



360 Degree Feedback for Development or Dollars

The Debate Continues....

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360 degree feedback is an important component of most performance and talent management processes. Despite widespread use of 360 in organizations of all sizes, the debate around the use of 360 degree feedback is still alive and well. While the issue is not new, it is nonetheless an important issue to consider in planning your organization's 360 degree feedback strategy.

The Debate

360 degree feedback systems can serve one of two purposes in organizations. First, 360 degree feedback may be used for development to assist an individual in understanding his/her own strengths and opportunities for improvement. In this case, individual's receiving feedback are provided with results and are encouraged, but not required, to share their results with their manager and create a developmental action plan.



Second, 360 degree feedback may also be used to inform administrative decision making – most commonly performance evaluations. For example, 360 degree feedback information is collected prior to performance evaluation to assist a manager in making informed performance ratings. The feedback is typically shared with both the employee and manager. Often times, the resulting performance ratings are used to make decisions regarding compensation, promotion, and succession planning.

The use of 360 degree feedback for administrative or appraisal purposes has been a source of much deliberation over the past decade, and continues to be a topic of debate as organizations increasingly integrate competency-based tools into their HR processes. Measurement of competencies during the performance evaluation process provides insight into the impact that an individual has on others and for many, is considered just as important as the achievement of results. Although some experts suggest separating development and administrative activities, organizations are increasingly using 360 degree feedback as part of performance management and succession planning programs with great success.

Consider the following issues when creating your 360 degree evaluation strategy.

Using 360 Degree Feedback for Development Only

- Employees are more likely to provide an accurate assessment of their own strengths and

development needs (less self-rating leniency is expected).

- Employees may be more comfortable providing feedback since they know that the outcomes will not impact the salary/promotion decisions concerning others. As a result, there will likely be less rating bias and manipulation (i.e., impression management, collusion, etc.).
- Employees will likely trust the process and feel comfortable receiving feedback since it is purely for their development.

Using 360 Degree Feedback for Development & Administrative Decisions

- Conveys a strong message that employee feedback is valued by the organization. Employees will likely take the process very seriously and will consequently, strive to improve performance and develop skills.
- Important decisions involving pay/promotions may require information from multiple sources. As a result, decisions made based upon 360 degree feedback are likely to be more accurate and fair.
- Feedback providers will expect to observe changes in behavior/performance improvement thereby reinforcing accountability for development.

Consider an Evolutionary Approach

As seasoned “veterans” of the design and implementation of 360 degree programs, we are frequently asked by clients and colleagues for their advice and to recommend an appropriate strategy. While there are many issues to consider, we recommend that organizations take an evolutionary approach in most cases.

Initially, an organization should consider introducing 360 degree feedback for developmental purposes only. This approach will likely work well for an organization with a culture that places a high value on employee growth and learning. As trust and openness are established, the organization may consider transitioning to using the process for administrative purposes. An evolutionary approach will ensure that the feedback process is accepted.

However, many organizations have been quite successful at initially introducing 360 degree feedback programs as a part of the performance evaluation process or for other administrative purposes. Before making this decision, organizations should determine whether or not the culture would support such a process. Cultural attributes that support the use of 360 degree feedback for administrative purposes include:

- Open communication and widespread sharing of information,
- Employee involvement in decision-making,



- A high level of accountability for performance, and
- A high level of trust and openness.

Transparency is Most Important

In either case, development only or development and administrative/appraisal, the most important factor to consider in planning your strategy is transparency. Clearly communicate to all participants:

- The purpose of the process,
- How the feedback data will be used, and
- Who will have access to the results.

Moreover, once the decision is made and you implement your strategy....the organization must not deviate from the commitment made regarding the use of the information. The misuse of 360 degree feedback can cause harm to both individuals and the organization, leaving a 'bad taste' in the mouths of those involved that will not likely go away quickly.

viaPeople's team of Industrial-Organizational Psychologists have decades of experience and domain expertise in creating strategies and implementing successful 360 degree feedback initiatives. Our Consultants have the knowledge, experience and proven success to work with your organization to develop a custom solution that will meet your goals and align with your company's strategy, values and culture. We can assist you all aspects of the implementation, including:

- Defining the purpose and process of the 360 initiative,
- Constructing 360 assessment tools,
- Leading team 360 degree feedback sessions,
- Delivering one-on-one feedback sessions to leaders at all levels, and
- Presenting aggregate survey results and recommendations to executives.

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