of influencing behavior and performance. We were also concerned only with interventions that are directed towards a specific person or group, and should have a defined starting point. Therefore, we did not consider self-generated feedback, nor were we concerned with feedback that comes from the actual performance of a task (e.g., computer-generated information about the correct solution: physical cues, etc.). We also excluded feedback that was actually sought by the employee, and feedback about personality.

When we reviewed the literature on various types of feedback interventions dating from the turn of the century, several interesting facts stood out. For example, we found that some interventions that were termed feedback or knowledge of results really involved communicating performance expectations. More importantly, we also found that from the very beginning there were inconsistent results concerning the effectiveness of feedback. Some early experiments found that feedback improved performance for some performance indicators, but actually hurt performance for other indicators. Other experiments actually found that it was ignorance of results that improved performance, or that feedback increased the number of errors.4

Why hadn’t these inconsistencies found their way into general awareness? We discovered that most of the more recent reviews of the literature on feedback did not go any further back than a 1956 article by Ammons, who undertook a major review of the literature on feedback (also referred to as knowledge of results [KR] or knowledge of performance [KP]).5 More recent authors in this area seemed to assume that Ammons had correctly characterized the earlier literature, and so most concentrated on the research conducted subsequent to 1956.5

Ammons had been very positive about feedback in his review, and he concluded that feedback increased both learning and motivation. Yet he appears to have ignored the findings that contradicted these conclusions. In some cases, where a single article reported the results of more than one experiment, he reported results for only those experiments that confirmed his opinion of feedback, without mentioning those results that contradicted his view.7 Nonetheless, many scholars seemed to accept Ammons’s conclusions, and so subsequent findings that were inconsistent with his view were largely dismissed as flukes or the result of poor research design.8 The positive effects of feedback on performance became one of the most widely accepted principles in psychology.8

We next conducted a meta-analysis of the empirical studies that had tested how well these interventions worked. Our review had identified over 3,000 papers referring to feedback in one way or another, but we were forced to limit our analysis to the 131 papers, which contain all the necessary information required for meta-analysis. The most common reason why we could not include a paper was the failure to include a control group that had not received feedback. For example, fully 37 percent of the studies we reviewed evaluated the effectiveness of one feedback intervention (e.g., verbal) only relative to the effectiveness of a different feedback intervention (e.g., graphical). These studies never considered how well someone might perform after receiving no feedback.

Overall, the results of that meta-analysis indicated a modest, but positive effect of feedback on performance overall (less than one-half of one standard deviation improvement in performance), but 38 percent of the feedback effects were actually negative. That is, in over one-third of the cases where it was possible to assess the effectiveness of feedback, providing feedback actually hurt subsequent performance. To look for moderators (the conditions that make feedback most or least effective), we first proposed a theory of how feedback interventions work, rather than speculate about the role of individual variables (e.g., feedback sign) one at a time. It is critical to note, however, that the sign of the feedback was not an important moderator of feedback effectiveness. That is, the negative effects of feedback interventions could not be traced back to receiving negative as opposed to positive feedback.

We therefore concluded that the answer to our
original question about whether feedback works, should be, "Usually, but not always." Furthermore, we concluded that, under some conditions, feedback appeared to actually lower subsequent performance. This inconsistent picture of feedback effectiveness then led us to pose a second rarely asked question.

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**How Does Feedback Operate?**

The striking results of our meta-analysis led us to search for theories or models that described how feedback might affect behavior and performance. We could find no unified theory, but there were pieces of theories that were useful (especially some from control theory). We took these pieces and proposed a model of our own, which we called feedback intervention theory. It is based on five basic assumptions:

- Behavior is regulated by a comparison of feedback with a goal or standard.
- Goals or standards are arranged hierarchically.
- Attention is limited, so only those feedback-standard gaps that receive attention will regulate behavior.
- Attention is normally directed to a moderate level in the hierarchy.
- Feedback interventions change the locus of attention and so affect behavior.

The first assumption is relatively straightforward in suggesting that, when we notice a gap between feedback and some goal, we usually act to reduce that gap. Let us take, for example, a salesperson who has a goal of generating $1 million in new business for the year. It is now the end of the third quarter, and the salesperson realizes that only $250,000 in new business has been generated. There would be a clear gap between the present level of sales and the goal, and we would expect the salesperson to exert even more effort to narrow that gap, and so try to reach the goal. But this is not the only response possible. The salesperson could lower the goal, or even simply accept that the goal was not going to be met and so not try any further. He or she could also decide that it was not really that important to meet the sales goal, and so exert effort in other areas. Nonetheless, in most cases, this salesperson would be motivated to reduce the gap between the standard and current performance.

Our second assumption—that these goals are arranged hierarchically—has a strong basis in cognitive psychology. To simplify the treatment of hierarchy, we abstracted it into three-basic levels of goals. The highest level refers to meta-task processes, or a self-level. At this level, goals relate to our self-concept. Feedback interventions focus attention at this level when success at the task at hand is equated with some higher order goal, or when performance on that task is central to our self-concept.

Thus, a defense attorney who is having trouble intimidating witnesses on cross-examination, but has been told that intimidating cross-examinations are the mark of a true defense attorney, might begin to question his or her basic decisions about life and self-identity in the face of negative feedback about a cross-examination. Likewise, a student who always thinks of him or herself as an A student may begin to question what kind of student (and person) he or she really is on receiving a B on an exam. The salesperson, in the example above, would be focusing attention at this level if he or she viewed meeting the sales goal as essential to his or her self-concept. When a feedback intervention focuses attention at this level in the hierarchy, it is unlikely that the person will abandon the goal or standard, but concern over reasserting or defending one's self-image could interfere with the ability to focus on the task itself and improve performance.

The next level is the task motivation, or task level, and the goals at this level are related to actual task performance. A person would focus only on the task itself, and work hard to reduce the gap between actual and desired performance. For instance, the salesperson would focus attention on allocating resources in order to increase sales, and not be worried about what success or failure said about him or her as a person. Most feedback interventions focus attention at this level and, although the person could ignore the feedback or abandon the goal, interventions that focus attention at this level are the most likely to produce the desired effect of feedback on motivation and, subsequently, on performance.

The task learning level is the lowest level of attention, and includes goals related to the details, or actual actions involved in performing the task at hand. If our salesperson's efforts to increase sales failed, attention might shift to this level, and the salesperson would spend more time thinking about specific ways to approach a potential customer, or even how to smile. This focus could distract the salesperson from the actual task at hand (i.e., making the sale), or it could help the salesperson improve the process of making a sale, which would eventually lead to better sales.
Our model goes on to assume that the level of goal that will influence behavior will depend on where our attention is focused. Normally, that focus is on the task itself (the task motivation level), but feedback interventions can direct attention to different levels, depending on the nature of the intervention and the personality of the recipient. There is more to feedback intervention theory, but the major point is that the effectiveness of any feedback intervention depends on the level at which the intervention focuses our attention.

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At Which Level of Attention Should We Focus Feedback Interventions?

When our attention is focused on the task level, we are concerned primarily about shrinking the gap between actual performance and performance goals. This is the intended outcome of most feedback interventions, and it should ultimately result in improved performance. In fact, many of the successful feedback interventions we have observed at work are successful exactly because they focus attention at this desired level. Thus, when we are told we need to improve our delegation skills, or that waste rates are five percent higher than they should be, these interventions should focus our attention only on the task at hand, and should have the result of improving performance over time.

When we focus our attention on task learning goals, we tend to focus on the details of our performance. This can also lead to improved performance when this shift leads us to generate accurate hypotheses about how to improve performance. On the other hand, if the feedback causes a shift to this level and does not provide enough process information, so that we cannot formulate accurate hypotheses about how to improve, performance will suffer. Furthermore, such feedback can cause the person to focus on the details of the process at the expense of actual performance. For example, a bank in Atlanta, after learning from a customer survey that its tellers were considered unfriendly, hired a colleague to train their tellers to be friendlier. This would have focused the tellers’ attention on engaging in casual conversation with the customers, rather than focusing on providing better service. Fortunately, the consultant recognized the problem and trained the tellers to act friendly, to say good morning, and smile, rather than let their attempts at being friendlier actually hurt their performance. The results of the moderator tests in our meta-analysis support this reasoning.11

The biggest potential problem, however, comes when our attention shifts to the focus on self. Focus on goals at this level always has the potential for impairing performance because they deal with issues that are basic to how we view ourselves, and dealing with such issues requires considerable cognitive resources. These resources would be better used trying to improve performance. Furthermore, since attention at this level deals with important self-concepts, feedback interventions that focus on attention here often produce strong affective reactions (despair, disappointment, or even elation) that can also interfere with task performance.12

A man who views himself as a fair person, who is then made aware that a recent promotion decision he made was clearly biased against a female employee, might begin to question who he really is, rather than to make efforts to be less biased in the future. A woman who has made personal sacrifices to climb to the top levels of management might be devastated to learn she has failed to keep a valued client, and might begin to question her life choices instead of working to improve client relations in the future. The results of our moderator analyses provided general support for the detrimental effects of feedback interventions that focus attention at the level of the self, but other research has suggested that this detrimental effect is especially strong for persons with low self-esteem.13

But even a shift in attention to this level does not always have to result in problems. As noted above, we found that whether a person received negative or positive feedback was not a critical factor in determining his or her reaction to that feedback. In other words, both positive and negative feedback can lead to performance improvements as long as the focus of attention is at the proper level. But the work of Higgins suggests that when a feedback intervention focuses attention at the level of the self, the sign of the feedback (positive or negative) might well be important.

Higgins’s self-regulatory model proposes that there are really two different aspects of the self that can be the focus of our attention.14 Sometimes, we focus on our “ideal self,” which is what we aspire to be, while at other times, we focus on our “ought self,” which is what others expect us to be.
Thus, when after years of education, including an expensive MBA, a person learns that he or she is not really cut out to be an investment banker, this feedback is likely to result in a focus of attention at the level of the self. This focus could be that the person could not have the career he or she always wanted. Or it could be that the person’s parents or spouse would be disappointed that he or she hadn’t lived up to their expectations.

Working on tasks we want to work on is more likely to produce a focus on the ideal self (when feedback interventions focus on attention at this level), while working at tasks we are supposed to work at, or are forced to work at, is more likely to produce a focus on the ought self. Furthermore, focusing on the ideal self leads to a promotion focus, which means we concentrate on trying to achieve those goals we set for ourselves. Focusing on the ought self leads to a prevention focus, which means we try to avoid punishment and pain.

When we receive negative feedback under a prevention focus, we feel threatened by the negative feedback and seek to avoid punishment by improving performance. Therefore, negative feedback that focuses our attention on the ought self is likely to result in improvements in performance. That is, we will work hard to avoid disappointing spouses or parents who expect so much from us, and we will work hard not to fail at tasks we are forced to do. But when we receive positive feedback on such tasks, there is no subsequent improvement in performance, since there is really no incentive to improve. For example, the banker who is just following in the family tradition sees no reason to exult on receiving positive feedback because the whole reason for the banking career is to avoid disappointing the family. When this same banker learns he or she has done poorly, however, there is a strong incentive to improve performance to avoid the disappointment that was the reason for entering banking in the first place.

On the other hand, when we receive positive feedback under a promotion focus, we see the opportunity to maximize rewards by continuing to improve performance, but when we receive negative feedback about performance on tasks we want to do, we may see the gap between our desired and actual selves as being too great, and so we give up. So for example, when a volunteer in a homeless shelter learns that he or she has helped someone, this positive feedback spurs the person to even greater effort so that he or she can help others, and performance improves further. But when that same worker learns that he or she has failed to help someone who subsequently dies, this leads to such disappointment and despair at ever being able to help anyone that performance actually declines, or the person simply resigns.

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But this can actually lead to performance improvements under certain conditions, which reinforces the point that feedback interventions usually work as they were intended. Nonetheless, the effects of our meta-analyses, as well as the effects of a subsequent series of experiments by Kluger and the larger body of literature on feedback effects, all suggest that the answer to the question about which level is best is complex. However, a number of points do seem clear. Specifically:

- Feedback most typically focuses attention at the level of task performance. Feedback at this level is generally useful, but its usefulness depends on many factors, such as those discussed below.
- If efforts to improve performance fail, or if feedback otherwise focuses on details of performance without providing a means for improvement, attention will become focused on the task learning level.
- If the feedback provides enough information for the person to form correct hypotheses about how to improve performance, attention at this level will eventually lead to improved performance. Otherwise, attention will focus on detail only, and performance will suffer.
- If feedback focuses attention at the level of the self because it is personalized, or because the task in question is closely related to the person’s self-concept, subsequent performance will typically suffer, as the person’s attention will be distracted from task improvement. But even the generally detrimental effects of feedback-induced attention to the self are likely to be further complicated by the meaning of the task for the feedback recipient, such that:
  - If the task in question is one the person wants to work at, and the feedback is positive, or the task is one the person must work at and the feedback is negative, subsequent performance is likely to improve.
What Other Factors Influence the Effects of Feedback?

The literature on feedback and our feedback intervention model led us to examine other factors that could influence the effectiveness of feedback. Some of these factors might influence feedback effectiveness by affecting the focus of attention, while others clearly do not, but we addressed the effects of each in our analyses.

For example, research has suggested (and our analyses supported this suggestion) that feedback interventions associated with complex tasks were more likely to result in declines in performance. Feedback regarding performance on a complex task could shift focus to the task learning level, without sufficient information needed to develop a means to improve performance. Alternatively, such feedback could simply distract the recipient from focusing on the task at hand, which, in this case, would require the person's full attention. For example, a broker trying to put together a complicated consortium to underwrite an IPO would find feedback about his or her performance along the way rather distracting, and it would interfere with how well the whole deal came together. Feedback given at the end of the sale, however, might well be extremely useful to that broker.

The literature also suggested that normative feedback that provides comparative information about the performance of others would be associated with performance declines. We found only weak support for this prediction, but presumably any such effects would be the result of an increased focus of attention at the level of the self, following the comparison with others. On the other hand, we found that feedback interventions that provided comparative information about past performance were more likely to result in performance increases when that information indicated that performance had improved over time. Apparently, this improvement would serve to motivate the recipient to increase efforts further.

In addition, we examined the effects of computer-generated feedback, and found that relying on this source for feedback information increased the effectiveness of the feedback. Providing production workers with feedback about performance on a computer seems to be preferable to having supervisors deliver the feedback personally. Presumably this is because personal issues between the worker and the supervisor could interfere with the employee's using the feedback to improve performance. Likewise, we found that feedback interventions that included specific recommendations for improvement were more likely to be effective in improving performance. This is likely because the absence of such recommendations could result in the feedback recipient's spending too much effort trying to discover how to improve performance. Finally, we predicted that feedback interventions would be more effective when they were accompanied by goal-setting interventions, and our results supported this prediction as well.

Providing production workers with feedback about performance on a computer seems to be preferable to having supervisors deliver the feedback personally.

We can therefore make a number of recommendations as to how to increase the effectiveness of feedback interventions. The reader will notice that many of these recommendations are routinely included in feedback systems, which may be why they are often successful. Nonetheless, we recommend that all feedback interventions:

- Focus on the task and task performance only, not on the person or any part of the person's self-concept.
- Be presented in ways that do not threaten the ego of the recipient.
- Include information about how to improve performance.
- Include a formal goal-setting plan along with the feedback.
- Maximize information relating to performance improvements and minimize information concerning the relative performance of others.

In addition, it would seem that feedback is more effective when it is delivered by computer rather than in person, although this option may not typically be feasible. Furthermore, the research cited suggests that feedback should not be used with more complex tasks. As we noted earlier, it may be that frequent feedback is detrimental for performance on these tasks, but that some feedback may be helpful and even critical. In any case, work is surely becoming more complex, and if feedback is to be included for more complex tasks, it may be important to provide employees with enough training that the tasks become less complex, which may make the feedback more likely to be effective. In any event, it is important that organizations be
careful and thoughtful about providing regular feedback to employees performing extremely complex tasks. Finally, it is helpful if feedback interventions are used only with employees who have high self-esteem. It does not seem likely that organizations would choose to, or would be able to, give feedback to some employees and not others. Such a policy could even potentially be illegal. But it is important that organizations recognize that negative feedback can have a disastrous effect on persons with low self-esteem, and managers should seek ways to minimize this effect.

Feedback Issues in 360-Degree Appraisal Systems

Complete 360-degree or multisource appraisals are now being used by more than 10 percent of U.S. organizations, with many more organizations employing some aspect of these systems. Some scholars have raised a number of questions about the effectiveness of these systems, and we offer no new data. Instead, we will use the principles of our feedback intervention theory as a basis for evaluating the potential of 360-degree systems for developing effective feedback, and use the data that are available to support our arguments where we can. We hope this discussion will raise still more questions about the uncritical use of 360-degree systems, while demonstrating how to use our model as a diagnostic tool with any organizational feedback intervention.

Multisource or 360-degree appraisals have generated a great deal of interest among practitioners as well as scholars, and there have been a number of recent articles discussing various aspects of these systems. The basic idea behind these appraisal systems is simple, and the underlying reasoning is quite sound. Instead of relying on appraisals from a single source, whether supervisor or peer, an employer obtains evaluations from a variety of sources. This should provide the feedback recipient with information not otherwise available, and also ensures that raters in the best position to observe certain types of behaviors are the ones to evaluate that behavior. For example, customers could rate how well a salesperson communicates with customers, while peers could rate how well the salesperson gets along with coworkers. This should make the evaluation process easier by asking raters to provide evaluations only in areas where they are qualified to make judgments, and should also result in more credible feedback. Organizations that use these appraisal systems would seem to be making two assumptions: that different rating sources provide unique perspectives on the target individual’s performance, and that the additional information provided to the target will be helpful.

Borman recently discussed these assumptions in more detail and, in fact, raised questions as to their validity. He notes, however, that practitioners are more interested in the simpler question: do these appraisals improve effectiveness? The available data on the effectiveness of these programs is extremely limited, and the conclusions we can draw from these studies are rather limited. Furthermore, the details of these systems in operation, and how results should be interpreted, have been discussed and debated, and a number of concerns over their use have been raised previously.

How Are 360-Degree Appraisals Used?

Early proponents of 360-degree systems suggested they be used primarily for developmental purposes, which would lead to a promotion focus. Some organizations continue to use these systems for developmental purposes only, or as a tool to help implement organizational change. In many cases, though, once an organization begins to collect these data, someone in top management suggests that they should use the ratings for more than just feedback. A recent survey of developers of 360-degree systems indicated that 85 percent of respondents reported their clients used these systems primarily for development, but only half used them exclusively for development. The others indicated their clients used the appraisals for both development and for administrative decisions, which would lead to a prevention focus.

Since 360-degree systems were originally proposed as a tool for employee development only, and since there are data to suggest that using 360-degree appraisals for decision making affects the actual ratings given, we believe, as do other experts, that these systems should be primarily, if not exclusively, for developmental purposes. However they are used, there are some aspects of typical 360-degree systems that we believe will make them less effective as feedback interventions.

Are 360-Degree Appraisals Effective Feedback Mechanisms?

We have stressed the point that feedback interventions are more likely to be effective if they kept the employee’s attention focused on goals at the task performance level, and least likely to be effective if they caused a shift of focus to the level of the self. Unfortunately, several aspects of 360-degree appraisals often increase the likelihood that focus will move towards the self, while other aspects of typical 360-degree systems decrease the likelihood that any feedback will be effective for other reasons.
For example, as noted earlier, many organizations that start out to use these appraisals only for developmental purposes use them eventually for decision making, as well. In fact, we are familiar with several organizations that introduced 360-degree appraisals strictly as tools for development, but have either begun using the ratings for making some types of decisions, or they are considering doing so. To do so, especially after stating that the ratings would be used for developmental purposes only, is likely to hurt an organization's credibility with its employees, which can lead to many problems and reduce employees' willingness to change their behavior following feedback.

In many organizations, 360-degree appraisals are administered only once, and then never repeated. This makes it impossible for employees to receive feedback that their performance is improving over time, which has been found to improve feedback effectiveness. Although there was explicit comparison among rating sources, including comparisons between self-ratings and other ratings, such comparisons are likely to increase focus on self, which tends to decrease the effectiveness of feedback. Table I illustrates some of the features of the typical 360-degree appraisal and the anticipated effects these should have on feedback effectiveness.

As can be seen, many of the characteristics of typical 360-degree systems may result in feedback's being less effective. And since these systems are typically used with managerial positions, we can safely assume that the jobs involved are rather complex. Feedback has generally been found to interfere with the performance of complex sources as the processing of the feedback actually drains cognitive resources that could otherwise be used for task performance. Thus, special care must be taken to ensure that feedback in these settings does not interfere with efforts to improve performance. Finally, other factors that might increase feedback effectiveness, such as the inclusion of goal setting, are not typically part of 360-degree systems. Therefore, it appears that these systems are not usually designed in ways that maximize feedback effectiveness. But many of these problems can be resolved. Because 360-degree systems do provide unique information about performance, and since they can also be used as part of organizational change interventions, we must determine how to maximize their effectiveness.

Table I
Feedback Characteristics Related to 360-Degree Appraisal Systems

<table>
<thead>
<tr>
<th>Condition</th>
<th>Found in typical 360-degree appraisals?</th>
<th>Anticipated impact on feedback effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of comparative or normative data</td>
<td>Yes—in most cases, comparing each source with self ratings</td>
<td>Focuses attention on self, which makes feedback effects more problematic, and performance decline more likely</td>
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<tr>
<td>Consequences for evaluations</td>
<td>Sometimes—for about half the cases</td>
<td>Increases anxiety which is likely to result in performance decline</td>
</tr>
<tr>
<td>Goal-setting program included</td>
<td>Sometimes—only about half the time</td>
<td>Goal setting with feedback increases the effectiveness of the feedback</td>
</tr>
<tr>
<td>Repeated feedback with information about improvement</td>
<td>No—in most cases, these appraisals are done only once</td>
<td>Frequent feedback with messages about improvement increases feedback effectiveness</td>
</tr>
<tr>
<td>Complex tasks</td>
<td>Yes—typically used for managerial jobs</td>
<td>Feedback is more likely to interfere with performance on complex jobs</td>
</tr>
<tr>
<td>Information about correct solutions</td>
<td>No—not clear which source of feedback is the &quot;correct&quot; one</td>
<td>Feedback, which provides information about correct solutions is more likely to be effective, although not always</td>
</tr>
<tr>
<td>Multiple sources</td>
<td>Yes—always present</td>
<td>Potential effects not clear, but more likely to focus attention on &quot;ought&quot; self, especially when messages are inconsistent</td>
</tr>
<tr>
<td>Coach</td>
<td>Sometimes—though not a formal part of most systems</td>
<td>Likely to help employees deal effectively with feedback, and especially to help formulate accurate hypotheses on how to improve performance</td>
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Recommendations for 360-Degree Systems

Avoid Using 360-Degree Appraisals for Decision Making

Most organizations begin by implementing these systems for development only, and only later adapt the systems to be used for decision making. But changing the rules in this way may result in mistrust, questions about the fairness of the system, and increased anxiety over the appraisals. Changing the rules is also likely to focus employees on their "ought" self. Those who receive positive feedback will not be motivated to change and...
those who receive negative feedback will be concerned by the threat. Threatened employees may try to remove the threat by improving their performance, but they can also try to manipulate the feedback by managing their supervisor’s impression of their performance. If we also consider the problems that occur when one appraisal is used for both development and for decision making,62 the simplest solution is not to use these appraisals for decision making. We recognize, however, that many organizations will eventually use these rich evaluative data for decision making.

Tell Employees if Ratings are Being Used for Decision Making

Deciding whether to make decisions on the basis of 360-degree ratings should be done at the earliest possible time, and communicated to employees. It would help if employees did not feel betrayed by management, or that management had changed the rules in the middle of the process. If a decision is made to increase the scope of the appraisal system, the reasons for the change and how the new system is to be implemented should be clearly communicated to employees. The critical factor is to maintain employee trust in the system.

Help Employees Interpret and React to the Ratings

A serious problem for multisource appraisals is that they often present the employee with conflicting messages about his or her performance. Although this is potentially an advantage of these systems, it makes it difficult for the employee to decide whose feedback to react to when making changes. This problem becomes much more serious when decisions about promotions or raises are dependent on the ratings and the employee’s subsequent performance improvement. We know of cases where an organization provided ratees with an individual coach who helped interpret results, deal with inconsistencies, and formulate a plan for improvement. Personal coaches may be the key to dealing with the inherent discrepancies found in 360-degree ratings.

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A coach can help further motivate employees who receive positive feedback from various sources, while helping the recipients of negative feedback formulate a workable strategy for performance improvement. Thus a coach can be the difference between a healthy coping reaction and learned helplessness.63

Minimize the Amount of Data Presented to Employees

These systems often provide comparisons of self-ratings with ratings from other sources, but there is no need to provide data comparing the ratings for one employee with those for another. This information is likely to render feedback less effective as it is likely to focus attention at the level of the self rather than the level of task performance.

Do Not Have All Raters Evaluate Employees in All Areas

Although this does not follow directly from our previous discussion, this recommendation is a critical factor for feedback effectiveness. A proposed advantage of 360-degree systems is that they provide feedback from sources uniquely qualified to make evaluations. Much of this is lost if all raters evaluate all employees in all areas, and it is then up to the employee to decide who is best qualified to provide ratings in a given area. If it is too difficult to limit ratings at the time they are provided, the organization can withhold feedback from sources not qualified to provide ratings in a given area. Alternatively, a personal coach could help the employee sort all this out.

Include a Formal Goal-Setting Component in the System

The inclusion of goal-setting increases the effectiveness of any feedback intervention. Such programs should be part of any 360-degree appraisal system, especially when the ratings are used for decision making.

Implement a 360-Degree System Regularly

Only when the 360-degree system is used regularly as the appraisal system is it possible to signal employees that their performance is improving, which is important for improving the effectiveness of feedback.

Evaluate the Effectiveness of 360-Degree Appraisal Systems

As we noted earlier, there have been very few published reports about the effectiveness of 360-
degree appraisals, and the results of those studies are far from conclusive. We also noted that this was a problem with research on feedback effectiveness in general. These 360-degree appraisals are expensive to implement, and organizations should determine the effectiveness of such systems before they are implemented. In addition, if such studies were undertaken, we could learn more about the characteristics of these programs that are related to effectiveness.

The ideas underlying 360-degree or multisource appraisals are good, and there is surely potential for these appraisals to help organizations better manage employee performance. But, like all feedback interventions, one should not assume that these systems always accomplish the goals they were intended to address. Organizations spend a great deal of time and money providing employees with feedback about their performance in the hopes of effecting performance improvements, and 360-degree appraisals are simply the most recent of these attempts.

We have provided data that clearly suggest that not all feedback is effective in improving performance. In fact, feedback in some cases can actually be detrimental to performance, independent of whether the feedback itself is positive or negative. Feedback interventions can have unintended and potentially damaging effects on performance. We are not suggesting that organizations cease to provide feedback, or even that they cease using 360-degree appraisals. But the design of any feedback intervention requires thought and consideration of the factors that are likely to make it more effective. Without such consideration, organizations might actually be designing systems that are not cost-effective in the long run.

Endnotes


6 For example, see Ilgen, D. R., Fisher, C. D., & Taylor, M. S. 1978. Consequences of individual feedback on behavior in organizations. Journal of Applied Psychology, 64: 349–371. It should be noted, however, that these authors did recognize problems with the feedback literature.

7 See Kluger & DeNisi, op. cit., for more details about these oversights.

8 This fact was noted in the later review by Ilgen, et al., op. cit.


16 See, for example, Klander & Ackerman, op. cit., or Kluger & DeNisi, op. cit.

17 For example, see Butler, R. 1987. Task-involving and ego-involving properties of evaluation: Effects of different feedback conditions on motivational perceptions, interest, and performance. Journal of Educational Psychology, 79: 474–492.


Borman, op. cit.

Ibid.


See, for example, London & Smither, op. cit.

Ibid.

Waldman, et al., op. cit.

London & Smither, op. cit.

See, Vallacher & Wagner, op. cit. For an example of this, see also the more complete review in Kluger & DeNisi, op. cit.

Kanter & Ackerman, op. cit.


Also, see Marsh, H. W. & Roche, L. A. 1995. Rely upon SET research. American Psychologist, 54: 517–518. In particular, they note that "... there is an ethically dubious but widespread custom of giving potentially negative feedback to teachers without providing access to cost-effective interventions to assist them to improve their teaching effectiveness. This, perhaps, is the most serious indictment of the current practice." (p. 517)