

Assessment: The Missing Link in Multisource/360° Feedback

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Introduction

What is Multisource Feedback?

Multisource (MSF), or 360° feedback provides a ratee (learner) with ratings of their performance from a combination of raters including:

- ✓ Themselves
- ✓ Subordinates
- ✓ Peers
- ✓ Supervisors
- ✓ Customers

Where did MSF come from?

The origins of MSF can be traced to:

- Employee Attitude Surveys of the 1950s and 1960s
- Performance Appraisals
- Cognitive Psychology
- Increased Competition and Customer Focus of the 1990s

Basic Premise and Assumptions

- MSF is a more effective procedure for identifying behaviors that affect organizational goals than is single source feedback.
 - Measurement theory suggest that observations obtained from multiple sources will yield more valid and reliable results for individuals. This implies that such results will be more meaningful and therefore more useful.
 - When an individual compares work related behaviors from coworkers to self-perceptions of the same behaviors, this results in an increased level of self-awareness, which in turn, increases the chances of behavioral change.

And today...

- MSF or 360° feedback is one of the most popular assessment techniques of contemporary management.
- Its use is almost universal among Fortune 500 firms, and is increasing every day in organizations across the world.
- Proponents claim that when MSF programs are designed and administered appropriately, the process provides one of the most powerful tools for promoting both individual development and organizational effectiveness.

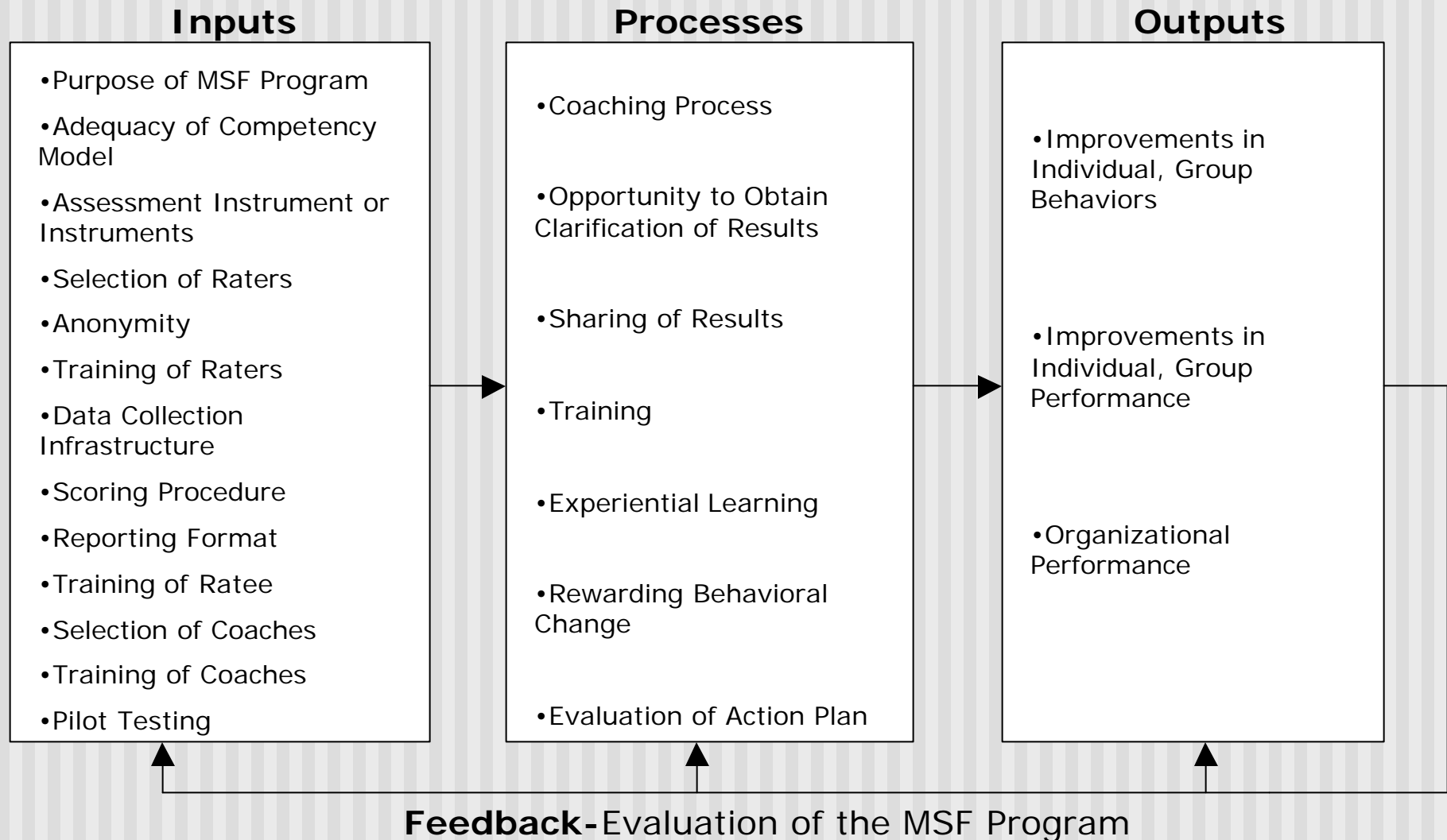
However...

- Many MSF programs are not reaching their full potential because they are being implemented without:
 - Assessing the critical variables which underlie a successful MSF program.
 - Defining the purpose of the assessment.
 - Defining the role and accountabilities of multi-raters in performance management.

Broader view of Accountability

- Organizational accountabilities.
- Academic and practitioner research accountabilities.

Systems Model for Implementing a Multisource Feedback Program



Research on MSF

- Although MSF is commonplace in organizations today, little research has been done on its benefits and practices.
- The research that has been done include laboratory investigations of the benefits produced by specific variations in MSF procedures and sporadic surveys of how MSF is used in organizations.
- As a result, those implementing MSF generally rely on their own personal experiences and on trial-and-error approaches.

Purpose of our survey research

- To determine how Fortune 100 companies were currently using MSF processes and procedures.
- To investigate the organizational and individual benefits of MSF and their relationship to variations in MSF process.

Specifically...

This study was designed to test the following hypotheses:

- There will be large differences between organizations in the benefits they derive from MSF.
- There will be large differences between organizations in the extent to which they implement particular MSF practices.
- Certain differences in practice will be related to the difference in benefits.

METHOD

Survey Development

1. Literature review
2. Group of academics and consultants classified the issues and variables into categories
 - Outcomes (Benefits), MSF Procedures, Coaching procedures, Purposes, Resources
3. Developed survey items
4. Pilot tested the instrument with a small sample senior human resources executives
5. Designed final survey instrument with 24 questions and opportunities for written comments

MSF Practices

USES	Individual Managerial Development, Customer Satisfaction, Organizational Change, Performance Appraisal, Succession Planning, Compensation
RESOURCES	Financial Resources, Time, People, Commitment from Senior Management
PROCEDURES	Number of learners evaluated, Instrument design, Selection of raters and learners, Training, Communication of results
COACHING	Criteria for selecting coaches, Internal/External, Assignment to the learner, Communication
EVALUATION	Organizational Outcomes, Individual Outcomes
OUTCOMES	Benefit to the organization, Worth the resources, Provided a competitive advantage, Improved learners job performance

Sample

- Survey was mailed to senior human resource executives of 145 global organizations and a 29% response rate was obtained.
- 42 respondents
 - ✓ 25 Fortune 100
 - ✓ 9 Fortune 500
 - ✓ 8 foreign
 - ✓ 1 privately held

RESULTS

Reported Benefits of MSF

- **The survey included six questions about the extent to which various outcomes of MSF were accomplished.**
 - MSF was beneficial to the organization
 - The MSF process was evaluated by the organization
 - MSF increased profitability in the organization
 - MSF helped the organization strive to achieve its major goals
 - MSF provided a competitive advantage to the organization
 - The learner's job performance improved as a result of MSF

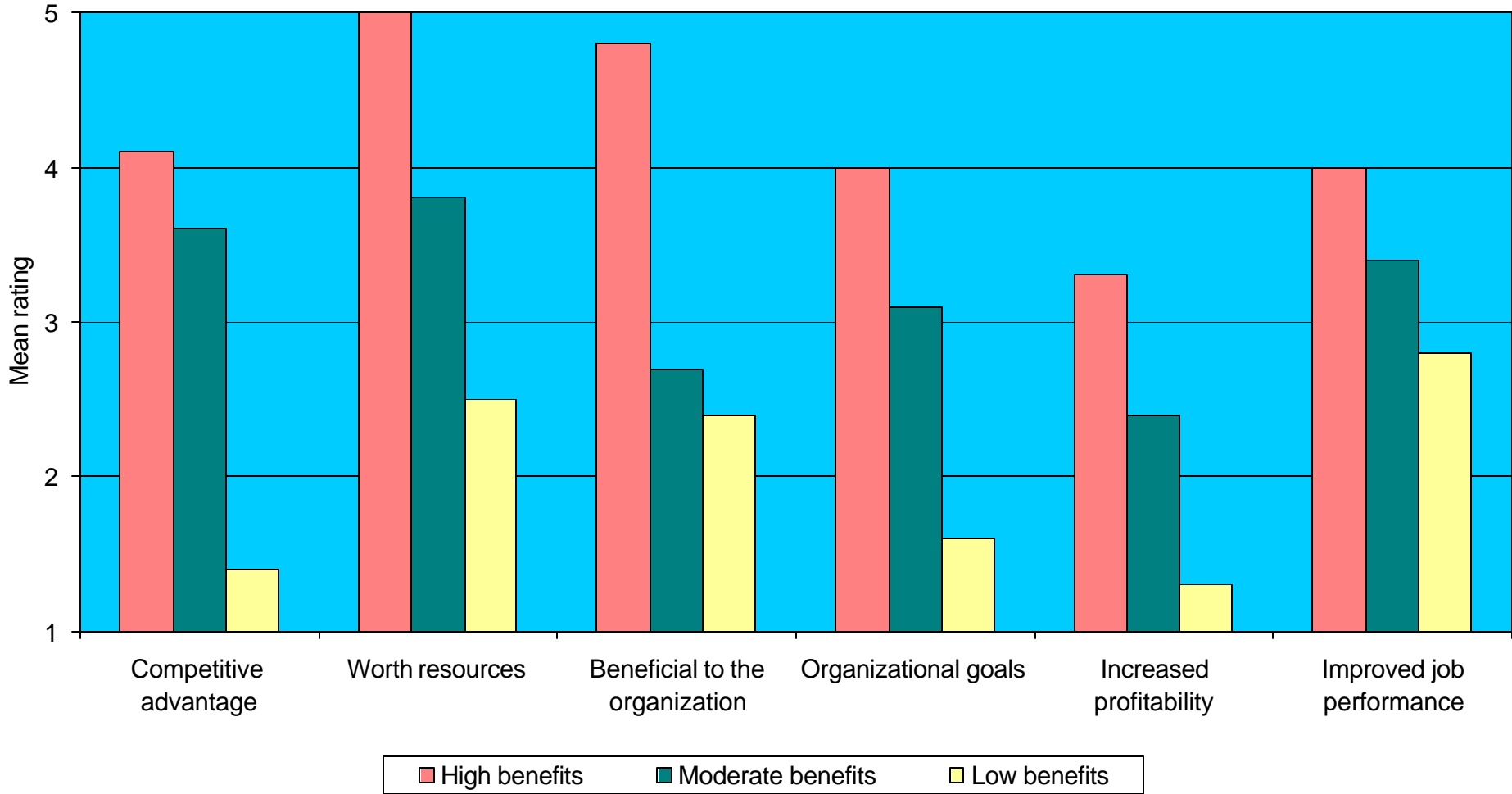
- **Each of these outcomes were rated on a five-point scale.**
 - 1=Not at all
 - 2=To a slight extent
 - 3=To a moderate extent
 - 4=To a great extent
 - 5=To a very great extent

Subdivision of Organizations

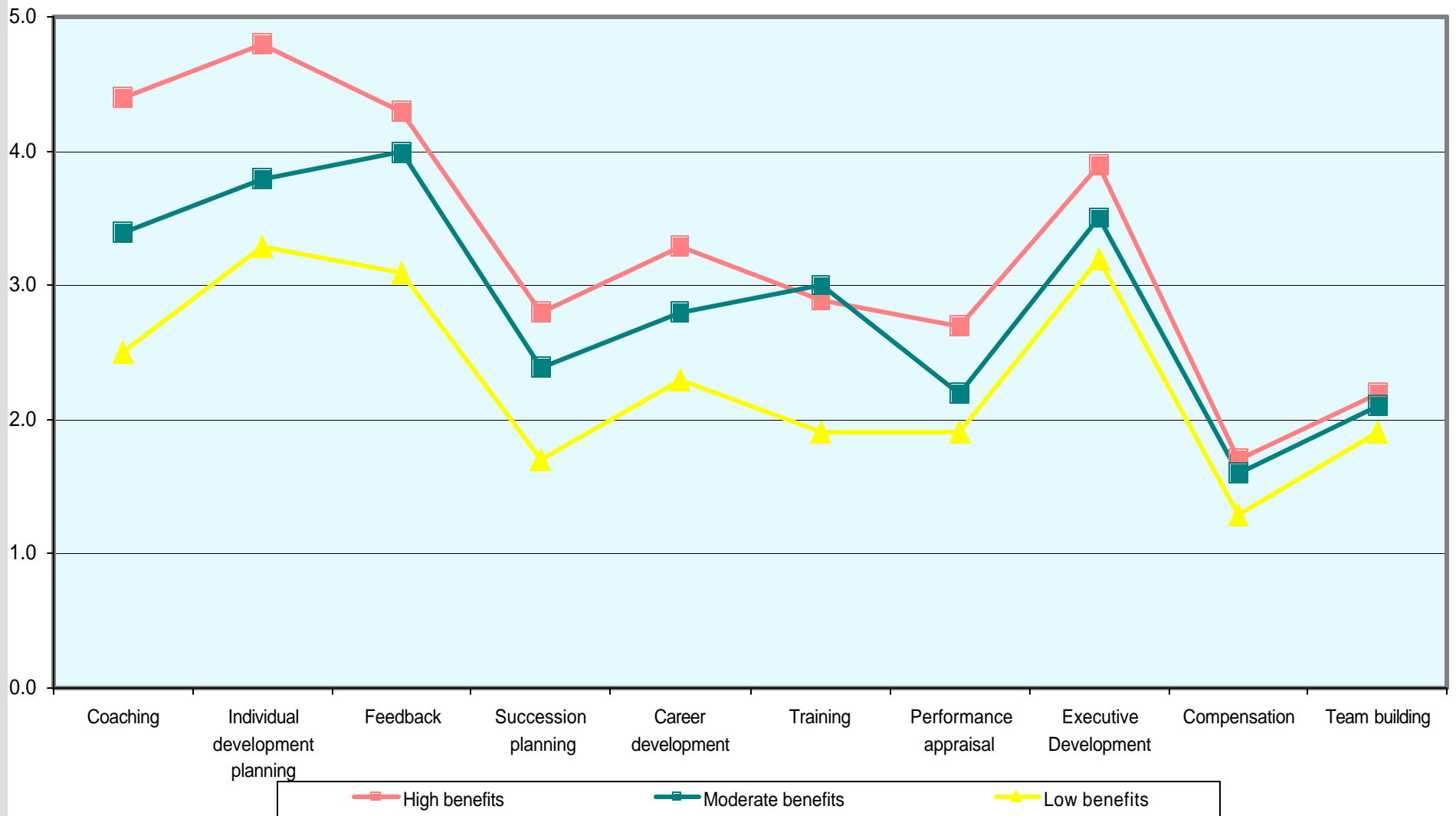
The responses to the two most frequently answered outcome questions were used to subdivide the organizations into three groups:

High-Benefit	N=9	Most <i>beneficial</i> , and most <i>worth the resources</i>
Moderate-Benefit	N=24	Moderately <i>beneficial</i> , and moderately <i>worth the resources</i>
Low-Benefit	N=9	Least <i>beneficial</i> , and least <i>worth the resources</i>

Mean ratings for each group on the six outcomes



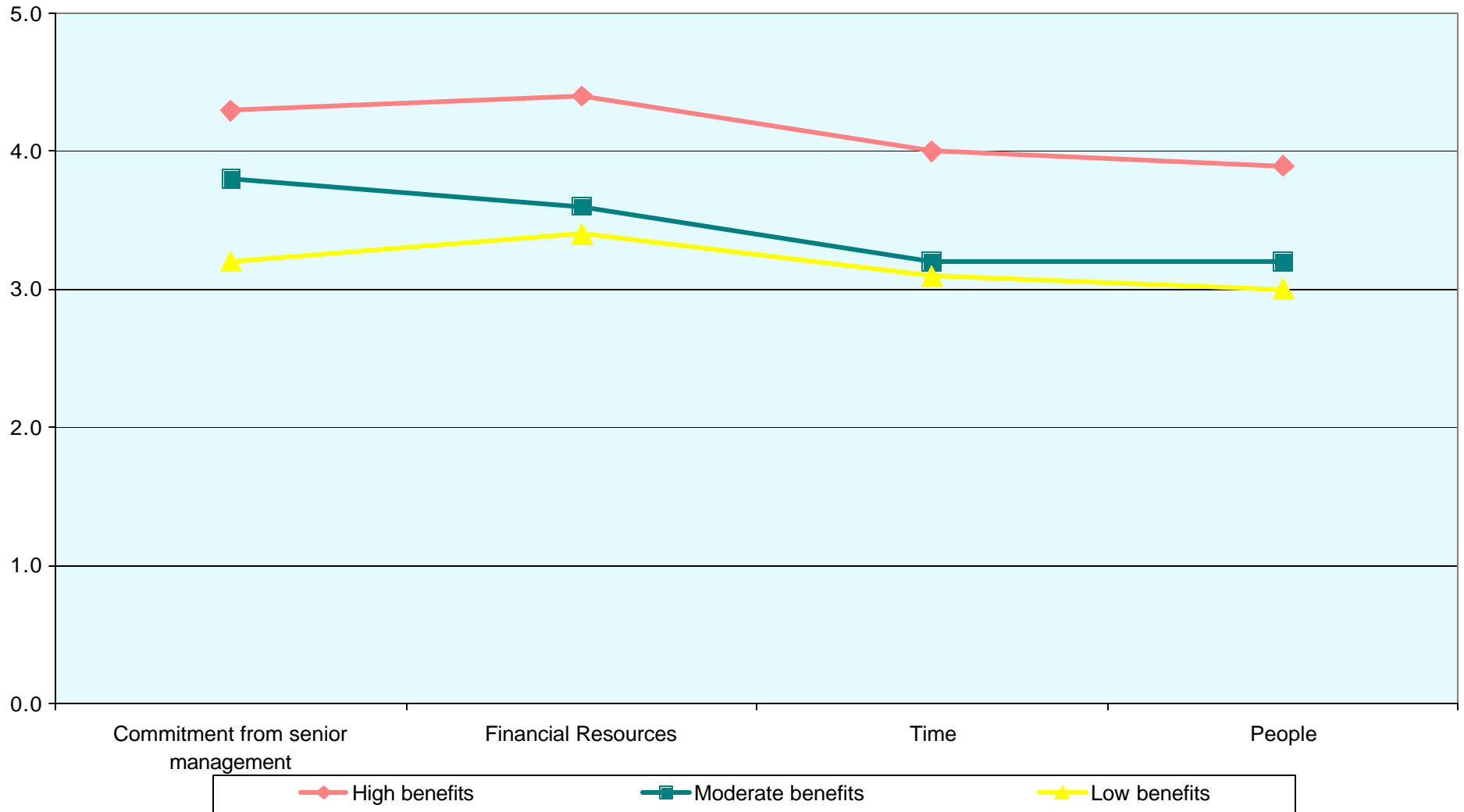
Mean ratings of the extent MSF was used by each group



Purposes

- Organizations that reported high benefits used MSF for certain purposes such as Coaching and Individual Development more than low-benefit organizations.
- Moderate-benefit organizations used MSF less than the high-benefit organizations and more than the low-benefit organizations for almost every purpose.
- None of the organizations used MSF very much for *Compensation* or *Team Building*.

Mean ratings of the extent resources were provided by each group



Resources

- High-benefit organizations reported being provided with more resources to support MSF processes in the form of of *Commitment from Senior Management, Financial Support, Time, and People*

Learners

- Nomination was much more common in high benefit organizations as compared to moderate or low-benefit organizations.

High-Benefit Organizations	67%
Moderate-Benefit Organizations	25%
Low-Benefit Organizations	22%

Learners

- Voluntary participation was much more common in the low benefit organizations than in the moderate or high benefit organizations

High-Benefit Organizations	44%
Moderate-Benefit Organizations	38%
Low-Benefit Organizations	78%

Raters

- In all organizations, regardless of reported benefits, learners were typically rated by bosses, direct reports, peers, and the learners themselves.
- There were, however, large differences in the frequency with which customers participated in the process:

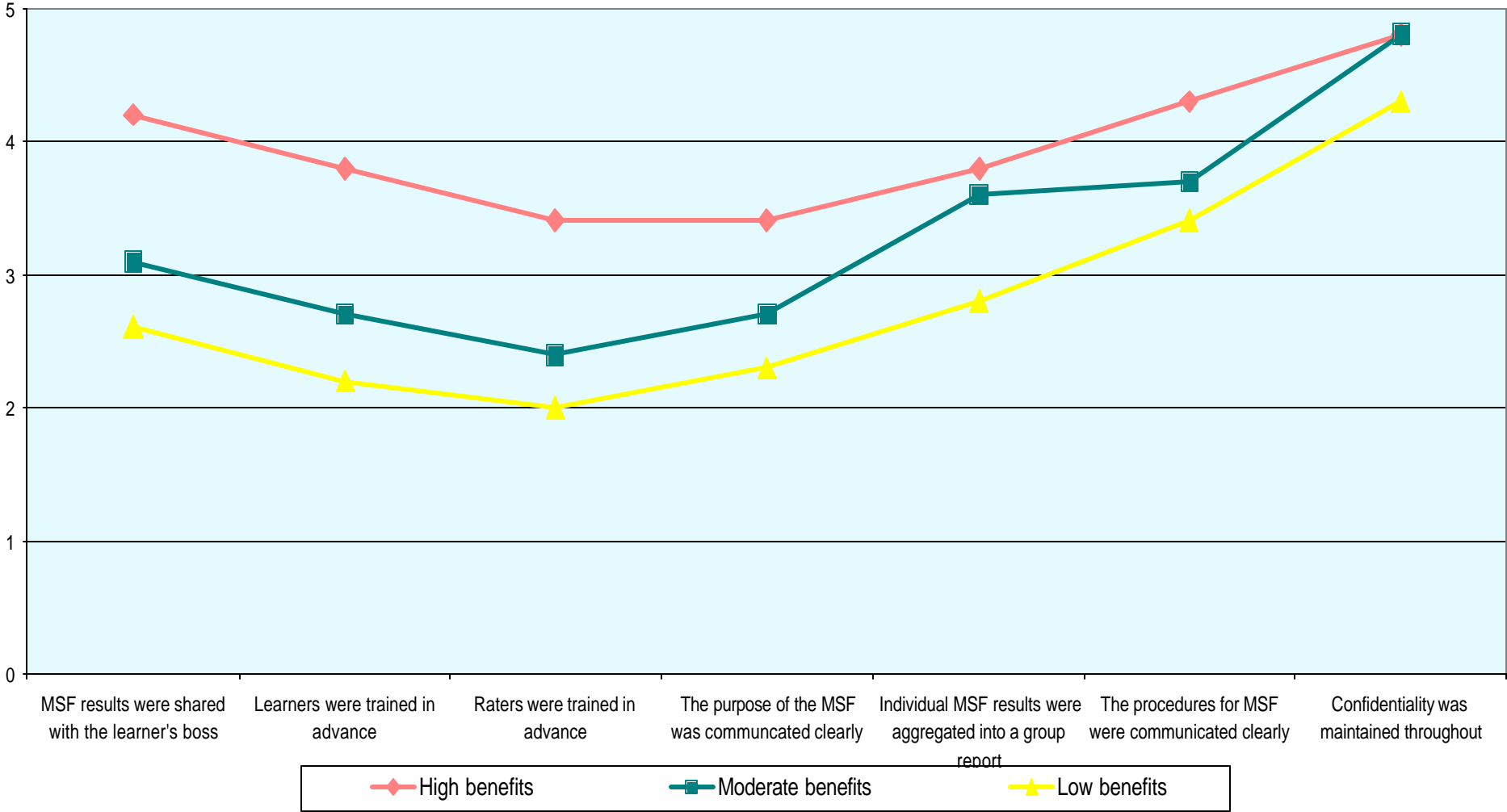
High-Benefit Organizations	67%
Moderate-Benefit Organizations	46%
Low-Benefit Organizations	22%

Raters Cont'd...

- High-benefit organizations were most likely to report that the learner's selection of raters was approved.

High-Benefit Organizations	63%
Moderate-Benefit Organizations	48%
Low-Benefit Organizations	11%

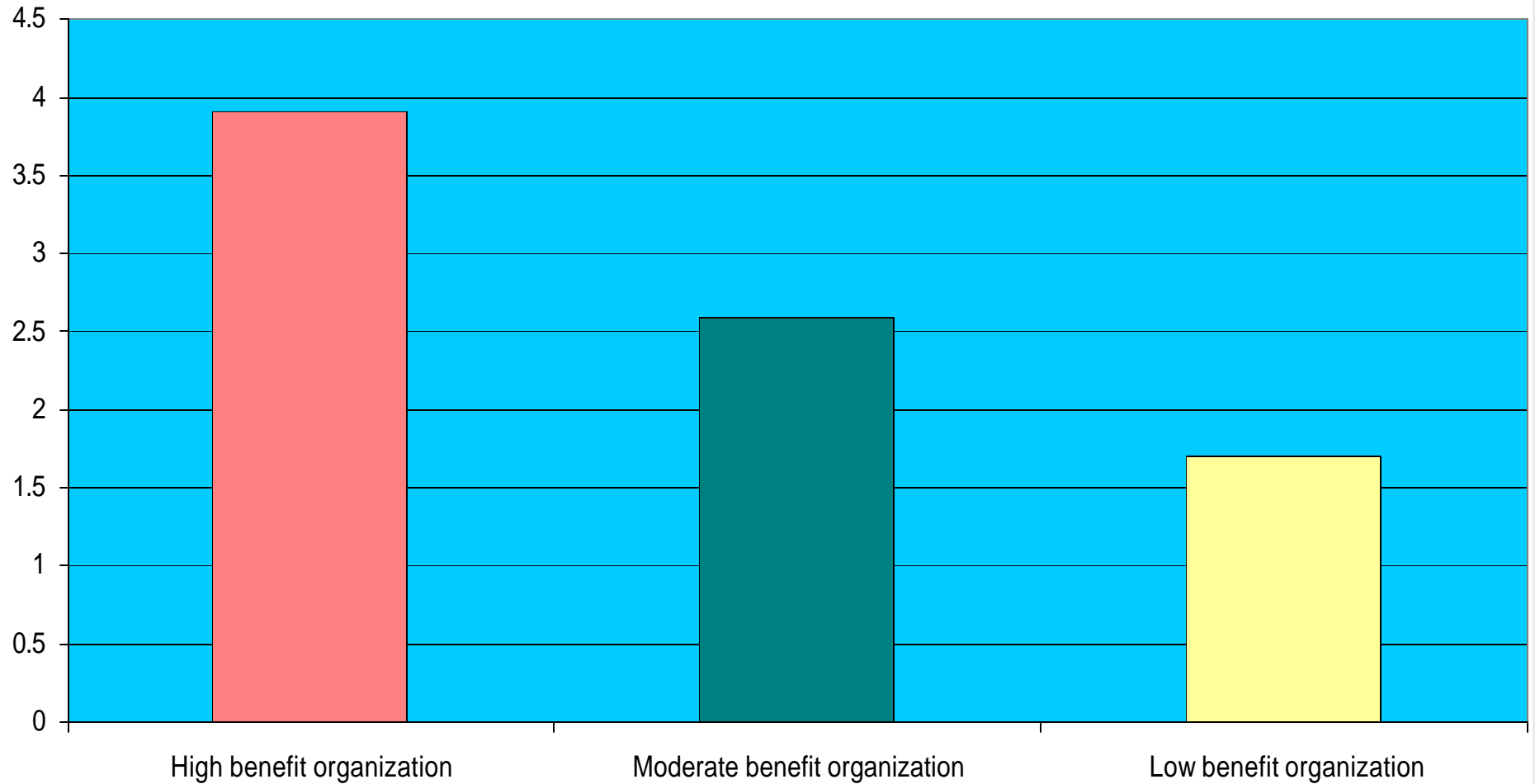
Mean ratings of how procedures were implemented during the MSF process by each group



Procedures used during the MSF Process

- The High-benefit, Moderate-benefit and Low-benefit organizations differed in the extent to which they implemented various procedures during the MSF process.
- The High benefit group *shared MSF results with the learner's boss, learner's were trained in advance, and raters were trained in advance* much more than in the moderate benefit or low benefit groups.
- All three groups maintained confidentiality to a great or very great extent.

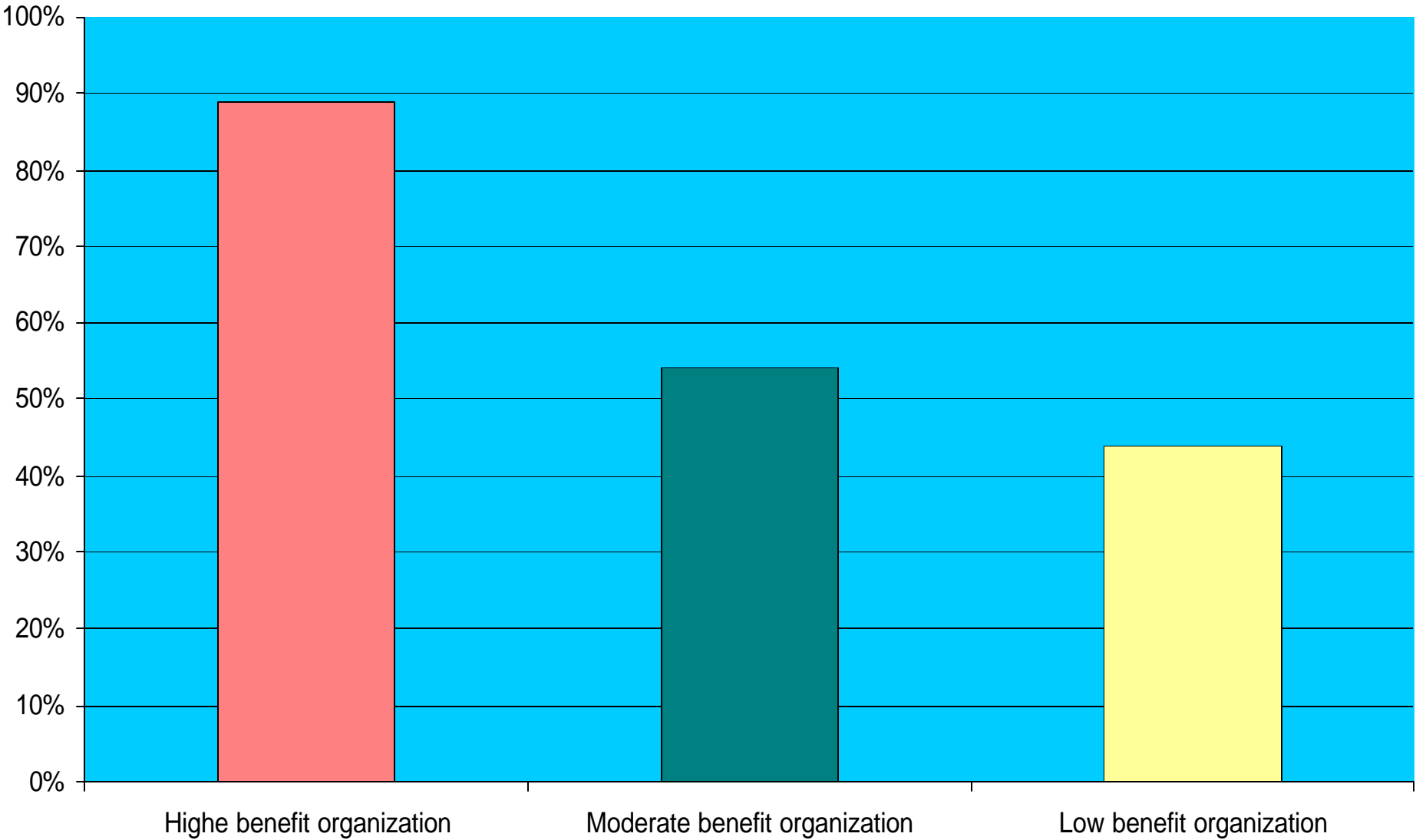
Mean ratings of how coaching was used by each group



Coaching

- Most of the high benefit organizations used coaching as part of the MSF process.
- The high benefit organizations accomplished all of the coaching procedures listed to a very great extent.
 - Organization used appropriate criteria for selection of coaches
 - Purpose was communicated clearly to the coaches
 - Procedures for MSF were communicated clearly to the coaches
 - Coaches were trained in advance about the MSF instrument used
 - Coaches helped build an action/development plan for the learner
- The largest difference between high- and low- benefit organizations was for *The organization used appropriate criteria for selection of coaches.*
- The smallest difference was for *The coaches were trained in advance about the MSF instrument used by the organization.*

The extent to which organizations evaluated their MSF process was the most discriminating practice in the survey



DISCUSSION

Differentiating MSF Practices

Practices that most differentiate organizations reporting high benefits of MSF from those reporting low benefits

Category	Practice
Purpose	Coaching
	Individual development planning
MSF Procedure	MSF results were shared with the learner's boss
	Learners were trained in advance
	The learner's selection of raters was approved
	Learners were rated by customers
	Learners were nominated for participation
Coaching Procedure	Coaching was used as part of the MSF procedure
	The organization used appropriate criteria for selection of coaches
	The coaches helped build an action/development plan for the learner
	The procedures for MSF were communicated clearly to the coaches
Evaluation	The MSF process was evaluated by the organization

In essence...

- The present research developed a survey of MSF outcomes and practices that were recognized as important by researchers, consultants, and senior HR executives.
- As predicted, the organizations differed greatly in the extent to which they benefited from MSF, and in the extent to which they implemented various practices.

Differences in Practice

- The practices of the organizations that reported the greatest benefits are potentially “best practices”, in the sense that any or all of them might have contributed to the favorable outcomes of MSF in those organizations.
- On the other hand, if there is no difference in a practice between high- and low- benefit organizations, then that practice does not contribute to the difference in outcomes, though it may be a very important practice.

Coaching and Individual Development

Including coaching in the MSF process is strongly supported by the literature:

- In 1993, Hazucha, Hezlett & Schneider (1993) asserted that coaching is essential when MSF is used to promote individual development.
- Goodstone and Diamante (1998) identified several aspects of coaching that enhance the impact of MSF on individual development.
- Hall, Otazo, & Hollenbeck (1999) stress that it is time to raise questions about how effective MSF coaching is and how it should be applied.

MSF Procedures

- The present study supports the argument that sharing MSF results with the learner's boss differentiates high- from low-benefit organizations (*In support of Yukl and Lepsinger, 1995*).
- The present study finds that training learners in advance contributes to beneficial outcomes (*Consistent with Carey, 2000*).
- Organizations which report high benefits are more likely to require approval of the learner's selection of raters than organizations which report low-benefits (*In response to Dalessio, 1998*).
- The present study found that organizations that include customers as raters report higher benefits than organizations that do not include customer ratings (*Consistent with London and Beatty, 1993*).

MSF Procedures Continued...

- The present study found no difference in the frequency with which participation was mandated, and a higher frequency of voluntary participation in low-benefit organizations (*In response to Jones, 1997*).
- The practice that most differentiated high- from low-benefit organizations was the extent to which the organization evaluated its MSF process: The greater the reported benefits, the more the MSF process was evaluated (*Consistent with Schieman and Lingle, 1999; Tornow et al., 1998; Waldman, Atwater, and Antonioni, 1998*).

Limitations of the present research

- Reliance on the subjective judgement of the respondents.
- Inability to establish causal relationships given the absence of experimental manipulation.
- Lack of explicit details about how particular practices are implemented.

Implications

- The identification of the MSF practices most strongly associated with beneficial outcomes, enables researchers to focus their attention on a manageable subset of variables that can be manipulated under controlled conditions to investigate causal relationships between practices and outcomes.
- This subset of MSF practices can also guide HR practitioners in the design and implementation of MSF programs.
- The next step in the research process is to pursue an investigation between MSF practices and organizational objectives, team building, and individual outcomes.
- Also, to conduct in-depth interviews and a learners survey with organizational survey respondents to elaborate or discuss specific details regarding these practices.

Next steps in the MSF process

- Conduct follow up interviews with respondents,
 - To clarify organizational survey responses and results.
 - To focus on key practices identified from responses.
- Survey the learners,
 - Distribute learner survey to organizations that participated in organizational survey.
 - To obtain the learner's perspective regarding the effectiveness of MSF.
- Analyze results,
 - Combine data from the three phases and determine best practices and efficacy
 - Organizational survey
 - Interviews
 - Learner survey

Guidelines for Implementing an MSF Performance Management Program

- Develop a strategy of cautious optimism about establishing an MSF performance management program.
- Determine what the MSF process will accomplish.
- Establish an organizational competency model.
- Develop an MSF appraisal instrument.
- Determine the MSF administration process.
- Design the MSF feedback report.
- Design a process for supporting the impact of MSF.

I. Develop a Strategy of Cautious Optimism About Implementing an MSF Performance Management Program

- While the logic of using MSF for developmental and administrative purposes is clear, solving the problems of implementing it for this broader purpose is easier said than done.
- There are probably more challenges in implementing MSF for administrative than for developmental decisions. Therefore, start MSF by using it for developmental purposes.
- Determine what the best practices are for a developmental alone program since it can be assumed that they would be included in a performance management system that had MSF as its foundation.
- Use a systems model as a guide in determining best practices.
- Develop a climate of procedural justice for phasing the MSF development program into an MSF performance management program.

II. Determine What the MSF Process Will Accomplish

- Know the desired results, it is unrealistic to think that the appropriate support systems will automatically be in place.
- Possible Outcomes:
 - Improvements in work behaviors
 - Increased awareness of the learner's strengths and weaknesses
 - More frequent and open communication between learners and raters
 - More feedback seeking behavior
 - Improved capacity to lead and manage
 - Improvements in individual, team, and organizational performance

III. Establish an Organizational Competency Model

- Link organizational goals and performance requirements to individual behaviors.
- To ensure participant buy-in, create an MSF Steering Committee, consisting of key organizational members who will oversee the development of the MSF program.
- Through a process of interviews and focus groups:
 - Identify capabilities necessary for the organization's success
 - Translate them into competencies that are of critical importance to managers

IV. Develop an MSF Appraisal Instrument

- Develop an MSF appraisal instrument that is linked to the competency model and is also specific to each appraisal group (managers, peers, direct reports, customers).
- Optimize reliability, validity, and usefulness.
- Ensure psychometric properties in terms of the number of items and response scales.
- Provide opportunity for written responses.
- Pilot test and modify as necessary.

V. Determine the MSF Administration Process

- Design a communication strategy that conveys to learners and raters the purpose and procedures of the MSF process.
- Establish guidelines for:
 - Selecting raters
 - Maintaining anonymity
 - Training raters on how to minimize rating errors
 - Training learners on how to interpret MSF results, how to select appropriate developmental targets, and how to discuss action plans with peers, subordinates, and supervisor.
- Establish a data collection infrastructure that makes it easy for raters to complete the feedback instrument.

VI. Design the MSF Feedback Report

Design an appropriate format for the MSF feedback report:

1. Clearly identify results from each different perspective included in the process (e.g., self, boss, peers, subordinates and customers, as applicable).
2. Show the comparisons of feedback results with the learners own perceptions. Any comparison to norms (e.g., industry, organizational, functional area) should be carefully considered.

VII. Design a Process for Supporting the Impact of MSF

- The success of the MSF program will be contingent on its ability to promote behavior change and/or skill development for the individuals who go through the procedure.
- Organizational support includes:
 - **Providing learners with opportunities to develop skills** – Internal and external training seminars, mentoring relationships, on the job developmental opportunities, and external experiences
 - **Providing learners with coaches** – A process for selecting, training, and deploying coaches
 - **Facilitating learners working with their managers** – Learners should be encouraged to share MSF results with their managers and discussing their development plans, associated milestones, and necessary resources
 - **Developing a reward system for behavioral change** – Organizational results have to be linked to specific behaviors. Therefore, it is not only important to reward individuals for outcomes, but individuals should be rewarded for making positive changes in their targeted MSF behaviors.
 - **Establishing an evaluation process** – To ensure the MSF program is meeting its intended objectives and modifications can be made.

Narrowing the Gap

- PhD program in Applied Organizational Psychology at Hofstra University.
- Basic research on rater selection.
- Applied research on 720° assessment.
- Implementation of a multisource feedback performance management program at a global financial institution.
 - Consultants design and pilot test full range of input and process variables.
 - Consultants design and implement full summative evaluation for feedback purposes.