

# RESEARCH REPORT

FROM THE LORE RESEARCH INSTITUTE

## THE EVOLUTION OF THE TRADITIONAL 360° FEEDBACK PROCESS

BARBARA S. SINGER, MA



 **LORE**<sup>®</sup>  
INTERNATIONAL INSTITUTE

**800-866-5548**  
[www.LoreNet.com](http://www.LoreNet.com)

## THE EVOLUTION OF THE TRADITIONAL 360° FEEDBACK PROCESS FOR EVALUATIVE PURPOSES

Most senior leaders and HR professionals are familiar with the use of 360° feedback for developmental purposes, but some fail to realize how long the approach has been used for evaluative purposes in various forms. According to Mark Edwards and Ewen, authors of *360° Feedback*, 90 percent of Fortune 1000 companies are using some form of 360° feedback for at least developmental purposes. Today, innovative companies are stretching their 360° feedback process to utilize research-based techniques and technology in ways that promote increased fairness about how employees are evaluated.

It is widely accepted that as soon as 360° feedback is shown to a supervisor or HR professional, the 360° feedback can no longer be classified as developmental and is used for evaluative purposes. Most blue chip companies are striving to send a clear message about what competencies the organization considers to be important to the current strategy and future success of the organization. Hundreds of organizations today are either informally or formally making online 360° feedback part of the performance management process. This research summary outlines the state of the 360° feedback for evaluative purposes, advantages and challenges when using assessments across cultures and subcultures, generally accepted best practices, and potential pitfalls of the process.

## The Current State of 360° Feedback as an Evaluative Tool

In the past, 360° feedback was more often called multisource evaluation. This approach has evolved in the workplace extensively since the 1940s when assessment centers were invented by British Military Intelligence to assess people's performance on tests, simulations, and interviews. By the 1950s and 60s, leaders were being assessed and selected using similar approaches. In the 60s, job evaluation and promotion were often done by committee and internal selection panels—which was a more informal approach to the systems we have today.

Eventually, multisource evaluation became a popular component of performance appraisal in the 1980s. Today, leading-edge organizations like Monsanto, the U.S. Department of Energy, Westinghouse, and HP have all used 360° feedback systems to support new rewards and recognition systems that focus on critical success factors or competencies. Motorola, GM, and Lands' End have all used 360° feedback as part of their team-based reward structure.

Technology and developments in IT have contributed positively to the use and perception of 360° feedback for evaluative purposes around the globe. Not only is data collection related to performance management easier to administer and manage, there is some evidence to suggest that people experience less evaluation anxiety when gathering feedback online rather than face-to-face (Ang & Cummings, 1994). Using a 360° feedback process for evaluative purposes is one of the latest trends in the evolution in

performance management. Doing it well means following a set of established best practices as discovered through research, valid measures, and coaching.

## Launching the 360° Process to the Organization

Most research agrees that teams who launch 360° feedback processes for evaluative purposes stay focused on a set of typical participant concerns: Why is the organization adopting the new 360° model now? What's in it for me? Why are some of the ratings anonymous? Who sees the results? How will the results be used? What are my roles and responsibilities in the process? Who will debrief my assessment and how will this experience impact my career for better or worse? Other guidelines are generally accepted when launching a 360° process throughout the organization:

- ▶ Start the process at the very top of the organization—gain CEO support and have him/her be a model for the process.
- ▶ Cascade the process through your executives and officers first.
- ▶ Stagger the 360° assessments throughout the year to avoid rater fatigue. Some organizations design a schedule that allows 360° assessments to be initiated at dates linked to an employee's start date or alphabetically by last name. This approach allows 360° feedback to be happening at different levels simultaneously and does not place the burden of being a respondent all at the same time. This approach works best after the first year when the 360° feedback has been launched to all of the levels.
- ▶ After initial validity studies are completed, simplify and shorten the assessment. When delivering to thousands of people, assessments that are fair and not time consuming work best. Assessments that can be completed in less than 15 minutes and consist of no more than 40 questions are ideal. Assessments that take longer than 30 minutes to complete will sometimes be rejected or at least create frustration.
- ▶ Set the expectation that completing 360° feedback is part of everyone's job in the organization. Organizations like GE and McKinsey & Company are used to the process and anticipate requests.
- ▶ Use the most efficient and reliable online technology possible to save time, ensure scoring safeguards, collect data, and use normative benchmarks.
- ▶ Allow employees to receive their feedback first before supervisors and HR have access to the data. This allows the employee to digest the data.
- ▶ At senior levels, ensure every executive and officer receives a professional debrief with some follow-on coaching. At middle management levels and below, ensure that all participants receive at least a group debrief. Have coaches standing by to assist those who need more individualized attention.
- ▶ Host your developmental plans online and encourage participants to keep their career profile and developmental plans up-to-date.
- ▶ Conduct user surveys frequently and continuously improve the process to be more fair and accurate for employees.

## Best Practices

Researchers and organizations have learned that the following best practices are critical to follow when migrating your organization from a developmental use of 360° feedback to an evaluative application.

- ▶ Allow employees and supervisors to be involved in the development of the process.
- ▶ Use a valid process for developing competencies.
- ▶ Use a valid process for selecting respondents.
- ▶ Ensure respondent anonymity—except for supervisors.
- ▶ Use research-based protocols for collecting and scoring data.
- ▶ Ensure that participants receive feedback from a trained professional and are educated on the process ahead of time.
- ▶ Use an understandable process and technology safeguards to ensure fairness.
- ▶ Undergo user tests and validity studies.
- ▶ Include an appeal process.
- ▶ Use shorter surveys and other techniques to reduce respondent fatigue.
- ▶ Use behavioral items and rater scales that differentiate skill levels (7-point scale is ideal).
- ▶ When validity studies are complete, apply intelligent scoring systems that use methods to identify and remove the influence of obviously faulty invalid responses.
- ▶ Develop process and technology safeguards designed to reduce error and enhance process fairness.

## Considerations and Pitfalls

Organizations are challenged to be proactive in determining what could sabotage the process. Konrad Lenniger, senior consultant and former CEO of a firm who helped organizations across Europe develop 360° feedback, recommends establishing the developmental process first and then moving into an evaluative phase once the validity studies have been completed. He emphasizes that different goals have to be communicated openly to secure trust.

Data that has been collected previously for developmental purposes should not be migrated into an evaluative process without setting expectations during the developmental process. Lenniger says, “There is a good chance to create doubt about the confidentiality of the ‘old’ development process and people tend to assume that the collected data will be transferred without notice to the new evaluation system.” Practitioners agree that projects are more successful when the launch team gains executives’ commitment to participate, kicks off at the top of the organization, communicates and contracts clearly with employees verbally and in writing, and maintains exclusive developmental applications of the 360 for those who want it.

The parameters below provide an additional list of ways to avert potential pitfalls:

- ▶ Provide clear communication to set expectations for all who will participate in the process.
- ▶ Communicate early and often.
- ▶ Protect the anonymity of raters.
- ▶ Ensure that more than 75 percent of the respondents complete the assessment.
- ▶ Keep administrative overhead low.

- ▶ Identify invalid responses—train respondents. Some developers eliminate respondents whose scores are 40 percent different from the rest of the aggregate.
- ▶ Differentiate exceptional, full, and unexceptional or poor performance.
- ▶ Conduct validity studies to ensure the spread of scores accurately represents various levels of performance.
- ▶ Ensure diversity fairness—by ensuring special groups receive similar scores to others.
- ▶ Provide training for those who intend to debrief the assessments.
- ▶ Ensure user satisfaction surveys show that more than 75 percent are satisfied with the process.

Most research agrees that more emphasis needs to be placed on helping supervisors and HR professionals conduct debriefs of assessment data effectively. More emphasis can also be placed on communication and training to ensure that systems are working properly around the world. One study conducted by Maurer, Mitchell, and Barbeite (2002) discovered that 360° feedback processes were most likely to inspire employees to develop themselves when the organization was openly supportive of learning and sent messages that people can improve their own skills. Maurer et al. argue that previous research has seriously underestimated the context and culture of the organization in motivating employees.

This information provides a good reminder to supervisors and HR professionals (and coaches of all kinds) that it is critical to demonstrate a belief in development and express their own belief that the person will and can succeed. The Pygmalion effect,

not surprisingly, applies clearly to effective coaching. Another important component to the success of 360° feedback is not to underemphasize the importance of the opportunity to learn, unlearn, and relearn in our rapidly changing work environments. Individuals may be at risk of derailing because they fail to adapt to the rapid changes in industries and continue to use behaviors that were successful for them in the past that are now a hindrance to their performance. One CEO coach spends several sessions helping senior business leaders identify their “core incompetence.” Supervisors and HR professionals also need to reassure participants by acknowledging each person’s developmental strengths and worth to the organization.

## USING A 360° FEEDBACK PROCESS ACROSS CULTURES AND SUBCULTURES

Some organizations have intentionally moved away from single-source appraisal to 360° feedback because of the advantages for older workers, women, and people of color. Research shows that 360° feedback measures moderate discrimination. Some studies have shown that 360° feedback typically represents greater experience levels for older workers, are generally neutral to women, and nearly impartial to ethnicity.

A few studies have demonstrated self-assessments for men and women may be consistently skewed. Warr and Hoare in the UK (2002) discovered that women tended to rate themselves higher than their respondents for competencies related to building stronger client relationships. Men rated themselves as having higher problem-solving skills compared to their respondents. The 360° feedback process helped neutralize

assessment differences related to gender skews. It also offers substantially stronger legal protection because the model provides multiple perspectives—much like a jury structure.

A formal 360° process provides safeguards to ensure data integrity of the performance measures. It also provides guidelines with regard to predictable user concerns such as fairness in data collection, respondent anonymity, the method of scoring, and detail about how all of the information is used.

Clearly, there are challenges using 360° feedback across cultures, but most international companies hoping to promote a corporate strategy or “one organization” brand to their clients find it necessary to sacrifice country-specific models or norms once an organizational competency model has been developed. It is critical that HR professionals understand and comply with local law with regard to performance evaluation data collection of their employees. HR professionals and leaders can also expect greater acceptance of the 360° feedback process in countries where there is more familiarity with the process.

Anne-Marie Rowson (1998) discovered during years of administering the PROFILOR® around the world that “many US managers having completed assessments before were more prepared to take for granted that there will inevitably be some inconsistencies in the data, and ask fewer questions related to specific results, and are more willing to jump straight into a discussion around developmental needs” (p. 47). Supervisors and HR professionals outside of the U.S. should be prepared to answer more questions and take longer amounts of time to set expectations for participants, especially for high-context cultures.

High-context cultures typically rely on nonverbal behavior, situational factors, and cultural norms to interpret meaning. The U.S. is generally considered a low-context culture. 360° assessment can be perceived as far more direct than is culturally acceptable in high-context cultures. Employees who have been educated in and work in high-context cultures like Japan may be less comfortable and want higher degrees of confidentiality and take longer to become comfortable with the data and the process. Coaches will typically find that participants in the process appreciate time to discuss cross-cultural issues that may be impacting their work before discussing their own performance.

Researchers in some countries like the U.K. have a history of documenting dissatisfaction with performance management activities (Fletcher, 1997). Supervisors and HR professionals in such regions can also expect passive or direct skepticism about the process and may find it advantageous to address innovative ways to motivate employees in these regions. Clearly, cultural differences should be considered when using 360° feedback for evaluative purposes, and psychometric safeguards and validity studies are paramount.

## USING A 360° FEEDBACK PROCESS IN SMALLER ORGANIZATIONS

360° feedback works effectively in smaller organizations; however, they may not want to invest the money to customize a competency model to their own organization or administer the assessment. Hundreds of 360° feedback options can be purchased from a myriad of companies. Some organizations will offer you an online competency library to build your own assessments, or at the minimum will customize

aspects of their existing reports. These organizations may also allow you to benchmark your talent with business professionals from their own databases. Ask if this option is available.

When selecting an assessment, determine if an online assessment is right for your organization. Some organizations using 360° feedback at all levels of the organization find it's easier to administer some of the assessments in paper format. If this is the case, purchase an instrument that uses scanning technology or has some other way to easily score the findings and generate summary reports. Also select assessments with solid validity studies completed and who have experience working in your industry. Select an assessment that best measures a set of competencies aligned with your organization's strategic goals. Conduct your own user pilots and satisfaction surveys to ensure that the assessment you select is attractive to people in the organization. Smaller organizations may also want to use a creative blend of internal coaching and external coaching to ensure that each assessment is properly debriefed. You may also want to debrief the assessment in groups initially and make time available for those who want more one-on-one assistance. If your organization questions whether or not to pay for something that senior management thinks managers should do for free, consider the cost of writing performance reviews that may or may not be accurate or as fair to individual employees. Plan to roll up your sleeves and do most of the communication and training around the use of the new 360° feedback process. In some cases, you may have to convince small renegade business units or teams to stick to the 360° feedback assessment you select. Using the same assessment over time will enable you to identify competencies that can be correlated with top performers and individuals who derail. In summary, most organizations are or have used some form of multisource evaluation. Using online

360° feedback for evaluative purposes has both advantages and challenges. Organizations who more carefully plan communication, anticipate technology challenges and safeguards, conduct training surrounding the process, complete validity studies, and anticipate cultural variables are more likely to migrate more smoothly from a developmental use of 360° feedback to an evaluative one.

Regardless, trends in performance management suggest that the use of 360° feedback is simply the next wave in a long history of methodologies that help organizations measure their talent—and is already becoming the popular method of choice.

## References

- “Accurate Performance Measurement Tools.” 1991. *HR Magazine* (June): 95-98.
- “An Alternative to Traditional Appraisal Systems.” 1990. *Supervisory Management* (June).
- “Making Performance Appraisals Meaningful and Fair.” 1989. *Business* (July-September): 17-22.
- Ang, S., and L.L. Cummings. (1994). “Panel Analysis of Feedback-Seeking Patterns in Face-to-Face Computer-Mediated and Computer-Generated Communication Environments.” *Annual Review Psychology* 49: 141-168.
- Bretz Jr., Robert D., G. T. Milkovich, and Walter Read. 1992. “The Current State of Performance Appraisal Research and Practice: Concerns, Directions, and Implications.” *Journal of Management* 8: 321-352.
- Briscoe, Jon P., and Douglas T. Hall. 1999. “Grooming and Picking Leaders Using Competency Frameworks. Do They Work? An Alternative Approach and New Guidelines for Practice.” *Organizational Dynamics* 28 (2) (Autumn): 37-52.

- Dubois, David D., and William J. Rothwell. 2004. *Competency-Based Human Resource Management*. Palo-Alto: Davies-Black.
- Edwards, Mark R., and S.Cook. 1988. "Why Women Benefit from Multiple Rater Consensus Decision Technology." *Gender and Society* 5 (16) (Spring): 36-43.
- Edwards, Mark R., Ann J. Ewen, and William A. Verdini. 1995. "Fair Performance Management and Pay Practices for Diverse Work Forces: The Promise of Multisource Assessment." *ACA Journal* (Spring): 50-63.
- Edwards, Mark R., and Ann J. Ewen. 1996. *360° Feedback*. New York: Amacon Press.
- Fay, C., H. Risher, and D. Mahoney. 1997. "The Jobless Organization: Survey Results on the Impact of New Job Design on Compensation." *ACA Journal* (Winter).
- Fletcher, C. 1997. *Appraisal: Routes to Improve Performance*. (2nd edition). London: Chartered Institute of Personnel & Development.
- Hall, E.T. 1998. *Understanding Cultural Differences*. Intercultural Press, Inc.
- Harvey, Michael G., and Cheri Novicevic. 2000. "An Innovative Global Management Staffing System: A Competency Based Perspective." *Human Resources Management* 39 (4) (Winter): 381-394.
- Klein, Andrew L. 1996. "Validity and Reliability for Competency-Based Systems: Reducing Litigation Risk." *Compensation and Benefits Review* 28 (4) (July/August).
- London, Manuel, and Richard W. Beatty. 1993. "360° Feedback as a Competitive Advantage." *Human Resource Management* 32 (2 and 3) (Summer-Fall): 353-372.
- Maurer, Todd J., Debora R.D. Mitchell, and Francisco G. Barbeite. 2002. "Predictors of Attitudes toward a 360° Feedback System and Involvement in Post Feedback Management Development Activity." *Journal of Occupational and Organizational Psychology* 75: 87-107.
- "Moving Multisource Assessment Beyond Development. The Linkage Between 360° Feedback, Performance Appraisal and Pay." *ACA Journal* (Winter 1995): 2-13.
- Prahalad, C.K., and Gary Hamel. 1990. "The Core Competence of the Corporation." *Harvard Business Review*, 81 (May/June).
- Rahbar-Daniels, Dana, Mar Lou Erickson, and Arden Dalik. 2001. "Here to Stay—Taking Competencies to the Next Level." *World at Work Journal* 10 (1) (First Quarter).
- Rowson, Anne-Marie. 1998. "Using 360 Degree Feedback Instruments Up, Down, and Around the World: Implications for Global Implementation and Use of Multi-Rater Feedback." *Professional Forum: Using 360 Degree Instruments*, 6 (1): 45-48.
- Sackett, Paul R., and Kathy L.Z. DuBois. 1991. "Rater-Ratee Race Effects on Performance Evaluations: Challenging Meta-Analytic Conclusions." *Journal of Applied Psychology* 76 (6) December: 873-877.
- "Sustaining Culture Change with Multiple Rater Systems for Career Development and Performance Appraisal Systems." *Corporate Culture Sourcebook* (1990): 194-205.
- Warr, Peter, and Simon Hoare. 2002. "Personality, Gender, Age and Logical Overlap in Multisource Ratings." *International Journal of Selection and Assessment* 10 (4): 279-291.
- Wright, P., G. McMahan, S. Snell, and B.Gerhart. 2001. "Comparing Line and HR Executive's Perceptions of HR Effectiveness: Services, Roles, and Contributions." *Human Resource Management* 40 (2): 111-123.



Barbara Singer, M.A.

### About the Author

Barbara Singer is a faculty member and director of executive coaching for Lore International Institute. Barbara serves as coach to high-level executives from Fortune 500 companies and consulting firms, many of which have participated in Lore's 360° assessment process. In addition, Barbara oversees and conducts Lore's coaching certification program and coaches clients and internal faculty who are learning to facilitate Lore's other programs. She has held the role of director of certification, researcher, writer, and project manager for many of Lore's programs. She authored *Influence and Collaboration and Work Values—Organizational Building Blocks*, and has edited many other publications. She is MBTI® certified, and she designed Lore's MBTI program.

Barbara previously worked for a regional planning commission in Ohio, interned at the Medical College of Ohio in the child psychiatric unit, was an account manager for Union Corporation, and served as a regional sales manager for a firm that served the resort industry. Barbara's client list includes Bayer, Bell South, Brown & Root, Halliburton, Bechtel, Cargill, FreeMarkets, Seagate, the Gartner Group, McKinsey & Company, GE Information Services, and various government and nonprofit agencies.

She earned her B.A. from Bowling Green State University for dual degrees in Interpersonal Communications and Psychology. Barbara has completed her Masters Degree in Counseling from Adams State College. She is a member of the Association for Psychological Type, the American Counseling Association, and the International Coaching Federation.