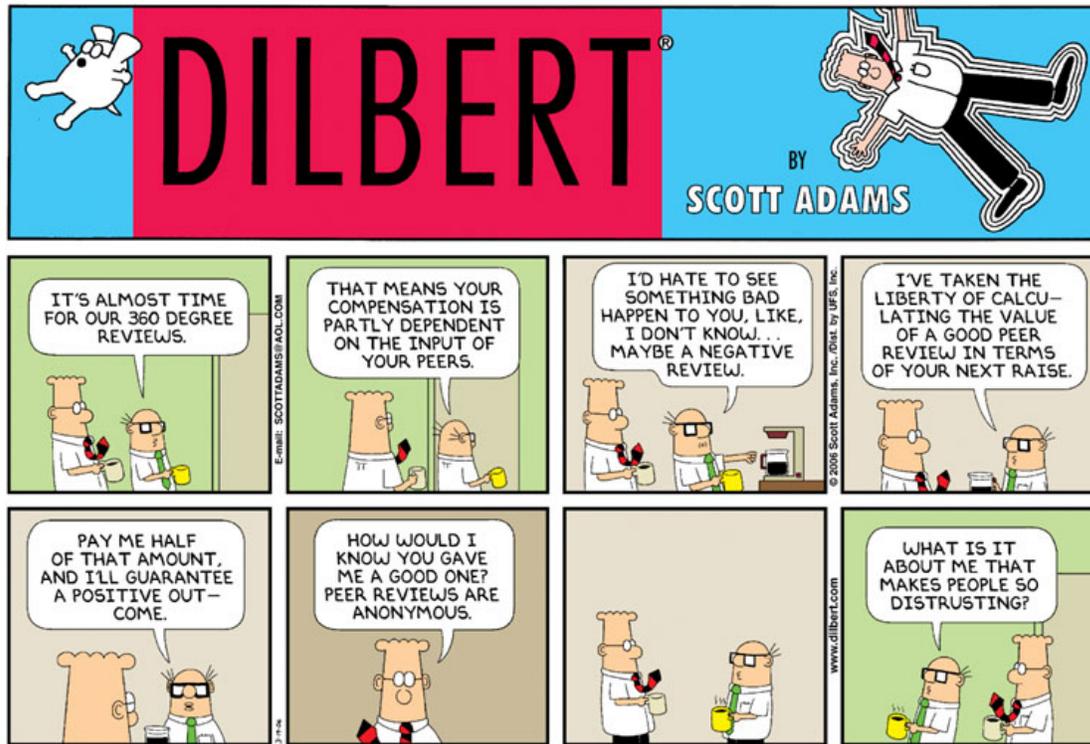


360-DEGREE FEEDBACK

Performance Management Series Part II

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What is 360-Degree Feedback?

The 360-degree feedback review involves collecting perceptions about an individual's job performance and the impact of that behavior in the workplace from a variety of constituencies: peers, supervisors, direct reports, internal and external customers, and suppliers. These sources are normally chosen based on their opportunity for firsthand interaction with the individual. By increasing the number of evaluations, a more balanced and comprehensive view of an individual's overall job performance is possible. As jobs have become increasingly complex, the additional insight this feedback can afford an employee in relation to career development is especially important, because it is unlikely an immediate supervisor will have the opportunity to observe an employee's work behavior in all relevant situations.

Other names for 360-degree feedback are multi-rater feedback, multisource feedback, full-circle appraisal and group performance review. The terms multi-rater, multisource and 360-degree feedback will be used interchangeably.

Additional Background

The 360-degree feedback model differs substantially from the traditional performance appraisal completed by an employee's immediate supervisor. The purpose of the supervisor-only appraisal is to provide effective, useful feedback to employees with the goal of improving job performance and providing management with the information it needs to make decisions related to pay and promotions. Because the supervisor-only performance model relies on a single perspective, there are several potential limitations: the performance appraisal may reflect individual biases, the supervisor may have had insufficient opportunity or motivation to observe the performance of the employee, the supervisor may be unwilling to confront poor or ineffective performance, and individual supervisors will approach the task with different degrees of insight and ability in relation to the performance appraisal process.

The Value of Multiple Rating Perspectives

The use of multiple rating sources or perspectives is clearly an important strength of 360-degree feedback, and contributions from different perspectives can be especially interesting and valuable in their own right. Traditionally, supervisors have been charged with assessing the effectiveness of their direct reports. In 360-degree feedback, other raters, such as peers and direct reports, bring different, and possibly inconsistent, information to the rating process. For example, it is possible that a feedback recipient may be seen as effective by one person but ineffective by someone else. According to contingency theories of leadership, leaders constantly adjust their behavior to the particular situation (Yukl and Van Fleet, 1992). It follows then that managers who behave differently toward their co-workers will be rated differently by these individuals. So each rating source may be valid from its own perspective. It can be helpful for individuals to be aware of these situational behavior patterns so that they can anticipate them.



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Making the Best Use of Multiple Rating Perspectives

Different rating perspectives provide unique information about an individual's performance. Given the potential for differences among the rating perspectives, combining all raters together into one category is not desirable or beneficial. Usually, 360-degree feedback instruments have a common set of dimensions for which it is also useful to have different sets of rating perspectives by rater group. In other words, in addition to the common dimensions, each rater group would also rate a set of dimensions specifically designed for a given group. For example, direct reports could be given a set of dimensions specifically designed to evaluate elements of the supervisor-employee relationship related to leadership, communication and interpersonal skills ([see Figure 1](#)).

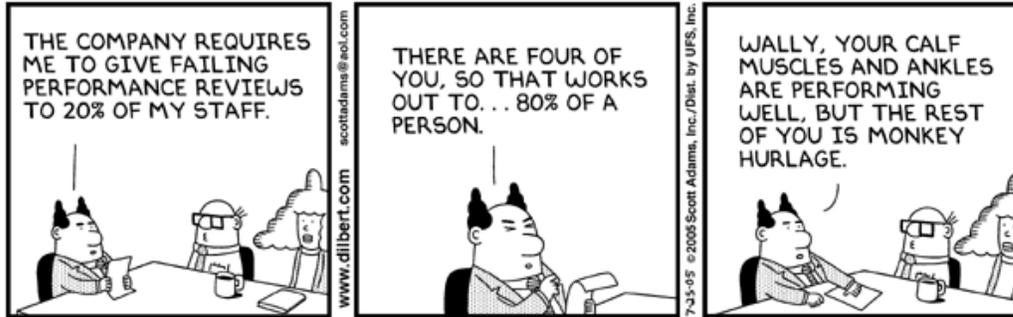
Figure 1		Performance Dimensions Likely to be Observed by Different Rating Sources			
Performance Dimensions	Subordinates	Peers	Supervisors	Customers	
Administrative			/		
Leadership	/				
Communication	/	/			
Interpersonal	/	/		/	
Decision-making		/	/		
Technical		/	/	/	
Personal motivation		/	/	/	
Customer orientation				/	

Source: *Maximizing the Value of 360 Degree Feedback*, Center for Creative Leadership, p. 19.

How is 360-degree feedback being used?

To achieve business strategy and culture change:

Once an organization has clarified its strategic direction and determined its business objectives, a 360-degree feedback process can assist in refocusing the workforce on attaining new goals by influencing behavioral changes.



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To enhance team effectiveness:

The behaviors that contribute to an individual's effectiveness as a member of a team are very different from those required in more traditional line management relationships. As organizations increasingly turn to team structures to improve profitability through enhanced efficiency, responsiveness and quality, new skill sets are required.

To ensure that critical job-related behaviors are being developed, evaluated and rewarded to meet evolving organizational requirements:

Just as individuals use 360-degree feedback to determine their own developmental needs, a company can use aggregate reports to create a profile of training and development needs for the entire organization.

Implementing 360-degree feedback

Organizations implement 360-degree feedback in a variety of ways. The 360-degree feedback programs may be implemented organization wide (i.e., all employees and managers participate by rating others and receiving feedback reports). In other cases, the organization may limit participation in the pro-gram solely to line management and/or other key contributors within the organization. The idea in each of these scenarios, however, is that the ratings are made about specific individuals, the individuals receive feedback reports, and the ratings are aver-aged across raters within each group so that the individual raters remain anonymous. In each instance, the performance dimensions on which people are rated communicate the job behaviors that are important for accomplishing the organization's business strategy.

As with any new program, careful thought and planning should be given to how it will be introduced to the organization. Pitfalls can be overcome if they are anticipated and a communication program to overcome potential stakeholder resistance is properly orchestrated ([see Figure 2](#)).

Figure 2 Overcoming Stakeholder Causes or Resistance	
Cause of Resistance	Recommended Actions
The purpose of multisource feedback is not made clear	Hold informal discussions to review feedback process; link feedback to company and personal goal attainment.
People are not involved in the planning process.	Encourage participation at all levels and solicit program advice and suggestions; establish a credible, cross-functional task force as part of the planning process.
People have negative perspectives about 360-degree feedback.	Explain what is different and unique about this process; allow people to experience the feedback process on a trial basis; make adjustments to the process based on employee input.
People are concerned about how the feedback will be used.	Begin by using 360-degree feedback for development purposes only; describe the controls in place to ensure the accuracy of the data and the integrity of the process; give people control over their feedback.
Source: Adapted from Exhibit 5.2 <i>Stakeholders' Causes of Resistance and Recommended Actions</i> . <i>The Art and Science of 360 Feedback</i> by Richard Lepsinger and Anntoinette D. Lucia, p. 113	

Pros and Cons of 360-Degree Feedback in the Performance Appraisal Process

Many of the arguments against using 360-degree feedback in conjunction with performance applications are surmountable and can be resolved with careful planning and system safeguards. For other arguments, solutions are available. ([See Figure 3](#))

Figure 3 Arguments Against Performance Applications in 360-Degree Feedback	
Feedback will lose developmental impact:	Although experience does not support this concern, the survey can be divided into two parts—one evaluative and one developmental—so that respondents have an opportunity to provide feedback on certain items that are dedicated solely to developmental feedback and are not shared, therefore, with the immediate supervisor.
Raters will inflate ratings:	Field research shows that whether results are developmental or evaluative, respondents tend to be consistent in how they respond to feedback surveys.

Users will manipulate the system:	Research shows that manipulation is just as likely to occur in development-only implementations. Intelligent scoring and safe-guards to ensure respondent accountability can be utilized to enhance system integrity in both scenarios.
Source: Adapted from <i>360° Feedback</i> , by Mark R. Edwards and Ann J. Ewen, p. 51-52.	

Arguments in favor of utilizing multisource feedback systems in conjunction with performance appraisal systems are outlined in [Figure 4](#).

Figure 4	Arguments for Performance Applications
External market influence:	External customers select organizations that provide the best product or service. One way to make this determination is to examine the way a company conducts its business. Employee productivity and satisfaction, customer service, and product quality are all measurable elements of a 360-degree feedback program.
360-degree feedback is credible and valid:	Academic and field research provides compelling evidence that multisource systems are more accurate, credible and valid than single-rater systems.
Employees prefer it:	It is not unusual for organizations that do not offer a formal system to find that employees voluntarily seek out multisource assessment information.
The feedback can be used to make pay/policy decisions:	In the absence of accurate performance measures, pay distributions can occur inequitably, undermining the power of the merit pay system. 360-degree feedback can be used to create more credible performance measures.
Source: Adapted from <i>360° Feedback</i> , by Mark R. Edwards and Ann J. Ewen, p. 53-54.	

360-Degree Feedback Literature and Research

360-degree feedback and performance appraisal–

Although it is possible to use multisource (or 360- degree) feedback to make an organization's performance management system more effective, many pitfalls exist, including: resistance to feedback, dishonest feedback and inaccuracies. A company that wishes to make the transition from using 360- degree feedback only for development

purposes to fully integrating it into its performance appraisal process needs to weigh each of these pitfalls care-fully. When 360-degree feedback is integrated successfully, it can remedy some of the flaws of the traditional performance appraisal system. It is essential, however, that feedback be seen as only one component of the appraisal, not the basis for the entire evaluation. Other points to consider include: 1) ensure that relevant data are being collected; 2) ensure no one rater can dramatically affect the out-come; and 3) train raters in what and how to observe.¹

Development only vs. performance application–

Recent research argues strongly in favor of using 360-degree feedback for career development purposes only, especially if it is used to single out a person for intensive personal counseling, or as a mechanism to handle poor performance. In other words, at times this system can be used as a process for disciplining an individual or for keeping a difficult employee in line. This is clearly a misuse of the sys-tem and can result in undermining the overall intent and value of the system to the organization.²

360-degree feedback: Executive coaching–

Multisource feedback programs require a great deal of time, effort and money to implement. Although executive coaches represent a significant expense to a firm, recent research indicates that executives who work with coaches set more specific goals based on their initial multisource feedback than those who do not. In addition, performance improves for executives who receive performance feedback. However, the effect due to coaching is generally modest and limited to ratings received from superiors and subordinates. Further research is suggested to study alternative criteria to provide a fairer and more complete test of the added value of executive coaching.³



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Footnotes:

1 Lepsinger, R., & Lucia, A. (1997). 360 degree feedback and performance appraisal. *Training*, 34,9,62-70.

2 Wimer, S. (2002). The dark side of 360-degree. *Training & Development*, September, 37-42.

3 Waldman, D. (2003). Does working with an executive coach enhance the value of multisource feedback? *The Academy of Management Executive*, 17,3,146-148.

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