Chapter 2

REVIEW OF LITERATURE

A brief Review of 360 Degree Feedback: Definitions and Use

As defined earlier the 360 degree feedback process involves collecting perceptions about a person's behavior and the impact of that behavior from the person's boss or bosses, direct reports, colleagues, fellow members of project teams, internal and external customers, and suppliers. Other names for 360 degree feedback are multi-rater feedback, multi-source feedback, full-circle appraisal, and group performance review" *(Lepsinger, 1997, p. 6)*.

Ward (1997, p. 4) describes 360 Degree feedback as "the systematic collection and feedback of performance data on an individual or group, derived from a number of the stakeholders in their performance". Assessment through 360 Degree feedback is normally via a questionnaire completed by a "stakeholder" in the individual's performance: those who work closely enough with the manager to respond to questions about their behavior and its impact. The data is then fed back to the participant, in a way that is intended to result in acceptance of the information and the formulation of a development plan (Ward, 1997).

The purposes for using 360 degree feedback instruments are as varied as the organizations that use them, such as for:

1. Individual performance development

2. Organizational competency gaps

3. Organizational training needs analysis

4. Career planning

5. Quality-service evaluation

6. Culture change

7. Team development

The benefits of 360 degree feedback are numerous, such as to:

1. Demonstrate respect for employee opinions

2. Increase employee involvement

3. Communicate values through the competencies chosen

4. Identify organizational, departmental, and individual skill gaps

5. Improve customer service

6. Build more effective work relationships

7. Form a basis for individual development planning

8. Enhance open communication

9. Reveal and resolve conflicts

360 Degree feedback Factors Linked to Success

Organizations that experience success with the 360-degree feedback methods have many environmental attributes present. Some of these are:

1. Feedback tool is based on organizational goals and values

2. Organizational climate fosters individual growth

3. Criticisms are seen as opportunities for improvement

4. Higher compliance and consistency in providing feedback

5. Assurance that feedback will be kept confidential

6. Feedback tool includes area for comments

7. Opportunity for individuals to respond to feedback

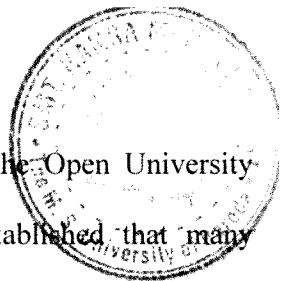8. Opportunity to support feedback with individualized training or coaching

360 Degree Feedback Factors Linked to Failure

Many organizations have rushed into 360-degree feedback without laying the foundation for success. Typical errors include:

1. Feedback not linked to organizational goals or values

2. Feedback tied to merit pay or promotions

3. Comments traced back to individuals causing resentment between workers

4. Survey tool used as substitute, not complement to performance appraisal

5. Use of the feedback tool as a stand alone without review and follow-up by manager.

6. Poor implementation of 360-degree tool negatively affects motivation

7. Excessive number of surveys is required of each worker

8. Excessive number of questions

The 360 Degree feedback seems to be so powerful that even the cabinet secretariat of the U.K. has introduced 360 degree Feedback to increase self awareness of Civil servants *(Cabinet Office, 1999)*. The underpinning assumption for this development was that a key criterion for good leadership is self-awareness (Cabinet Office) and that "if done well, it is a very powerful tool of management and a very good way of helping people improve their own performance" *(Wilson, cited in Moore, 2000, p. 15)*

DeNisi and Kluger (2000) stressed that unless the effectiveness of 360 Degree feedback is studied, evidence of how it can be used to improve performance will not be available. Perhaps the most notable work on perceptions of managers to 360 Degree feedback in a UK context

was a study by *Mabey (2001)*. He examined managers' reactions at the Open University during 360 Degree feedback process implementation. This study established that many managers perceived that they had not developed a particularly different understanding of themselves, but the process had reinforced the direction of their development. Interestingly, as Mabey (2001) notes, in contrast to assumptions made by other commentators, some participants suggested the process would gain more if results were not private as their accountability to act might be increased. Yet the availability of individual results might increase what McCauley and *Moxley (1996, p. 17-8)* call the "approach avoidance reaction to feedback", meaning that managers may wish to understand the perceptions of those around them, yet may be concerned about hearing their weaknesses and try to control the possibility of negative feedback.

Despite numerous positive descriptions of the potential benefits of 360 Degree feedback, some studies give reason to question whether any real development actually occurs, or whether the process is as positive an experience as suggested *(Atwater et al., 2002)*. However, in terms of growing commitment to the system *Waldman and Bowen (1998)* indicate this is more likely to improve with time. This is because managers become more assured of senior management commitment and their intentions surrounding the process become clearer.

Use of 360 Degree feedback: Current Status

Currently, many organizations, including a majority of Fortune 500 companies, employ 360-degree feedback, spending millions of dollars each year on the process (Cheung, 1999; Church, 1995; Hazucha, Hezlett, & Schneider, 1993; London & Beatty, 1993; Yammarino & Atwater, 1997).

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As of 1994, 22 of *Fortune* magazine's 32 "Most Admired" companies were using 360-degree feedback. By 1996, 360-degree feedback programs were nearly universal at *Fortune 500* companies, which spent hundreds of millions of dollars annually to support the programs. This list includes companies such as **Exxon Mobile, GE, BP-Amoco, IBM, Levi Strauss** and **Shell Oil.**A survey by the *Society for Human Resources Management (SHRM)* found that 35 percent of surveyed organizations use 360-degree feedback to assess executives, 37 percent use 360-degree feedback to assess upper middle managers, 23 percent use 360-degree feedback to assess middle managers and 18 percent use 360-degree feedback to assess first-level managers.

360-degree reviews are not just a US practice. They serve as a crucial feedback mechanism for companies throughout the globe. Multi-national and global companies, including **British Telecommunications, Xerox, FedEx,** and **Shell International** have invested heavily in 360-degree assessments to ensure that company executives are evaluated against the same leadership vision. As companies restructure to more effectively manage the demands of a global workforce, they shift from an old hierarchical style of management towards a flat organization that encourages participation from all ranks of the organization. Linking individual performance with feedback from all relevant constituencies fits well into this emerging team-based workplace. 360-degree reviews may underscore the importance of

consistency in leadership behaviours and direction, even throughout a complex or decentralized business. These assessments may be used to assess behaviours and cultural norms that the company wants to reinforce. Former CEO of **General Electric** Jack Welch is a strong proponent of 360-reviews as a method of driving new behaviours in leaders.

360 Degree Feedback in India

As mentioned earlier the methodology of what has become popular as 360 Degree Feedback across the world was used systematically at the Indian Institute of management, Ahmedabad since 1986 (see Khandwalla, 1995) for developing Leadership and Organizational effectiveness. Post liberalisation, i.e. from mid nineties with opening up of the Indian economy, many organizations started bench marking their HR practices with multi national corporations. As they realised the potential of the 360 Degree feedback they have started using this methodology increasingly.

Insights about the use of360 Degree feedback comes from at least four books all of them published by TVRLS. (Rao, Vijayalakshmi and Rao, 2000; Rao and Chawla; 2005; Rao, Mahapatra, Rao and Chawla, 2002; Rao and Rao, 2005). Of the four three of the books are conference papers dealing with 360 Degree feedback, performance management and assessment centers. A large part of Indian experiences on the 360 Degree Feedback are captured in these books. This source and the source of the Academy of Human resources development's First Asian Conference papers reveal that 360 Degree Feedback is being used largely s a development tool by many Indian corporations.

This tool is also being used for NGOs, Schools and colleges for assessing teachers and faculty, and even in the management schools for students. Rao and Rao (2005) provide a detailed description of the length and breadth of the use of 360 Degree feedback tools in their book on

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the power of 360 Degree Feedback. Some of the organizations mentioned as using 360 Degree feedback in these sources and the various web sites include: MNCs in India like Johnson and Johnson, Philips, Aditya Birla Group, Taj Group of hotels, Tata group, NIIT, Infosys, Dr. Reddy's Labs, Wipro, Tata Finance, Tata Cummins, public sector companies like NTPC, ONGC, Bharat Electronics, Wockhardt, Bajaj Auto etc. They run into a few hundreds. Several of them seem to have their own leadership models on which they conduct 360 degree feedback programs. For example the following is brief description of the leadership models which re used as a basis of 360 Degree feedback of three organza ions: NIIT, Wipro and Johnson and Johnson. NIIT uses it for increments besides development; Wipro has developed it locally and Johnson and Johnson from its parent company.

360 degree feedback process at NIIT (source: Pareek and Rao, 2003 and Rao, Vijayalakshmi, and Rao, 2000): NIIT introduced the formal 360 degree survey in 1995. The primary objectives were to:

▪ Provide multiple-source feedback as input to enhance inter-personal competence
▪ Promote core NIIT Values and attributes among all staff
▪ Foster a non-hierarchical culture through multiple role sensitivity
▪ Use the formal opportunity of Performance Review to build "developmental/coaching" relationship between the Reviewer and the Reviewee
▪ The system –known as Individual Effectiveness Feedback (IEF)- has been carefully administered over a few years, refining it each year based on the learning from the previous year

IEF-NIIT's own method of 360 degree survey –is used by all the 3800 staff of the Company cross all levels and positions. It is based on a questionnaire which has 5 key Values and 25 key

behavioural attributes on which every NIITian gives and receives feedback on a scale of 4. A feedback team is formed around each NIITian comprising of his/her Peers, Team Members (NIIT parlance for Subordinates) and the Supervisor. Only in a few cases the external customer is included. The questionnaire is administered once a year worldwide a little ahead of the formal annual Appraisal discussion. All the filled in survey instruments are collected centrally and analyzed and a consolidated score card is produced for each individual and given to him/her well in time for a discussion with the supervisor along with the annual appraisal. The output the individual receives shows the trends of scores s/he has received over years on each key parameter-in a graphical form-and also his/her own self-assessment on these parameters. The results are kept anonymous and it can not be known who has given what rating to whom. The whole process is web –enabled and NIITians can access the form as well as participate in the process through the HR web-site on the company's intranet.

360 Degree Feedback Process in Johnson & Johnson (J&J):

J&J developed its own models on Leadership and Innovation titled 'Standards of Leadership' & "What's New' respectively. The J&J Standards of Leadership (SOL) model describes the behaviour expected to be displayed by all its leaders. The key areas of behavioural indicators are:

- Customer Market Place Focus
- Inter-dependent Partnering
- Managing Complexity
- Innovation
- Organisation & People Development
- Credo Values

- Business Results

This model then got incorporated into all HR systems of J&J such as Performance Planning & Review, Succession Planning, Potential Assessment and Career Planning. An extensive training and education drive was initiated called "Leadership Challenge Programme" to help people to understand various aspects of 'SOL' and to practice the behaviours explained in the model.

The groups selected to attend "Leadership Challenge Programme" are put through a 360 Feedback Process before the programme to seek feedback on various aspects of their Standards of Leadership behaviour from their boss, peers, subordinates as well as external/internal customers. The feedback reports are handed over during the programme and participants are helped by the facilitators to interpret the data and develop the action plan for improvement. The process of the 360 degree feedback is extended to the rest of the organisation as an HR process. But before embarking on this exercise J&J ensures that the participating organisation is ready to successfully start off with the process.

Wipro: The process is aimed at helping an individual seek objective feedback on behaviour from a group of people whom, he or she chooses and those who impact his/her job effectiveness significantly. The individual then woks on a plan to improve behaviour seeking support and involvement from this group to increase effectiveness.

The following steps were taken to introduce the process

1. The purpose of the 360-degree feedback is clearly defined. It was a tool to develop leaders from within.

2. The next step was to arrive at what constituted leadership qualities. After a lot of study and research, focus group discussions and interactions with top management and consultants, seven qualities were arrived at. These were called the Wipro's Leaders' Qualities and the 360-degree tool was called the Wipro Leaders' Qualities Survey. It has now become widely known as the WLQ Survey.

3. It was important to describe the qualities in the form of observable behaviours. Each quality was described in terms of 6-7 observable behaviours,

4. A scale had to be selected for measuring the behaviour. Initially, it was rated as strength or a weakness on a 5-point scale. Later on this was converted to frequency scale depicting whether the leader almost exhibits these behaviours or almost never exhibits these behaviours.

5. For the qualitative comments, there were three questions being asked. They focused on what strengths, weaknesses the leader possessed and how the respondent could help the leader. This generated a number of answers, but they were not necessarily action oriented. These questions were later changed to what the leader should continue, start and stop doing.

6. The respondents were then decided upon. They would be the managers (or managers in case of dual reporting) , peers and juniors (in Wipro, the word subordinates is not used)

7. The format of the report was decided next. The report would show for each quality what the weighted average of responses for a particular group (managers, peers, juniors

and self) is. It would also show how the leader has fared with respect to other leaders of his/her grade (Top Management. Senior Management etc.) In terms of how he/she compares with the average and the best in class. The output was largely graphical to provide user-friendly information

8. In the first year, the implementation was restricted to top management. Its coverage was extended to other senior managers in the next year. Each year the scope was increased till it reached a large proportion of middle managers last year. (In all, over 500 managers received their 360-degree feedback last year, which means processing around 12000 forms!)

9. It was decided to out source the entire processing to a third party to maintain the confidentiality of the process. Confidentiality, like justice, must not only exists but also be perceived to exist.

10. It was decided that the co-ordination should be done at the corporate level, so that there is a distance between the process and business unit human resources.

These three models illustrate the manner of use of 360 Degree feedback by Indian corporations. Infosys reports using this as a Leadership development at Infosys Leadership Institute (Rao and Chawla, 2005)

Purpose and Use of 360 Degree Feedback

Although 360-degree review feedback is gaining popularity among companies, many

Organizations are adopting the process without clearly defining the scope and objectives

Of the program. Often, employees who receive the feedback must determine themselves

How to cope with the results and tend not to develop goals and action plans.

Lepsinger & Lucia found that surveyed human resource managers utilize 360-degree

Feedback for the following:

- Management and organizational development—58 percent
- Performance appraisal—25 percent
- Support strategic implementation and culture—20 percent
- Team development—19 percent

Literature suggests that 360-degree reviews can work for both performance and pay Management when participants know the system is fair and credible. A survey conducted by *TEAMS International*, software and consulting company, revealed that 24 percent, of the 97 HR professionals interviewed, use 360-degree reviews for performance appraisals; 33 percent indicated they would use it for compensation in the near future.

One of the earliest champions of 360-degree feedback, the *Centre for Creative Leadership*, requires that its clients sign a statement stipulating that the feedback will not be used to determine pay, promotion, or termination. The following are reasons for restricting the use of 360-degree reviews:

- Promotes generalizations as the 360-degree instrument is not customized for an individual
- Decreases validity of rater response
- Undermines trust in the process
- Renders assessment system invalid

Companies such as AT&T, Hewlett-Packard, Xerox, and Samaritan Health Services

Using 360-degree reviews for appraisal and compensation argue the following:

- *Increased credibility and validity*—assessment research shows that multi-rater systems are more accurate, credible, and predictive.

- *Support among consultants*—top suppliers of 360-degree instruments such as *Personnel*

- *Decisions, Incorporated* and *Hewitt Associates* have reported success with linking 360-degree results to pay systems.

- *Support among employees*—employees welcome opportunities to receive feedback from other sources within the organization.

- *Motivational*—peer pressure motivates constructive behavioural changes.

360 Degree Feedback - A Big No-No for Pay and Promotion

While very informative and motivational for development, the 360 degree feedback method has not proved successful for decisions tied directly to pay, promotions, selection or layoffs. Some of the reasons for failure with 360 degree feedback are as follows:

1. The 360 evaluations are based on observations in the natural work environment. Some drawbacks of this are:

   a. Some environments 'dampen' or constrain job performance

   b. Performance is based on the current job role only

   c. Observations are based somewhat on chance opportunities for observation

2. The observers in the 360 method have no special training, may use differing standards and, therefore, can have low inter-rater reliability (agreement), making the process overwhelming for managers and large departments

360 degree feedback has been successfully administered in thousands of different companies and businesses all over the world.

Research on 360 Degree feedback

A good deal of research has been reported from other countries using 360 Degree Feedback (see McLean, 1997). For example there have been studies comparing self assessment with the assessment of others where in it has been reported that about a third of the candidates tend to assess them higher than what others would assess them (See Dalton, 1997). The effectiveness of 360 degree Feedback in Asian cultures has not been studied adequately. While there are several researches on this theme outside the Asian countries, very little is known on its impact.

Bach (2000) notes that underpinning assumptions about 360 degree feedbacks do not differ from traditional appraisal, as it shares the theory that measurement of performance will lead to improvement. There is empirical evidence, however, to suggest that this may not always occur in reality. For example, a meta-analysis of empirical studies conducted by DeNisi and Kluger (2000, p. 130) found that 38 per cent of the effects of 360 degree feedback on performance were actually "negative". Atwater et al. (2002) also found that only 50 per cent of the managers in their study were able to identify improvements in their performance following feedback. DeNisi and Kluger (2000) stressed that unless the effectiveness of 360 Degree feedback is studied, evidence of how it can be used to improve performance will not be available.

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The implicit process of stepping outside of the organisational hierarchy may also result in 360 Degree feedback contributing to culture change. Whilst cultural change is not uncommonly associated with management development programmes (Storey and Sisson, 1993) the literature reveals mixed views on whether 360 Degree feedback is able to contribute to culture change or whether the culture has to be the "right one" before the feedback process can be made to work effectively. Chivers and Darling (1999) suggest that 360 Degree feedback

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contributes to opening the organisational culture. By contrast Farrell in IRS (2000, p. 5) notes that "360 degree feedback will struggle in any organization that has a low level of openness and trust" and similarly Iles (2001) highlights the importance of existing organisational structures and team working in considering the outcomes of 360 degree feedback. Furthermore, the people involved may prove to be the most important factor because "like performance appraisals and assessment centres, 360 degree feedback depends on the capability to generate reliable data from unreliable sources (that is, people)" (Bracken et al., 2001, p. 6).

Results of 360-degree feedback are used in conjunction with HR systems, such as staffing, succession planning, compensation, performance management and even, in some cases, downsizing (Bracken & Timmreck, 1999). The use of multi-rater performance feedback methods has been an increasingly prominent feature of human resource management practice and the use of a combination of multi-rater tools, such as manager and peer feedback, or manager and self-review, is now almost universal among Fortune 500 companies

Literature suggests that organizations are increasingly administering 360-degree reviews online in order to allow for a more efficient and smoother review process. Additionally, an online version of a 360 tool is easy to use due to customizable features and universal availability to anyone with a web browser. Interviewed individuals agree that a Web-based 360 tool is more efficient than paper-based tools. Some advantages are:

3. Streamlines review process - with a Web-based tool, the review process timeline is typically condensed by several weeks.

4. Increases efficiencies - with a Web-based tool and automatic reporting of surveys, the process is more efficient and easier for the HR team to manage.

5. Enhances accessibility - because the organization has a global network of executives, online reviews allow for easier access.

6. Because the feedback is gathered from multiple sources, employees find the results of 360° feedback surveys more compelling than a traditional evaluation by a single supervisor or manager;

7. As the questionnaires are confidential, more honest and open feedback is generated. As a result the employee benefits from better self-awareness and the organisation benefits from clear focus as to individual and group development needs.

This focus will directly lead to a more cost effective use of development resources and improved performance. Indeed the same 360° questionnaire can be re-administered after 9 to 12 months to evaluate the effectiveness of training and development by measuring the individual's improvement. 360° feedback can also dramatically contribute to and enhance an organisation's performance management process

As a starting point for implementing a 360° feedback survey an organisation will identify the individuals to participate and decide on the competencies and job performance to be measured. The flexibility of the process allows an organisation to conduct assessments for any job, not just management, and within any function or level.

Traditionally many surveys have been administered by using paper questionnaires; however more and more a web-based system is being used to help ease of completion and reduce administration time and costs. A good 360° system will allow total flexibility for the organisation who may want to use a 'standard' questionnaire (useful for comparing employees with those from other organisations), elaborate on certain competencies or behaviours, create new ones or use their existing competency or measurement framework.

Often an organisation will use an external consultancy to help prepare, launch and administrate a 360° feedback survey. Employees will feel a greater degree of confidentiality when they know that questionnaires are being processed externally and will engage in the feedback gained in a much more positive manner. The most important factor to remember about using 360° feedback surveys is that they are only a first step in a process of dialogue. Whilst the survey will collect valuable data, the essential part of the process comes later in sharing the feedback gained, making development plans and actually undertaking training and development activities.

Research conducted by the Ashridge Management Research Group found that typically 360 Degree feedback is used as part of self development or leadership or management development program (Handy et al, 1996).

Armstrong and Baron (2006) have summarized a number of studies from UK which indicate the rising popularity of 360 Degree feedback and its effectiveness as a developmental tool. For example they suggest that studies by the IPD (Institute of personnel development indicate that 92% organizations sue 360 DF for assessing developmental needs, 80% for overall performance improvements and only 20% for performance grades or awards (IPD, 1998)

Turnow (1993) suggested the rationale for 360 Degree feedback as to create an awareness in the in the individual of any discrepancy between self perceptions and perceptions of others. This enhanced awareness forms the key for leadership development. London and Beatty (1993) suggest that 360 DF can become a powerful tool to align leader behaviour with work unit performance and results, with customer expectations. It also results in enhancing employee participation in leadership development. It recognizes the complexity of management and value of inputs from various sources. .

An increasing number of Fortune 500 corporations are integrating 360-degree feedback into their existing performance management and individual development practices. 360 assessments help align inter-employee relations with increasingly flatter organizational structures by offering feedback from multi-level sources. In addition, 360 assessments increase bench strength and can aid in developing global leaders by providing multicultural assessment to enhance individual development. While 360 assessments can be highly effective tools, companies risk enduring negative consequences that result from incorrectly developed assessment programs. In fact, Watson Wyatt's 2001 study, Human Capital Index, associates 360 assessment programs with a 10.6 percent decrease in shareholder value.

360-degree feedback can be a powerful opportunity to encourage employee and organizational growth. It must be conducted carefully and correctly to ensure a positive experience for participants and raters.

360 Degree Feedback should never be used as *A Weapon* If participants feel that their survey responses and results can be used against them, traced back to them, or used against others, they may not respond candidly. A 360-feedback should not be used as the basis for determining raises, promotions, or disciplinary action. 360-degree feedback respondents' anonymity should be protected. They should know that they can rely on the 360-degree feedback process to provide and receive candid feedback they can use to make changes to their workplace performance.

A One-Size-Fits-All Solution

360-degree feedback should not be used as the solution to complex performance or cultural issues. 360 feedback produces the best results when it is used as a tool to identify opportunities for change and used to develop individual and organizational goals to make those changed.

Each 360-feedback assessment should be customized to specific organizational or personal goals, not created as a single, generic solution for every organizational challenge.

RSDQ model of 360 degree feedback

TVRLS (T.V. Rao Learning Systems) has developed a model for Indian Top and Senior Management in terms of managerial and leadership competencies needed which is termed as the RSDQ model (Roles, Styles, Delegation and Qualities). This model of leadership and managerial effectiveness views effective management and leadership as a combination of four sets of variables (Pareek and Rao, T. V, 2003). These are:

ROLES: The extent to which the individual plays various leadership and managerial roles and activities. There are a number of roles, which have to be played by every manager in order to be effective as managers. These are both transformation roles (leadership roles) and transactional roles (managerial) some of these are:

1. Articulating and communicating vision and values
2. Formulating long term policies and strategies
3. Introducing and managing new technology and systems
4. Inspiring, developing and motivating juniors
5. Managing juniors, colleagues and seniors
6. Culture building
7. Internal customer management
8. External customer management
9. Managing unions and associations.

STYLES: While effective managers recognise all the leadership roles and perform them well, it is not only the roles or activities that determine the effectiveness but also the way in which they are played. The model envisages that managers may play most roles well, devote time and effort but could be insensitive to the style with which they carry out these activities. The leadership styles have been classified on the basis of the earlier research at the Indian Institute of Management by T V Rao earlier into the following:

A Benevolent or Paternalistic leadership style in which the top level manager believes that all his employees should be constantly guided treated with affection like a parent treats his children, is relationship oriented, assigns tasks on the basis of his own likes and dislikes, constantly guides them and protects them, understands their needs, salvages the situations of crisis by active involvement of himself, distributes rewards to those who are loyal and obedient, shares information with those who are close to him, etc.

A Critical leadership style is characterized as closer to Theory X belief pattern where the manager believes that employees should be closely and constantly supervised, directed and reminded of their duties and responsibilities, is short term goal oriented, cannot tolerate mistakes or conflicts among employees, personal power dominated, keeps all information to himself, works strictly according to norms and rules and regulations and is highly discipline oriented.

A Developmental leadership style is characterized as an empowering style, where the top manager believes in developing the competencies of his staff, treats them as mature adults, leaves them on their own most of the times, is long term goal oriented, shares information with all to build their competencies, facilitates the resolution of conflicts and mistakes by the employees themselves with minimal involvement from him.

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It has been found that the developmental style is the most desired organisation building style. However some individuals and some situations require at times benevolent and critical styles. It has also been found in research that some managers are not aware of the predominant style they tend to use and the effects their style is producing on their employees.

DELEGATION: The RSDQ model considers level of delegation as an important part of a senior executive's effectiveness. This dimension has been included because most senior managers seem to have difficulties delegating, especially those effective managers who get promotions fast in their career. In view of these experiences, delegation has been isolated as an important variable of leadership. Those who delegate release their time to perform higher level tasks and those who don't continue to do lower level tasks and suppress their leadership qualities and managerial effectiveness.

QUALITIES: The model envisages that managers should exhibit qualities of leaders and world class managers (e.g. proaction, listening, communication, positive approach, participative nature, quality orientation etc.). Such qualities not only affect effectiveness with which top level managers perform various roles but also have an impact on the leadership style and hence are very critical.

The TVRLS instrument for 360 degree feedback for managerial and leadership development is based on the RSDQ model. In case of *managerial qualities,* there are about 75 activities identified under each of the roles mentioned above. An instrument (two versions one consisting of 55 items for senior managers and another consisting of 75 items for top level managers) developed to assess these measures the extent to which the manager is perceived as performing these roles. In the case of *leadership styles*, a 51-item instrument assesses the extent to which the above mentioned styles are exhibited across 12 different situations or

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activities and the impact the person makes on his subordinates in terms of five variables viz. feelings (dependence, incompetence, independence, interdependence, resentment etc.), job satisfaction, work commitment, morale and extent of learning by the subordinates. Through this instrument the participant gets to know his styles as benevolent, critical or developmental (dominant and back up) as well as their impact. *Delegation* questionnaire assesses the extent to which the participant is delegating and releasing his own time for higher level roles and tasks. There is a ten-item questionnaire that measures the various symptoms of delegation or non-delegation. In the case of *behavioural qualities*, 25 qualities are included at present using a semantic differential technique. Three open-ended questions at the end try to find out most dominant strengths and weaknesses of the respondent along with suggestions for improvement.

The instruments developed on the basis of RSDQ model is updated periodically depending on dimensions important to top management roles and positions with changes in the business environment.

RSDQ Model - Its Applications and Variations:

This 360 degree feedback instrument based on the RSDQ model is being used in a large number of Indian organizations including the Aditya Birla Group, IL&FS, Gati Corporation, Mafatlal Group, Dr. Reddy's Laboratories, Wokardt, Taj Group of Hotels, Tata Cummins, Titan Industries, Gati Cargo Management Services, Interra IT, Novell Software, Amway India, Bajaj Auto, State Bank of India and in other countries like Nigeria and Egypt by the Chanrai Group, Alexandria Carbon Black etc. The main purpose of using the RSDQ model in these organisations has been to provide insights to top level managers on others' perception and the impact they create in the organisation due to the effectiveness with which they perform

various managerial roles and leadership styles. The data generated was used as the basis to aid them formulates action plans. (see Rao and Rao, 2005).

In an earlier study Rao and Rao (2003) got the assessments made of the performance levels by group of top level executives. 25 senor managers were assessed into A, B and C categories performers. The study using RSDQ model concluded the following:

- Star performers seem to perform some leadership activities much better than weak and average performers

- Star performers do not delegate any more than the weak or average performers. They seem to do things more themselves than weak performers.

- Star performers seem to be more proactive, innovative, change oriented, active and communicative. Most other qualities don't seem to differentiate

- Star performers seem to be more likely result oriented, receptive and open to change, communicative, committed and dependable.

- Star performers use more of development style while weak performers tend to use besides developmental a little more of benevolent style.

- Star performers seem to create a climate of dependency and personal loyalty besides a climate of learning, satisfaction and empowerment.

The study also concluded that:

- The 360 Feedback should focus increasingly on leadership activities and roles much more than on qualities, delegation and style.

- More in-depth studies may indicate useful results and give directions for future.

- 360 Degree data seem to have potential for identifying high performing individuals

Khandwalla (1995) reports correlations with the Management Styles tool developed by him. He reported the developmental styles as related to organic and entrepreneurial styles. A number of parallels were drawn by Khandwalla between the Benevolent styles measured in this tool with the Nurturing-Task leader concepts of J. B. P. Sinha (Khandwalla 1995)

In another study using RSDQ model Mahapatra and Chawla (2002) gathered data from 120 senior managers from 15 organizations in India representing manufacturing, service, IT and banking. Another 90 managers of the South East Asian countries were also profiled using a shorter version of the same instrument. Mahapatra and Chawla(2002) report the following trends on RSDQ variables:

Roles

Findings indicate a strong orientation of managers to understand the requirements and expectations of the job from the boss on a continuous basis in addition to good levels of liaising and communicating well with superiors to get the required guidance and support. This is observed across various industries. The second role getting well done is management of colleagues and internal customers. Peer relationships and internal customer satisfaction have been given importance by respondents while performing roles.

Leadership styles

- A critical style was demonstrated by most respondents when it comes to tolerating mistakes and giving freedom and autonomy to subordinates.
- A paternalistic style characterized the managers when it comes to sharing information and pointing out mistakes of subordinates.

- The predominant style exhibited by the Indian managers surveyed was developmental followed by benevolent and then critical in that order.

Delegation:

- Non delegation scores were high, indicating that a lot more was expected from the managers' subordinates when it came to delegation.

Behavioral qualities:

- The dominant qualities appeared to show active, stable, organized, sociable and encouraging qualities as characterizing these managers studied.

Open ended feedback:

Some of the areas highlighted as the strengths from the sample set of managers were: being organized and systematic, being knowledgeable, encouraging learning, team orientation and interpersonal relations, optimism, enthusiasm and hardworking.

The authors conclude from the above observations on 360 degree indicate that though managers are performing certain roles and exhibit desired qualities quite well, the primary challenge lies in striking the right balance between leadership and managerial roles, short term and long term view and between operational entrepreneurial perspectives.

In a study of the Predictive ability of 360 degree feedback as a competency assessment tool Rao and Dutta (2002) correlated the data from 360 degree feedback and assessment center held for middle managers. It was role based and focused on critical managerial and behavioural competencies for present responsibilities. The assessment center data for the same set of individuals gave the competencies needed for future responsibilities. The study focuses

on the predictive ability of 360 degree feedback as a competency assessment tool by comparing the data obtained from both the sources. The dimensions compared include the following:

1. Communicating skills
2. Decision making skills
3. Man management
4. Interpersonal skills
5. People orientation
6. Motivational ability
7. Time management

Competency ratings given under the various dimensions by the role set members of the 360 degree feedback process do bear a relationship to those assessed by the team of internal and external assessors in the assessment center. Correlation between ratings for the same competencies as required for the present job compared to the ratings for competencies for the future job was significant for three dimensions viz. communication skills, people orientation and motivational ability. On other variables the 360 data did not correlate significantly. The authors concluded that the predictive ability of the 360 degree feedback varies with variables. There are variables lie communication skills which get demonstrated on the job irrespective of the circumstances and opportunities while competencies like decision making skills depend on the opportunities provided to the candidate by the current role and boss. The study results justified the use of assessment centers and 360 degree feedback s two different tools predicting two different sets of variables. One evaluates the past performance while the other deals with the future potential. The authors concluded that they should be used together than in pace of one another for predicting future job success.

In another study by Rao, Rao and Dixit (2001) the leadership roles, styles, delegation and qualities were studied using the same questionnaire developed on RSDQ model. 26 CEOs were studied. The study concluded the following five as relatively well performed roles by Indian CEOs:

- Communicating effectively with the boss, keeping him informed and maintaining good interpersonal relations

- Understanding The expectations of the boss and the top management and trying to meet them

- Influencing the thinking of the boss and getting his support and resources

- Taking guidance and learning from the experiences of the boss

- Liaison with top functionaries and the top management to keep them informed of developments

The following five roles were the least well performed by the CEOs:

- Working with the unions and office bearers to control sloppiness, incompetence and indiscipline

- Carrying the unions along to contribute to the organizational goals and standards

- Monitoring to ensure that all the organizational values are followed by the staff

- Motivating the union representatives to have positive influence on the staff to maintain the image of the organization

- Providing periodic feedback to his juniors and other staff.

A further analysis of the data revealed that culture building, inspiring and developing staff by investing time and effort on their development are assessed as the least well performed

activities. It seems from the 360 degree Feedback data that the top management are still busy impressing their seniors than juniors. If they have to be good leaders, they need to shift their focus to competence building of their juniors.

The analysis of the Leadership Styles indicated that the Indian CEOs are predominantly developmental in their style for example: when mistakes are made they tend to encourage people to learn from their mistakes (53% score) rather than protecting the subordinates and salvaging the situations themselves (34% score) or getting emotional even for minor mistakes (13%). When conflict arise they encourage people to solve their problems in such a way that they develop capability to resolve conflicts in future (58% score) rather than giving their judgment and making the employees dependent on them (30% score) or reprimanding the erring side (12% score). The development style was indicated in the way they take decisions, the way they assign the tasks, the way they communicate and the way they treat the juniors in other matters. In all this areas their benevolent or paternalistic style was about 30% as compared to 60% developmental style and 10% critical style.

While developmental style was the most predominant style for all the CEOs. There were a few CEOs who scored high on critical style. This CEO's were found create resentment among their subordinates and some of them felt that they are unable to learn much while working with such CEOs. Such CEOs found the 360 degree feedback very helpful and prepared plans to change their styles.

The five high scoring qualities of the CEOs in this study are 9the percentages in the brackets are the final percentage scores as assessed by their colleagues and juniors using 360 tools):

- Clear and persuasive communication rather than unclear and long winded communication (85% score)

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- Active rather than passive (85% score)

- Takes positive approach rather than negative approach (84% score)

- Change oriented rather than status quo oriented (83%)

- Encouraging rather than discouraging (83%)

And the relatively low scoring qualities were:

- Empathetic rather than corrective (68% score indicating that they could be 32% corrective)

- Participative rather than authoritarian

- Calm and composed rather than irritable

- Patient and accepting rather than impatient and intolerable

- Proactive rather than reactive

The low scoring qualities were only relative and exceed 60% ratings. Rao and Annapurna (2002) studied the changes in employee behavior of a service sector company. This study identifies the magnitude of change exhibited in managerial roles and leadership qualities as a result of 360-degree feedback process. Using 360 Degree Feedback 18 participants belonging to the top level management from a service sector organisation were studied. A total of 239 assessors assessed the participants. During reanalysis, a total of 189 assessors assessed the participants. Improvements were exhibited in assessments made a year and a half after the first 360 assessment followed by feedback to the participants in the areas of communication, caring nature and increasing market share in case of managerial roles. But negative changes were recorded in the areas of putting the right person on the right job and seeking feedback. In case of leadership qualities, improvements were exhibited in the areas of receptiveness to feedback but negative changes were exhibited in the area of being innovative rather than a conformist.

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Impact of feedback on behavior:

Pareek and Rao's study on teacher behaviour has amply demonstrated the impact of Feedback on changing the behaviour of teachers (Pareek and Rao, 2006). In a study by Andre Martin and others (2007) at CCI, North Carolina, 1131 global leaders were asked by the Center for Creative Leadership the leadership challenges faced by them now. Respondents were asked to indicate the three skills they will need to be an effective leader in the future. The indicated percentage represents the total number of the respondents that chose that skill in their top three. The data revealed that collaboration (49 percent), change leadership (38 percent), building effective teams (33 percent), and influence without authority (33 percent) were at the top. The skills that ranked at the bottom – those deemed less important for the future – are ethical decision-making (8 percent), credibility (9 percent), and straightforwardness and composure (10 percent). The results signify a belief that future leadership skills need to emphasize building teams and relationships, collaboration, and change management.

Statistics show that the majority of *Fortune* 500 companies currently use 360-degree Feedback, and a 1997 study conducted by the American Society of Training and Development found that half of its Benchmarking Service members also used 360-degree Reviews (Corporate leadership Council, 2000). However, *the consulting Firm Towers Perrin* found that 40 percent of high performing companies use 360-degree reviews, versus only 28 percent of all public firms (Ghorpade, 2000)

Evelyn Rogers (2002), author of the article, improving the Payoff from 360-Degree Feedback, cites the following six critical factors that organizations use to get the most from the 360 process:

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- Use 360-degree feedback primarily for individual development. Linkage to performance appraisal and compensation is risky unless the organization is ready and a development culture exists.

- Link the process and align participants with strategic imperatives. Build business-focused competencies and customize to specific functions, levels, and jobs. Involve the customer.

- Exert high administrative control over every aspect of the 360 feedback process. Choose the participants and manage the feedback process closely, approving the ratters. Train everybody involved in advance.

- Use senior management as role models. Invest time, money, and resources in the process.

- Use highly trained internal coaches to leverage your investment. Participants need help understanding the feedback and following through on an action plan.

- Evaluate the return on investment of effectiveness of the process as you would any business endeavour. Identify individual and organizational trends. Treat 360 as a human resource system that adds value to the business.

Although numerous companies rely on the 360-degree method, few companies systematically tackle the following major problems that adversely affect the validity and effectiveness of the 360 process:

1. Improper rater selection

2. Overrating and underrating biases

3. Resistance from peers to be rated by, or rate, others

There are several reasons why 360° approaches fail. These include:

1. Poor preparation - Organisations often spend a lot of effort thinking about the things they want to measure and pay insufficient attention to

- communicating the purpose of 360° performance reviews
- properly conducting feedback
- helping people with action planning, and
- Ensuring people are supported with appropriate development activities to help them Improve.

2. Overwhelmed by bureaucracy - Organisations often get overwhelmed by trying to implement 360° approaches too broadly and too quickly. There is the potential for one person to be invited to appraise several people, and thus 360° performance reviews can quickly become very time consuming. To avoid questionnaire fatigue therefore, it is useful to plan the roll out over a period of time, either moving down the organisation or across it.

3. Poor competency frameworks / behavioural indicators - Organisations must ensure that the competency definitions or behavioural indicators used to assess individuals exactly reflect the performance they need to measure. If these competences or behavioural indicators are woolly or ambiguous, they will produce woolly and ambiguous feedback.

4. Fear of giving feedback - People need to be confident that they can be open and honest in providing others with feedback, and they must be supported with the right environment to be able to do this, otherwise performance reviews will not be valid.

5. Adverse reactions to feedback - Inevitably, appraisees do get surprises from the differences between how they see themselves and how others see them. If not properly handled this can lead to rejection of the information, emotional reactions, and conceivably a lowering of morale and a worsening of performance rather than an improvement. Such issues cannot be left to chance. To avoid them organisations need to provide careful initial consultation and briefing, a well-designed questionnaire, and professional feedback facilitation.

6. 360° approaches lack senior management sponsorship - Senior managers need to be seen to be visibly supporting the implementation of 360° performance reviews in order for people to commit to the process. If there is an absence of senior management involvement, then research has shown that individuals may see their results as interesting, but there is no emphasis on action for improvement. Consequently, any small benefits soon fade away.

7. No action taken following 360° performance review - In a recent study in America, 72% of appraisees reported that their line managers had not provided them with the development activities agreed following the 360° feedback. Organisational performance improvement only comes from changing behaviours. Good practice is to spend 20% of the project resources on the assessment of performance and 80% on the subsequent development activity and support.

Measures of effectiveness of 360 Degree feedback

In a January 2002 survey conducted by Human Resources Planning Magazine, 55 percent of organizations that obtain the most benefit from the 360-degree program evaluate the process. Sixty-five percent of the surveyed organizations that consider the 360 program as "low benefit" do not evaluate the process. The following four tactics have been recommended as generally used by some companies:

Tactic 1: Employee Surveys: Companies that evaluate the process often build the assessment into an organizational climate or "health" survey to determine the alignment of participant behaviours with organizational goals

Tactic 2: Compare Results Yearly: Organizations can evaluate the success of the 360 program by comparing yearly changes in behavioural results and looking for trends in scores.

Tactic 3: A Feedback Survey of 360: Organizations can conduct multi-source surveys that assess the view of all 360 participants: the employee, the organization as a whole, direct reports, peers, and customers. This tactic shows an increased focus on measuring progress and demonstrates the organization's desire to change.

Tactic 4: Focus Groups: Literature suggests that organizations can assemble focus groups to revalidate the company's competencies and gain information on how helpful the process was to participants, as well as the impact on behaviour.

The following information details various metrics that companies may consider using to measure effectiveness:

1. Grievance rates—Participants' complaints or problems with the 360-degree process

2. Ratee and rater reactions—The extent to which participants feel the program to be valuable

3. Response rates—The proportion of raters who respond with ratings of their colleagues

4. Turnover—Level of attrition within the participant group

5. Work behaviors—Individual work output, contributions to unit output

David Wladman (1998) identified the following Possible 360-Degree Program Effectiveness Measures:

1. **Ratee and rater reactions** — the extent to which participants feel the program to be valuable to themselves and the firm.

2. **Response rates** — the proportion of raters who respond with ratings of their colleagues' behaviours; a program cannot be effective if potential raters do not respond when surveyed.

3. **Work behaviours** — individual work output, contributions to unit output, observable and measurable work behaviours.

4. **Grievance rates** — participants' complaints or problems with the 360-degree program, either as raters or ratees.

5. **Customer satisfaction** — gauges of customer satisfaction should improve when work behaviours and performance positively impact organizational service to customers.

6. **Employee satisfaction** — indicators of employee satisfaction should improve as performance gains occur: improvement is correlated with greater job motivation and satisfaction.

7. **Absenteeism / Turnover** — levels of absence or attrition within the participant group are the inverse indicator of employee satisfaction, as described above.

8. **Positive corporate image** — the perceptions of clients, customers, competitors and suppliers: improvements are an indicator of enhanced organizational performance.

9. **Recruiting success** — the volume of applications and quality of candidates (*i.e.*, qualifications of applicants and new hires) can indicate positive corporate image and employee satisfaction

The basic elements of 360 coaching are to:

- Help the participant understand the report.

- Work with the participant to identify strengths, derailers, and gaps in perception between rater groups (self versus others, supervisor versus direct reports, etc.).

- Help the participant own the feedback. They need to understand that the feedback is about their behaviours and abilities as viewed by others. These perceptions will often dictate how effective the person will be.

- Create goals and action plans based on the results.

- Follow up consistently throughout the year (monthly or quarterly).

In formal studies conducted over the past decade with thousands of managers across diverse organizations, industries, and functions some very interesting facts about making the 360 feedback process more effective have been found. Two areas stand out more than any others: Coaching and Goal Setting. The results are very telling:

- 92% of those that received coaching reported that the overall 360 process was effective. In contrast, only 34% of those who did not receive coaching felt the 360 process was effective.

- 87% of those that set goals felt the 360 process was effective.

- 60% of those that did not receive coaching did not set any goals. Conversely, less than 40% of those that didn't receive coaching set goals to improve.

- 94% of those that received sufficient coaching and set goals felt the 360 process was effective.

Additional academic research supports these findings. Additionally, when participants had set specific goals to address areas of their 360 feedback, it was far more likely that their 360 feedback showed significant improvement the following year than when goals were not set. These studies leave little doubt as to the importance of coaching and goal-setting in making your 360 process more effective. Yet we find that less than half of the organizations using 360 degree feedback, emphasize coaching and goal setting as part of the process.

International Trends

We have observed the following trends in relation to 360-degree process application from our overseas offices and Global Network of Consultants:

- 360 degree profiles are becoming a mandatory line item in performance agreements

- Large organisations are increasing their use of the tool, not decreasing

- The process is being heavily applied for Leadership development tracking

- The next heaviest use is for Management Development

- It is still a powerful tool for input into the team development process

- It is an excellent addition to the training needs analysis process, and

- It is becoming a valuable input into management issues mapping when the data is aggregated on various demographics in large organisations

Some Snippets to Finish With

- In our years of experience we have observed the following:

- In the second 360-degree process, the self view generally decreases as self awareness improves.

- Managers often score people lower the second time around as they become more aware of the performance of the person they are rating.

- Peers and Direct reports will reward recipients who take feedback well and attempt the change process.

- When the recipient denies the feedback and refuses to address issues, the next round will be ugly. If the trend of denial continues behaviour gravitates to apathy and we have seen instances where raters refuse to complete the questionnaire a third time around - no point you will hear them say. Raters take this process seriously.

- Women generally rate themselves lower than men rate those women. We think this is a reflection of the fact that women see that they have to perform higher for the same recognition as men.

- Very few organisations use the 360-degree process in a way that will generate the best possible results.

- These observations reflect a view that the 360-degree profile is perceptive; it is not an absolute measure. It gives a strong input into the decision making process and should be used in context.

Star and Average Performers

In his book Good to Great, Jim Collins says that if you have the wrong people, it doesn't matter whether you discover direction, you still won't have a great company. Great vision without great people is irrelevant.

The most acceptable ways of identifying and classifying performance is through performance appraisals or supervisory ratings (see for a detailed discussion of this topic by Rao, 1993 and Armstrong and Baron, 2006). However according to these vary sources the performance appraisals suffer from many biases. They are not comparable when they are made for candidates performing different roles in the same organization and are assessed by different bosses who do not share the same frame of reference.

Susan Heithfield (2005, web reference) asserts that performance don't work. According to her: "Eliminate Performance Appraisals as You've Known Them Traditional performance appraisals are harmful to performance development; damages work place trust, undermines harmony and fails to encourage personal best performance. Furthermore, it underutilizes the talents of HR professionals and managers and forever limits their ability to contribute to true performance improvement within your organization" (Stanford Report, May 25, 2005) *http://humanresources.about.com/od/performanceevals/a/perf_appraisal_2.htm*

In the recent past attempts made by organizations like the GE and other multinational corporations have contributed a lot to our understanding of the high and low performers. The most frequently used titles for high performers are "A" category performers and for those whoa re relatively poor performers or average performers are "C" performers. Almost twenty years ago in India Steel Authority of India in their performance appraisal system started using this nomenclature called as A, B and C class performers. (See Executive performance Appraisal system of SAIL, Rao, 1993). The star performers among the A category are called "A" stars and those who are lowest of the low are called "C" stars. In case a candidate is assessed as a C* consecutively for two years efforts should be made to counsel him and serious efforts should be made to improve his performances. The same system planned by an Indian PSU was effectively sued by Jack Welch in GE by identifying star performers and building organizations around them and identifying C category performers and coaching them and even getting them out of the company. This phenomenon is described in details by Smart (1999) in his book on Top Grading.

Spencer and Spencer (1993) used a job competency method including Behaviour Event Interviewing using the distinction between high performers and average performers. In this technique the average and high performers are obtained using one or the other methods and competencies of high and average performers are identified. In a survey covering 2,750 personnel practitioners conducted by the Institute of personnel and development (Armstrong and Baron, 2006) pointed out that 67% used numerical or alphabetical categories in performance assessment. 37% of the respondents felt their performance management process is not effective as compared to 48% who felt that it is very effective.

Kevin (2006, web reference http://www.articlealley.com/article_32944_64.html) maintains that people can usually be categorized into three types: The top-performer, the average-

performer, and the under-performer. An unbalanced team with under-performers will leech efficiency and effectiveness from an organization and is a killer of team motivation and performance. Top-performers who are not managed to lead properly will also cause bottlenecks. Under-performers who are kept on the team for the sake of harmony will eventually pull the others down and decrease performance across the board. He argues that work is usually given to the best person for the job, and most of the time this person is a top-performer. Since a top-performer is also dependable and reliable, the next important task that appears also goes to him or her. This scenario continues until the top-performer falls behind and becomes frustrated from having too much work and seeing no end in sight. "The under-performer, on the other hand, gets less work, and unless the top-performer has good management skills, the average-performer also doesn't get much work. What happens now? Work completes much more slowly, personnel vibes are bad, and a bottleneck is created. Top-performers are now upset because the under-performers are working much less and appear not to be doing anything at all. Yes, this scenario sounds extreme but think about it. Think about how the top-performer probably feels. Be sure to not abuse top-performers, pay them well, and treat them well."

Kevin concludes that although top-performers are always expensive, they are an indispensable asset to a good team and an efficient organization. "Do try to motivate the under-performers, but if your efforts don't work, you should get rid of those performing well below the teams expectations. Why? Because they will ultimately have a negative impact on your entire organization. If the organization has a clear enough focus and good distribution of project work, of course, this scenario may never happen. In environments where new projects are introduced at a rapid pace and resources are shared, this top performer bottleneck may turn out to be a serious problem. The solution of getting rid of under-performers may seem overly

tough; but ridding the organization of under-performers is the only practical way to go. Top-performers love their work and are passionate about it, but remember that they aren't necessarily leaders or management material. Don't overload them with responsibility, and don't take advantage of their good work ethic. It is your responsibility to have a good organization and manage your performers? All of them. If management doesn't take an active leadership role with clearly defined goals that are visible to the team, work rarely goes well. A team in proper flow and sync, however, can turbo charge an organization's performance and achieve a great deal. "(Kevin Kraft, web:www.kevinkraft.net)"

In their book on "How Bell Labs Creates Star Performers", the authors Kelley and Kaplan, web references amazon.com) believe that defining the difference between star performers and average workers is the way to increase the productivity of knowledge professionals. The authors' research at the Bell Laboratories Switching Systems Business Unit (SSBU) has revealed that the difference between stars and average workers is not IQ but the ways top performers do their jobs. Their study has led to a training program based on the strategies of star performers. Once the SSBU training program, known as the Productivity Enhancement Group, got underway, respected engineers ran the training session, which included case studies, work-related exercises, and frank discussion. Participants and managers reported substantial productivity increases in both star and average performers (Kelley and Caplan, web reference: Robert E. Kelley (Author), Janet Caplan (Author)) Kelley (web reference: http://www.fastcompany.com/magazine/15/star.html) outlines many differences between star performers and average performers.

For example according to Kelley, average performers suffer from tunnel vision: they see the world from their viewpoint, and they keep pushing that viewpoint over and over again. Star performers see things in a much bigger way. They step outside of their own viewpoint and

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adopt different perspectives: "How do my competitors think about this? What do the customers think? How about my colleagues? What about the boss?"

Average performers see self-management as time management: "If I get my work done on time, then I'm a good self-manager." To stars, that's just the beginning. You're expected to manage your time well. You're expected to manage your projects well. Real self-management means managing not only your work but also your relationships with people, your career, and your career assets over time.

Here's an example of how average performers and stars differ in this category. The average performer finishes a project, and then goes to the boss and asks, "What do you want me to do next?" The star starts looking around six months before a project is done and asks, "What experiences do I have in my portfolio? What assignment should I tackle next that would make me more valuable for the company and more valuable in the marketplace?" Stars select their next project before they finish the one they're working on.

What you hear from average performers is a complaint: "It's all political. All the best projects around here are wired to stars. They get whatever they want, and we have to take what's left over." Average performers don't see what's really happening. It's not that the organization is wired. It's that stars know how to get ahead of the game - while average performers wait for the game to come to them. McKinsey, in its *Talent War 2000* study were asked to assess how much more a high-performer in a P&L position generates than a mid-performer. They estimated the difference at 49 percent, and they said that the high-performer should be paid 42 percent more. When you think about what 49 percent means, it is astounding. That means that a high-performer brings in almost twice as much business as an average-performer or produces twice as much.

However there are controversial assertions made on average performers or poor performers. For example one argument is that hiring average performers can have devastating effect on the organization (see Hiring Average Performers Can Be Devastating by Michael Beek web reference: http://www.positivearticles.com/ezineready.php?id=33693) Beek concludes after a comparison of the contributions of star and average performers. "What these numbers tell you is that unless you are hiring top performers, you are pouring money down the drain. No matter if your company is large or small; the potential impact to your bottom line can be huge. It's even larger if some of your employees are 'non-producers'. Every time you replace an average performer with a top performer, you have a positive, measurable financial impact on your bottom line. Your challenge is to make every effort you can, whether it's hiring, promoting, or developing people, to focus on choosing top performers."

Wordpress (2008) identifies thirteen differences between the top performers and average performers. The top differences are as follows: (Excellors vs. the Average performer):

1. Having the attitude of being a top performer vs. the attitude of an order taker

2. Commitment to work excellence vs. working the minimal needed

3. Possesses Values integration with the companies vs. values clashing with organizations

4. Having a far-sighted vision beyond the pay vs. working just for the pay

5. Having the Humility to learn and reflect vs. habitual ignorance and arrogance

6. Willingness to Turning mistakes into improvements vs. avoidance to fail and tendency to blame and complain

7. Take Self responsibility vs. company's and other's problem

8. Takes calculated Risk taker vs. risk adverse and total risk avoidance

9. A Positive Relationship builder with Boss, Colleagues and Clients (BCC) vs. talking to others outside of social group only if left with no choice

10. Emotionally and mentally strong vs. mood sensitive and easily environmentally influenced

11. Possess Clarity of career goals vs. just work for the moment and see what happens

12. He is an Energizer vs. an energy and emotional depleter

13. He helps improve the organization to *Excel beyond Excellence!*

(http://wekie.wordpress.com/2008/02/24/what-separates-the-top-performers-from-the-average-performers-at-work-key-differences-between-the-excellors-and-the-average/)

Kevin Wheeler (2006) underlines the importance of identifying high performers and their characteristics to improve the quality of new hires for organizational effectiveness. He suggests four things to be done:

Together with hiring managers, work to identify what characterizes a high performer. Once you have agreed on some quantitative measures, find the people in each function who are in the top quarter of performers. Spend time with them and develop profiles for each of the high-performers. Try to find out two things: what one or two characteristics distinguish them from poorer performers and what, if anything, do they have in common with each other. These could be competencies, activities they engage in, attitudes or philosophies, education, or work methods or processes. You can then look at prospective candidates to see if they have any of the distinguishing characteristics

Find out where these high performers are located.

Find out what will entice these potential high performers to your organization.

The key to successfully bringing in the best talent is, first of all, to define what it is and secondly, to create quantitative measures so that you can determine your success rate. By refining definitions and measures and by improving where you source and what you say to entice the right people, you will have developed a powerful recruiting machine. This indicates the importance of a study like the current thesis theme undertaken for identifying the characteristics of star and poor performers.