The Optimal Frequency to Perform 360-Degree Feedback: A Cost/Benefit Analysis

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ABSTRACT

This research paper is about 360-degree performance feedback and focuses on finding the optimal frequency to perform this type of feedback by taking into consideration the (non-monetary) costs and benefits. 360-degree feedback is an appraisal system in which employees receive confidential feedback from the people who work together with them. 360-degree performance feedback aids in the development of a more effective management style, increased communication, stronger teamwork, a better awareness of strengths and weaknesses, and the acknowledgment of the need of good relationship skills (Hurley, 1998). Already existing literature of 360-degree performance feedback has been reviewed to gain an understanding about how this appraisal systems is functioning. Literature about the costs and the benefits of this type of feedback. Current literature hardly takes into account the frequency to perform 360-degree performance feedback and therefore, this research is conducted. To gain the necessary data for this research, an organization which implemented the 360-degree appraisal system has been interviewed. Employees, managers, and HR-managers have been interviewed to gain more knowledge and understanding about the topic. Based on the results of the interviews, one can conclude that there is no specific optimal frequency to perform 360-degree performance feedback if we take into consideration the cost and the benefits. To make it more beneficial for both the organization and the employees, it should be made a continuous process in which the data for the feedback is collected throughout the whole year to get a better overview of the employee. Further research could include other types of organizations to create a more realistic view.

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Keywords

360-degree Performance Feedback, Cost/Benefits Analysis, Optimal Frequency, Stakeholders, Performance, Development, Non-monetary Costs.

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1. INTRODUCTION

As performance appraisal systems are considered as one of the most crucial and applied human resource components of organizations (Cleveland, Murphy, and Williams, 1989; Judge and Ferris, 1993) and feedback is significant for improving human performance in organizations (Ilgen, Fisher & Taylor, 1979), it is essential to broaden one's knowledge about feedback. This research will focus on 360-degree peer feedback and its importance. To improve organizational performance and to gain advantage of 360-degree peer feedback, it is crucial to determine how often 360-degree peer feedback ought to be executed in a company.

There can be several theories found on the importance of feedback in organizational context. A theory such as the Goal-setting Theory (Locke & Latham, 1990) explains feedback as a tool which is related to (organizational) performance. Edwin Locke (1990) stated with this theory: "goal setting is essentially linked to task performance and that specific and challenging goals along with appropriate feedback contribute to higher and better task performance."

The concept of 360-degree feedback came into existence in the 1950s and 1960s when the subject of organizational development was growing in prominence and institutions saw a need to enhance general process and interaction (Walderman, 1998). Efforts to obtain feedback in the beginning were dependent on bottom-up feedback (Walderman, 1998). Since then, 360-degree feedback has grown to encompass numerous rater groups. One of the merits of 360-degree feedback would be that it incorporates feedback from a variety of stakeholders, such as supervisors, colleagues, subordinates, and the individual's own self-evaluation (Foster & Law, 2006). Multiple sources of input have been found to produce higher quality feedback that is more valid and dependable than feedback from a sole source (Hurley, 1998). 360-degree feedback might help in the development of a more effective management style, increased communication, stronger teamwork, a better awareness of strengths and weaknesses, and the acknowledgment of the need of good relationship skills. (Gallagher, 2008)

There are several organizational actors who can supply feedback in a company. In regular feedback, it often comes from sources such as coaches and/or managers (Fishbach, Eyal & Finkelstein, 2010). Hereby, feedback is collected and provided by the manager and is given to the employee of the company. In Multi-source feedback, or 360-degree feedback, it is normally collected and provided from various sources of individuals such as supervisors, peers, customers, instead of relying on feedback from one source. (London and Smither, 1995)

360-degree feedback has several advantages such as creating self-awareness about the strengths and weakness of an individual, identifying training gaps, giving more insight into the employees' work, and increasing transparency within the organization. (Alimo-Metcalfe, 2003) The problem here is that, besides the benefits of 360-degree feedback, there are also drawbacks. Costs such as creating distrust in leaders, biased opinions but mainly it is a time-consuming process. Therefore, this research is about finding the optimal frequency to perform 360-degree feedback without increasing the costs.

A variety of research available on the diverse types of feedback (i.e., regular, multiple-source, 360-degree) but none of those studies researches the relationship between the (non-monetary) costs and benefits and the frequency of when and how often 360-degree peer feedback ought to be performed. This study is relevant as the frequency is crucial to know as the optimal frequency to perform 360-degree feedback will help the company to increase performance without increasing the costs of feedback. Previous studies have primarily focused on the link between feedback and the employee's performance (London, 2003; Kluger et al., 1998) or the value of subjectivity in 360-degree appraisal (Van der Heijden, N.D.). This research distinguishes itself by focusing on the frequency of 360-degree peer feedback by considering several factors like the costs and benefits of it. By looking at the non-monetary costs and benefits of 360-degree peer feedback, one can see at which frequency of performing the 360-degree peer feedback, the benefits outperform the costs of doing the feedback. Besides that, where other studies speak of feedback in general, this research will specify on 360-degree peer feedback.

Central in this study is the cost/benefit analysis of 360-degree feedback that is given from supervisors, peers, customers, and other stakeholders to employees in relation to the frequency of performed 360-degree feedback. The frequency is an important aspect to know as it shows how often 360-degree feedback can be performed by employees and managers without increasing the costs. To come with a more complete understanding of the optimal frequency of 360-degree feedback, it is important to make a distinction between 360-degree feedback and other types of feedback. Besides that, this research will examine how 360-degree peer feedback is performed and what the cost and benefits are to find the optimal frequency of performing the feedback. Therefore, the aspiration of this research is to answer the following research question:

What is the optimal frequency to perform 360-degree peer feedback in a company where the benefits outweigh the costs?

Optimal for organizations in such a way that the organization performs 350-degree performance feedback at a certain frequency where the benefits outweigh the costs that go together with this type of feedback. By getting the answer to this research question, one gets to know more about how often 360-degree performance feedback should be performed without making it too much time spending. This paper might be beneficial for future research that might be done about this type of feedback. Besides that, organizations might find this paper helpful for implementing 360-degree feedback in their organization as it points out how often it ought to be performed.

2. THEORETHICAL FRAMEWORK

To continue this research, the term "feedback" will have to be defined precisely to avoid any misunderstanding. Therefore, the upcoming part of this paper will define and distinguish the several types of feedback.

2.1 FEEDBACK

In this research, efforts are made to discover what the optimal frequency is to do 360-degree feedback by considering several factors (i.e., costs and benefits). Feedback is recognized as a key management tool in leadership and performance management. Feedback, according to London (2003), directs, motivates, and reinforces productive behaviours. Feedback, according to Kunich and Lester (1996), is "any kind of return information or instruction from a source that is helpful in regulating behaviour." It informs a person or organization about how one or more individuals view their actions. Individual feedback on their performance has long been considered a valuable intervention in any learning and achieving process (Shute, 2008). Individuals require feedback in order to develop their tactics and obtain a better knowledge of their tasks, as well as to coordinate and monitor their efforts (Hattie & Timperley, 2007).

2.1.1 FORMATIVE FEEDBACK

The purpose of formative assessment is to track individual progress and provide continuing feedback that instructors and individuals can utilize to improve their curriculum and learning (Federation University, 2017). As a result, formative feedback should be provided early in the program before summative evaluations. Individuals learn from formative feedback since it allows them to develop and avoid making the same mistakes. In some circumstances, feedback is required before individuals can continue to the next step of the assessment or feel capable of moving.

2.1.2 CONSTRUCTIVE FEEDBACK

This form of feedback is targeted, problem-oriented, and observation-based. According to the Federation University (2007), there are four different sorts of constructive criticism:
Negative feedback consists of reprimands for previous actions. It focuses on unsuccessful behaviour that should not be repeated. Then there is also positive feedback which can be statements that confirm previous behaviour. It focuses on successful behaviour that should be sustained. Another type of constructive feedback is negative feed-forward which include statements concerning future performance that are meant to be corrective. The focus here is on future behaviour that should be avoided. Lastly, there is positive feed-forward which are statements that reaffirm future behaviour and is focused on future-oriented behaviours that will boost performance.

2.2 MULTI-SOURCE/ 360-DEGREE FEEDBACK

360 Degree Feedback is an appraisal system in which employees receive confidential feedback from the people who work around them (Waldman and Atwater, 1998). Figure 1 below includes those steps in which 360-degree is performed with a clear structure. The employee's management, co-workers, and direct supervisors are usually included as relevant stakeholders. A feedback form is filled out by a group of persons who are asked questions concerning a wide variety of workplace competencies. The questionnaire design includes questions that are graded on a level, as well as requests for written comments from raters. The person who receives feedback also completes a self-

rating survey, which has the same questionnaire survey as the others. (Ward, 2004) Direct feedback from an employee's subordinates, peers (colleagues), and superiors, as well as a self-evaluation, are typically included in 360 feedbacks. It may also incorporate feedback from outside parties, such as clients and suppliers, as well as other stakeholders. It might be compared with "upward evaluation," in which managers receive input only from their subordinates, or with a "conventional performance appraisal," in which employees are mostly evaluated by their superiors. 360-degree feedback is a process of evaluating a worker that includes input from colleagues, superiors, subordinates, and customers. The results of these private surveys are tallied and shared with the employee, usually by a management. (Nickols, 2007) As part of the feedback, the outcomes are interpreted, patterns and topics are explored. The fundamental goal of using this whole circle of confidential reviews is to offer the employee with information about his or her performance from many angles. The worker can use this information to define self-development goals, together with the manager, which will benefit the company.

360-degree feedback has both benefits and (non-monetary) costs, depending on how organizations apply it and the findings. One theory is that using a multi-rater feedback approach increases the relationship between raters and ratees (Gallagher, 2008). Another benefit of multi-source feedback is that raters may feel empowered by rating their employer (Alimo-Metcalfe, 2003). Employees who have the option of rating their employer may gain a sense of authority and the ability to speak up. Multi-rater feedback systems are used for performance coaching and deliver high-quality comments (Atwater et al., 2007). Feedback from a variety of sources is more dependable in terms of informing receivers about their level of performance. The expense of implementing multi-rater feedback is significant (Rohan-Jones, 2004; Ward, 2004; Nickols, 2007). This characteristic could be viewed as a drawback to implementing 360-degree feedback. Multiple feedbacks may produce differences as a result of multiple raters, according to Levy and Albright (1995). A criticism of a free choice of respondents asserts that receivers are more likely to choose raters who are close to them and who like them (Ward, 2004). Another disadvantage of 360-degree feedback is the potential for negative reinforcement of receiver performance (Ward, 2004). When using the multi rater feedback method, the facilitators or managers may concentrate on the appraisees' weaknesses. Not just the period, but also the cost of implementing a multi-rater feedback system are crucial factors to consider before implementing the system, non-monetary costs such as energy but also the monetary costs of implementing and maintaining the feedback system. (Carter et al., 2005). Purchasing 360-degree feedback software; checking annual performance reviews; designing, filling, and distributing appraisal forms; designing and interacting the procedure; training facilitators and supervisors for the exercise; managing post-appraisal lawsuits (Nickols, 2007); and piloting are some of the practices that cause cost

Figure 1. 360-Degree Appraisal Process. (Normative, 2019)

3. METHODOLOGY

3.1 DESIGN OF THE STUDY

As mentioned earlier in the introductive part, the aim of this research was to produce a cost/benefit analysis to determine the optimal frequency to perform 360-degree peer feedback in a company. There was already research done on 360-degree peer feedback and the benefits and costs of it but not on the relationship between the cost/benefit analysis and the frequency of 360-degree feedback. This study used two different data sources: (1) articles and research papers that will be reviewed, that come from different data bases as Google, Web of Science and Scopus, and (2) an interview with several stakeholders that are included in the 360-degree performance feedback of a company of which the results will be analysed. The frequent source bias in this research was decreased by integrating and employing these various sources and methods for data collection (Podsakoff et al., 2003). In a period of 10 weeks, the interviews were taken, and the literature was reviewed, and one analysed all of it together to come to a conclusion.

3.2 SELECTION, DATA COLLECTION METHOD AND ANALYSIS

3.2.1 SELECTION OF AN ORGANIZATION
This paper aimed to investigate the optimal frequency to perform 360-degree peer feedback and therefore one produced a cost/benefit analysis to see whether and when the benefits would be outweighing the costs to see the optimal frequency. To be able to analyse this, it was essential to interview the relevant actors in a company who are part of the 360-degree peer feedback. The organization that has been selected is the University of Twente, where one could interview the HR department. In this research, these actors included managers, employees, and HR-managers. The organization consisted of several teams of which the managers were interviewed as well as their employees to get different perspectives on the topic.

3.2.2 DATA COLLECTION METHOD
To answer the research question of what the optimal frequency to perform 360-degree feedback is, one needed to find out what the cost and the benefits are. Due to time concerns, one has interviewed only an HR department. By interviewing the actors involved in this type of feedback in a company with open-end interview questions, one was able to retain the needed information and was therefore a desirable qualitative data collection method (Jackson, et al., 2007). Miller, Crute, and Hargie (1992) defined an interview as: "A face-to-face dyadic interaction in which one individual plays the role of interviewer and the other takes the role of interviewee, and both of these roles carry clear expectations concerning behavioural and attitudinal approach." The interview questions and the answers given by the interviewees were collected and critically analysed to produce an answer to the research question of this paper stated in the introduction. The questions used in the interviews are shown below.

3.2.3 INTERVIEW QUESTIONS
1. What is your experience with 360-degree performance feedback?
2. How do you collect the data that is required to be able to provide feedback?
3. How often is 360-degree performance feedback performed in the organization?

   → How often should it be performed in your opinion and why?
4. Who are the stakeholders that participate in the feedback process?
   → What is the benefit of including more stakeholders?
5. What do you consider the benefits of 360-degree performance feedback?
6. What do you consider the costs of 360-degree peer feedback?
   → What could be done to avoid these disadvantages?
7. What could be improved on 360-degree peer feedback to make it more beneficial?
8. How much time do you spend on 360-degree performance feedback? (Giving and receiving feedback?

The interview procedure consisted out of two parts: the introduction part in which the employee was invited, and the goal of the research was explained and how the interviews would help in this research, which can be found in Appendix 1. A translated version in English can be found in Appendix 2. The second part contained the interview questions that were asked to the interviewees during the interview. A complete overview of all the questions that have been asked during the interview can be found in Appendix 3.

3.2.4 DATA ANALYSIS
With the allowance of the interviewees, the complete interview was recorded as it enabled one to transcribe the interviews afterwards. After the interviews were transcribed, the interviews were coded which gave a clear overview of the results. During the coding process, the results of the interviews were classified into several categories which gave a clear overview. To make sure that

the interviewed individuals considered the materials collected valid, they were reviewed before being used. All the data gathered was processed and categorized to be able to critically analyse and compare it to each other. After this was done, the outcomes were analysed together with the already existing literature, which is being reviewed in the part of the literature review, to answer the research question of what the optimal frequency is to perform 360-degree peer feedback where the benefits outweigh the (non-monetary) costs.

4. FINDINGS

The following part will include the findings of the literature as well as the interviews that are done. This will create an overview of the costs and benefits of 360-degree performance feedback.

4.1 FINDINGS ON BENEFITS OF 360-DEGREE PERFORMANCE FEEDBACK

The 360-degree performance feedback process includes many benefits. Benefits such as raising self-awareness, challenging teamwork, giving an overall evaluation, developing trust, and improving communication. The upcoming part will consider the overall benefits of 360-degree performance feedback based on the interviews.

4.1.1 PROVIDING COMPREHENSIVE EVALUATION

As 360-degree performance feedback comes from a variety of sources, the data gathered is more diverse and hence has the option of being more factual. With more respondents, a richer picture of an employee's behaviour, work, and connections emerges. Managers, supervisors, co-workers, and other (external) stakeholders supply insight that would otherwise be unavailable.

"*When input comes from more sources rather than just one person, I think that employees are more inclined to consider it.*"

(M1)

According to the employees, observing how others view someone at work can be a rewarding experience. Participants in the 360-degree feedback process can freely express their feelings on their co-workers. It is not often that employees get to hear what their peers have to say about them. It is necessary for those employees to be able to deal with feedback without becoming agitated by concentrating on a growth mentality and the potential to progress personally and at work.

4.1.2 STIMULATING WORKING TOGETHER
Individuals might become better employees as individuals and better associates with their team when they understand what habits they need to acquire and improve, which can result in a more constructive and useful work environment.

"*Essentially, if teams can identify all of their personal and team strengths and weaknesses, they will have the*

knowledge and drive to make adjustments and improvements." (HM1)

4.1.3 SELF-AWARENESS
When employees receive 360-degree performance feedback, they might believe they get a better understanding of their own strengths and deficiencies. Employees may be motivated to work on improving themselves, learn new abilities, and improve existing ones as a result of this understanding. This might also help employees to show how they see themselves and what others think of them. According to the interviews, 360-degree appraisal approach provides insight and comprehension of a worker's function in the organization, which is one of the most significant advantages.

"*For me it helps not only to see what I can do to improve but also 360-degree performance feedback shows me what I am doing well!*" (E2)

This shows that it enables employees to go further than their everyday responsibilities and results to see how their role strengthens the organization. Managers can gain an understanding of how an employee fits into the organization and see more subtle feedback than merely completed work assignments.

4.1.4 EFFICIENCY
360-degree performance feedback can raise employee attitude and improve collaboration between managers and staff. When utilized optimal, 360-degree feedback might contribute to develop trust, improve communication, boost performance, and motivate teams to work together. According to the interviewees, it is mostly important to create a safe space and a culture where everyone can be themselves. It can also assist employees in aligning their goals with the organization's goals and gaining a better understanding of the abilities required to succeed. Increased transparency as a result of 360-degree feedback can help co-workers build trust. Increased transparency and trust may improve decision-making and lay a firm foundation of expertise. 360-degree feedback, when used strategically, can help firms enhance processes and make good changes.

4.2 FINDINGS ON COSTS OF 360-DEGREE PERFORMANCE FEEDBACK

Whereas the 360-degree performance feedback system has many benefits, there are also costs that go together with 360-degree performance feedback, such as causing disagreements, reducing morale, and restricting upward career prospects. The following part gives insight to the costs that were considered by the interviewees.

4.2.1 TIMELY PROCESS
360-degree performance feedback can take a long time to complete. First, data needs to be collected in order to effectively perform 360-degree performance feedback. After data is collected from various stakeholders, it needs to be discussed and the employee has to have a chance to ask for further information. It takes time for the stakeholders to thoughtfully respond to the inquiries, and it takes time for

managers or HR-mangers to look over the material and assess it. The quantity and quality of feedback is frequently at the expense of lost time.

"*It takes quite some time to collect the data for giving feedback as well as processing the data and taking the time to present it to the person itself. Time is also needed to evaluate the feedback and to discuss it with the employee.*"

(M1)

4.2.2 CRITICAL FEEDBACK

Some employees might only be focused with 360-degree feedback on the negative parts of work performance instead of developing and encouraging the positive aspects. This can make employees to feel uncertain or not motivated at the work floor. In that case, employees might be tempted to rather focus on the good parts of the feedback instead of the negative parts. However, in order for feedback to be effective to improve performance, one needs critical feedback by which employees can develop. In various cases, the negative aspects received from 360-degree performance feedback are ignored instead of used to improve. They are ignored as employees might consider them as not important or false.

"*When I receive negative feedback, I often feel as if I am not appreciated and mostly, I will let that part of feedback go.*" (EM2).

4.2.3 LACK OF TRUST

Next to that, employees could be distrustful of one another, they may not give honest feedback and instead express what they think others want to hear. If the feedback is not honest, it will certainly be erroneous, which is not extremely helpful. A small team might be afraid of being critical, whereas a large group might not know each other sufficient to make an appropriate appraisal. Personnel who are sceptical of one another are more likely to give false feedback and communicate what they believe others want to receive. If indeed the feedback is not truthful, it will very probably be incorrect, which is not especially useful.

"*It is not always easy to give feedback, especially when you need to be critical. Therefore, I often leave some negative parts out to avoid any trouble at the work floor.*" (EM1)

4.3 FINDINGS ON THE FREQUENCY OF 360-DEGREE PERFORMANCE FEEDBACK

360-degree performance feedback is the process of receiving and giving feedback from and to several stakeholders of the organization someone is working for. Although often is said that feedback should be given as often as possible, with 360-degree performance feedback the case is different. The organization that has been interviewed for this research is using 360-degree feedback and during the interviews it became clear that it is used one time a year and, in some teams, parts of the organization twice a year. It is often combined with the annual review of the employee. According to the employees, the 360-degree performance feedback is too much seen as a process rather than a way to improve. It is seen as a process which needs to be done.

Although, some of the interviewees suggested that it would be better to implement it more often, it is still a process which is performed once and sometimes twice a year in the organization.

"*360-degree performance feedback is a process which we apply once a year, where we ask different co-workers, managers and supervisors to provide feedback, which will be used in the annual review.*"
(HM2)

5. DISCUSSION

360-degree performance feedback is a system or process in which employees receive confidential, sometimes anonymous feedback from the people who work around them (Waldman and Atwater, 1998). There are several organizational actors who can provide feedback in a company. In 360-degree performance feedback, it is normally collected and provided from various stakeholders of individuals such as supervisors, co-workers, (HR) managers, instead of relying on feedback from one source (London and Smither, 1995). 360-degree feedback has several advantages such as creating self-awareness about the strengths and deficiencies of an employee, identifying learning gaps, giving more overview of the employees' work, and increasing transparency within the organization. The problem here is that, besides the benefits of 360-degree feedback, there are also drawbacks. Costs such as creating distrust in leaders, biased opinions but mainly it is a time-consuming process. These costs make it hard for organizations to know how often 360-degree performance feedback needed to be executed. Therefore, this research is conducted to find out whether there is an optimal frequency to perform 360-degree performance feedback where the benefits outweigh the costs.

One has seen that 360-degree performance has many advantages. As 360-degree performance feedback comes from a variety of sources, the data collected is more diverse and hence has the potential to be more factual. With more respondents, a richer picture of an employee's behaviour, work, and connections emerges. Managers, supervisors, co-workers, and other stakeholders supply insight that would otherwise be unavailable. Participants in the 360-degree feedback process can freely express their feelings on employees. It is not often that employees get to hear what their peers have to say about them. Next to that, individuals can become better employees as individuals and better associates with their team when they understand what habits they need to acquire and improve, resulting in a more constructive and useful work environment. Furthermore, when employees receive 360-degree performance feedback, they might have a better understanding of their own strengths and deficiencies. Employees may be motivated to work on improving themselves, learn new abilities, and improve existing ones as a result of this understanding. This can also help employees to see how they see themselves and what others think of them. 360-degree performance feedback can raise employee morale and improve collaboration between managers and staff. When utilized properly, 360-degree feedback can help to develop trust, improve communication, boost performance, and motivate teams to work together.

However, besides the many advantages, there were also many cost that go together with 360-degree performance feedback. 360-degree performance feedback can take a long time to complete. It takes time for the stakeholders to thoughtfully respond to the inquiries, and it takes time for managers or HR-managers to look over the material and assess it. The quantity and quality of feedback is frequently at the expense of lost time. Besides that, some employees may only be focusing with 360-degree feedback on the negative parts of work performance rather than developing and encouraging the positive aspects. If employees are distrustful of one another, they may not give honest feedback and instead express what they think others want to hear. A small team can fear being critical, whereas a large group might not know each other sufficient to make an appropriate appraisal. Personnel who are sceptical of one another are more likely to give false feedback and communicate what they believe others want to receive. If indeed the feedback is not truthful, it will very probably be incorrect, which is not especially useful.

5.1 TIME AS A VARIABLE COST

One of the costs of performing 360-degree performance feedback is that it is a time-consuming process. According to the employees of the interviewed organization, it takes quite some time to collect data, process the data and present the data to the person. Besides that, to make the 360-degree performance feedback more effective, it needs post-discussion to discuss the feedback that has been given, which makes it even a timelier process. In the interviews, it became clear that, in that organization, 360-degree feedback is performed once a year. If one would decide that it needs to be performed more often, the cost of time will increase as well. By knowing this, one could state that "time" in this case can be seen as a variable cost. This means that if the organization decides to perform 360-degree performance feedback more often, the time that it will take will increase as well.
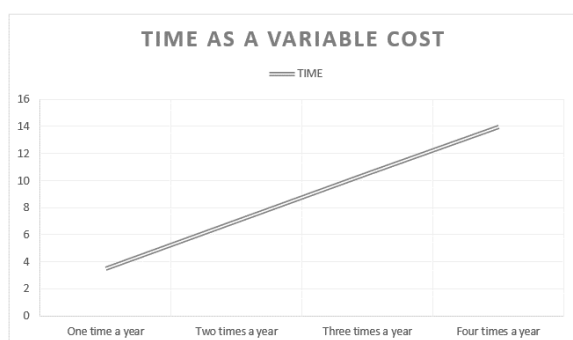

Figure 4. Example Time as Variable Cost.

During the interviews, the employees (including the managers, supervisors, and HR managers) of the organization indicated that to give feedback to one person it took around one to two hours to collect feedback properly and critically. It also takes about 30 minutes to write down the feedback and lastly, the feedback moment itself takes about an hour. Overall, to give feedback to one person, it takes about three and a half hours for the entire process of giving feedback. In figure 4, one can see that if 360-degree feedback is performed once a year, it takes around three and a half hours per person. If it is increased, the time that it will take the employees will increase as well. This is an

important aspect to take into consideration in finding the optimal frequency to perform 360-degree performance feedback.

5.2 WEAK EXECUTION

Another way to look at how often 360-degree performance feedback should be executed is to look at how it is conducted now in the organization. Organizations frequently introduce and use 360-degree performance feedback in an erroneous way. If one than decides that 360-degree feedback needs to be performed more often, this can result in negative attitudes towards work as the time spent on it will increase while the attitude towards this process is negative. When there is a lack of trust between the employees, it is also not optimal to increase the number of 360-degree performance feedback moments. The lack of trust might lead to employees giving dishonest feedback which might have negative effects on the one receiving the feedback. By increasing the amount of feedback moments, this can get even worse. In this case, it would be recommended to make the 360-degree performance feedback process anonymous to dissolve this problem.

"*360-degree feedback is now often seen as a must-do, and that is why people are not taking it serious and have the feeling it is a waste of time*"
(HM1)

5.3 THEORETICAL IMPLICATIONS

As stated before, there has been already several research conducted on the 360-degree performance feedback process. Research has been done on different aspects of this type of feedback but until this day no research had been conducted on the optimal frequency to perform 360-degree performance feedback focusing on the cost and benefits. This might be essential information for organizations to optimize the 360-degree performance feedback. Therefore, this research paper is an acceptable addition to the prevailing knowledge domain of 360-degree performance feedback.

5.4 PRACTICAL IMPLICATIONS

360-degree performance feedback is a well-used system in organizations nowadays. The organization that has been interviewed also implemented 360-degree performance feedback and this research can contribute to impact the feedback system in the organization. This paper might help organizations to become aware of how often 360-degree feedback should be executed considering the costs and benefits that go together with this type of feedback. Therefore, organizations might gain advantages from this research as it includes recommendations for implementing 360-degree feedback in a beneficial way.

6. RESULTS

Now that the findings have been discussed, one will continue with the results that have been founded regarding the frequency of performing 360-degree performance feedback.

6.1 A CONTINUOUS PROCESS

Often done together with the yearly annual review, employees went out to other co-workers, managers, supervisors, and other stakeholders to gain input for their 360-degree performance feedback. For this research, one considers this as an important statement to take into consideration. In the interviewed organization, the 360-degree performance feedback was seen and considered as a process. A process that needed to be done at least one time a year. For organizations to make 360-degree performance feedback more beneficial and to create better attitudes towards it, it could be important to let to the thought of seeing it as a formal process and to make it more continuous. This could be done by having weekly small meetings or talks within teams or working groups to reflect on the week. In this way, 360-degree is performed more often and by making it less formal, it might even cut the cost of being a timely process.

"*It is important for companies to create a safe space for employees, to create a culture where employees feel welcome*"
(M3)

According to the employees, organizations might improve the 360-degree performance feedback process by making it more informal and continuous, employees have to opportunity to create and adjust a workspace in which they will feel safe as they can share their opinions in those weekly small meetings. Besides that, it might even contribute to getting a more cheerful outlook towards 360-degree feedback as it than will be seen as a less formal process which needs to be executed.

"*In my opinion, to make 360-degree performance more beneficial, organizations should focus more on making it less formal and more informal, continuous.*"
(E3)

7. CONCLUSION

During the interviews it became clear that in today's situation, 360-degree performance feedback was performed once or twice a year. For the organization, it was difficult to implement it more often as it is a timely process and in some cases the attitudes towards feedback were negative and the process was seen as something that was mandatory to participate in. To answer to question "*What is the optimal frequency to perform 360-degree peer feedback in a company where the benefits outweigh the costs?*" one had to take in mind these several factors. As it is such a timely process, it is not beneficial to perform it is often as possible. In order to make it more beneficial, organizations have to let go the vision of 360-degree performance feedback being a formal process that has to be done. Organizations should make it a continuous process which is more informal. Therefore, one could state that there is no specific optimal frequency to perform 360-degree performance feedback as this differs per organization. This can be stated by the fact that the main cost for this type of feedback is "time" which can be classified as a variable cost. The more often 360-degree performance feedback is performed, the more time it takes and so more costs. The respondents stated that it should be a continuous, informal process which include small meetings, one-to-one talks, and annual reviews. It is important that companies figure out who are the relevant stakeholders in the feedback process, as well as the way how and when the data is collected for the feedback. Accordingly, the next part will introduce recommendations for organizations how to implement 360-degree performance feedback as a continuous process to make the process more beneficial.

8. RECOMMENDATIONS

As one could have seen in the previous chapters of this research paper, the frequency of how often 360-degree performance feedback should be performed differs per organization and there is not one specific optimal frequency. For organizations it is not only crucial to make it a continuous process in the day-to-day task but also to use the correct approach to giving feedback. The following part will set out some recommendations for organizations to make 360-degree performance feedback more beneficial for the company.

Organizations frequently introduce and use the 360-degree assessment approach in a suboptimal way. It is for HR departments critical to follow the necessary steps when employing the assessment method, such as effectively introducing the method with optimism and increasing the profitability of the feedback. In this way, employees might be better encouraged to perform 360-degree performance feedback.

The negative feedback from 360-degree performance feedback were one of the costs that goes together with this type of feedback. Too much negativity might lead to sentiments of resentment, anxiety, or rage. Managers should be aware of this potential and concentrate on balancing negative and positive input, teaching constructive criticism, and transforming negative words into useful actionable statements. To avoid this problem, HR managers must set clear criteria and be straightforward and honest about objectives with 360-degree performance feedback.

As time is one of the biggest costs of 360-degree performance feedback, it is essential for companies to find a way to reduce this cost. The procedure can be fastened by evaluating the feedback and combining everything into one performance evaluation document using specialized software. This can help employees in gaining data for giving feedback and keeping it all in one place. It can also be useful in determining whether the time spent on feedback is worthwhile. Besides that, it is important to make the 360-degree feedback a continuous process. Organizations could implement this in several ways. One of those ways is to ask stakeholders to give input to your 360-degree feedback throughout the entire year (See Figure 2).

Figure 2. Example Data Collection Method.

In the example above, one can see that an organization can make its 360-degree performance feedback process continuous by gaining input for feedback at various times a year. This means that all the stakeholders included are giving feedback once a year to that person, but it is just collected at separate times. In this case, the data that is collected for the feedback is from an entire year instead of the last few weeks or months. In this case, the person gets an overview which is a much more reliable picture of his or her strengths or weaknesses, which makes it more valuable.

Figure 3. Example Feedback Moment.

After the data has been collected from the different stakeholders such as co-workers, (HR) managers, supervisors, and external stakeholders throughout the year, the 360-degree performance feedback can be given for example once a year or after a collaboration has been done (see figure 3). Recommended is even to keep doing this together with the annual review. By implementing this system, the feedback will be about a much longer period and will contain more information about the employee of the entire year instead of a small period of weeks or months.

Furthermore, it is important for organizations to critically assess who are relevant stakeholders in their 360-degree performance feedback process. To gain more advantage from this type of feedback, it is important to include several stakeholders in the feedback process. Besides internal stakeholders, it is also important to see whether there are external stakeholders which can provide feedback. This will include another vision from outside the company which might be an advantage as internal stakeholders might have a biased view.

9. LIMITATIONS AND FUTURE RESEARCH

This research is subject to several limitations. The first limitation to this research is related to the data collection method. This research included interviews with an organization to collect data for this research. The limitation here is that managers, HR managers and employees of only one department of one organization have been interviewed. The fact that one department in one organization has been interviewed, makes it difficult to assess if the conclusions that have been made are representative for a larger population. For future research, it would be recommended to interview a larger sample size of different organizations to avoid this limitation.

Besides that, a limitation is the relative inexperience of the researcher performing the interviews is another drawback. The disadvantages of using semi-structured interviews with a novice interviewer include not asking pertinent questions and omitting valuable information (Koskei & Simiyu,

2015). A more knowledgeable and experienced interviewer might be able to collect more data of a higher standard.

Another drawback of this study is the use of solo coding. In further research, it is recommended to avoid this, since just one researcher coded the interview transcripts, the researcher's perspectives and prejudices may have affected the quality of the codes and, consequently, the results. To create better codes and boost the confidence in the results, it is also advised to involve multiple scholars in the coding stage. (Saldana, 2015; Eisenhardt, 1989)

Furthermore, one of the interviews was conducted with more than one interviewee at the same time. In this case, the answer of one respondent influenced the answer of the other respondent. This caused that the interviewees started to have more like a conversation instead of an interview. To prevent this limitation in further research, it is recommended to conduct interviews with only one interviewee per time as it will exclude the possibility of getting influenced by another interviewee.

Lastly, the organization that has been interviewed is a non-profit organization. This might have consequences for the outcomes as there might be incentives in profit organizations for performance. In that case, feedback might be taken more seriously, and outcomes could be different. To prevent this limitation, further research could be done also in profit organizations to see what the effect of performing 360-degree performance feedback is.

10. ACKNOWLEDGEMENTS

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12. APPENDICES
12.1 Appendix 1: Uitnodiging Interview

Beste […],

Wij zijn vier IBA studenten die aan de Universiteit Twente studeren. Voor onze scriptie doen wij onderzoek naar 360-graden performance feedback. Voor het onderzoek is het belangrijk dat wij verschillende visies krijgen over de onderwerpen die wij bestuderen met betrekking tot 360-graden performance feedback.

Het doel van het onderzoek is om te begrijpen hoe we 360-graden performance feedback op een manier kunnen inrichten dat het effectief is voor alle stakeholders. Dit houdt in dat wij ontdekken (1) hoe frequent 360 graden peer feedback moet worden ingezet en welke stakeholders betrokken moeten worden en toch de kosten overzichtelijk te houden, (2) in hoeverre een effectief ontwerp afhangt van relaties tussen verschillende stakeholders, (3) op welke manier medewerker ontwikkeling en leren centraal kunnen komen staan, en (4) op welke manier medewerker houdingen, zoals tevredenheid, betrokkenheid en het welzijn meer aandacht kunnen krijgen. Dit onderzoek brengt de percepties en behoeftes van HR-managers, lijnmanagers en medewerkers in kaart met betrekking tot 360 graden performance feedback. Hierdoor kunnen er proactieve en doelgerichte oplossingen worden aangeboden die een effectieve inrichting van 360 graden performance feedback voor alle stakeholders mogelijk maakt.

Wij willen u graag uitnodigen voor een interview waarin wij vragen zullen stellen met betrekking tot het bovenstaande onderzoek. Dit mag ook via de computer (via Zoom of Teams) op een datum wat u uitkomt. Wij verwachten dat het interview 30 tot 45 minuten maximaal gaat duren. Er zullen geen namen worden gebruikt in onze scriptie en ook de functies zullen niet worden vermeld. Daarnaast, zouden wij met uw toestemming het interview graag willen opnemen. Wij zullen alle informatie en bevindingen uiterst zorgvuldig behandelen en zullen geen informatie gebruiken zonder enige toestemming.

Wij hopen snel van u te horen!

Met vriendelijke groet,
[..]

Vragen?
Neem bij vragen gerust contact op met dr. Anna Bos-Nehles

12.2 Appendix 2: Invitation Interview

Dear [...],

We are four IBA students studying at the University of Twente. For our thesis we conduct research into 360-degree performance feedback. For the research it is important that we get different views on the topics we study with regard to 360-degree performance feedback.

The aim of the research is to understand how we can organize 360-degree performance feedback in a way that is effective for all stakeholders. This means that we discover (1) how frequently 360-degree peer feedback should be used and which stakeholders should be involved while still keeping costs manageable, (2) to what extent an effective design depends on relationships between different stakeholders, (3) how employee development and learning can be central, and (4) how employee attitudes, such as satisfaction, involvement and well-being can be given more attention. This research maps the perceptions and needs of HR managers, line managers and employees with regard to 360-degree performance feedback. As a result, initiative-taking and targeted solutions can be offered that enable an effective design of 360-degree performance feedback for all stakeholders.

We would like to invite you for an interview in which we will ask questions related to the above research. This is also possible via the computer (via Zoom or Teams) on a date that suits you. We expect the interview to last 30 to 45 minutes. No names will be used in our thesis, no

will the functions be mentioned? In addition, we would like to record the interview with your permission. We will treat all information and findings with the utmost care and will not use any information without any permission.

We hope to hear from you soon!

Sincerely,

[..]

Questions?

If you have any questions, please do not hesitate to contact Dr. Anna Bos-Nehles

12.3 Appendix 3: Interview Questions

1. What is your experience with 360-degree performance feedback?
2. How do you collect data to be able to provide feedback? (What are the things you take into consideration)
3. How often is 360-degree performance feedback performed in the organization?
   → How often should 360-degree performance feedback be performed in your opinion? Why?
4. Who are the stakeholders involved? What is the benefit of including them all?
5. How much time do you spend on the 360-degree performance feedback? (From all perspective)
6. What are the benefits of performing 360-degree performance feedback according to you?
   → What could be done to make it more beneficial?
7. What are the disadvantages of performing 360-degree performance feedback?
   → What could be done to avoid these disadvantages?

8. How do relationships with co-workers affect the feedback you give?
9. How do you design feedback for colleagues you have a (very) good relationship with?
10. How do you design feedback for colleagues you have a poorer relationship with?
11. How do you evaluate the feedback you receive?
12. How do you react to critical feedback?
13. How do you feel about giving critical feedback?
14. In what way do you receive feedback from colleagues you have a good relationship with?
15. In what way do you receive feedback from colleagues you have a poorer relationship with?
16. In which way influences other employees and supervisors the feedback you give and receive?
17. Is there anything else you want to mention, regarding this subject?

18. In your opinion, what aspects of the current feedback system can be excluded/ are the most negative? What would you change/ what could be improved?
19. What would you change about the way you are evaluated?
20. What are the consequences of positive feedback?
21. What are the consequences of negative feedback?
22. What criteria are the most important to you when being assessed on your performance that relate to your job role?
23. In your opinion, what impact has the involvement of external stakeholders on the feedback system?
24. In what way do you take employee development into consideration in the 360-degree feedback?
25. What are the employee development criteria that you are assessed on? That you assess?
26. In what way does the feedback help you to develop/learn?
27. Which role does development play in your performance feedback? (HR manager)

28. How much emphasis do you put on employee development on the performance appraisal?
29. In your opinion, what are the disadvantages or negative aspects of 360-degree performance feedback?
30. In your working situation/environment, is feedback followed by positive improvement opportunities or negative consequences?
31. For you, what are the consequences of receiving positive feedback?
32. What are the consequences of receiving negative feedback?
33. How would you describe how your job satisfaction has changed after receiving the results of the feedback?
34. How would you describe how your job involvement has changed after receiving the results of the feedback?
35. How do you think 360-degree performance feedback could be improved to enhance your work attitude?
36. How do you think your attitude to work would change if the organization made the improvements you want?

12.4 Appendix 4: Interviewees Codes

1. (EM) → Employee
2. (M) → Manager
3. (HM) → HR-manager