

## **Should 360 Feedback be Used as Part of Performance Management?**

Since the use of 360 degree feedback and upward appraisals have become more widespread, one of the most vexing issues is whether the process should form part of an overall performance management program. 360 feedback is particularly useful for developmental purposes as it is helpful to be able to view one's own performance from the perspective of several groups. However, when a decision is to be made, such as evaluating a developmental activity or making an administrative decision (for example, pay or promotion), the research offers only contradictory evidence. McLean suggests that 360-degree feedback seems well established when used for voluntary individual developmental purposes.<sup>1</sup>

Organisations however are seeking to maximise the value of 360 data beyond the established coaching, learning and development activities and include its use within a performance management framework. 360 'traditionalists' would argue strongly against such useage as this would reduce the 360 to merely a 'popularity contest' or a 'chance to get even with the boss', especially where a reward were linked to a performance review outcome. The converse argument is that, if a performance review outcome did not include at least some 360 data, then the appraiser (usually the appraisee's immediate manager) would have sole control in determining a performance rating which, in itself, could result in accusations of subjectivity or favouritism.

The challenge therefore is to identify whether there is an acceptable approach which maintains the integrity of 360 feedback yet facilitates a more balanced and objective performance management rating. Having carefully considered this challenge, we suggest the following as an approach to satisfy both requirements:

1. Include 360 feedback as the behavioural component and one of a number of performance assessment criteria. As a suggestion, other components could be based on non-behavioural models such as 'Balanced Scorecard' which would assess perspectives such as customer service, internal processes, innovation and learning and financial measures.
2. Prior to the raters completing their 360 survey forms, they should receive information on the purpose of the activity as well as training in making objective assessments (for example, overcoming rater bias and discrimination, the 'halo' effect, central tendency, the recency effect, cognitive dissonance etc). This approach will improve the chances of the 360 being applied in a consistent and appropriate manner.

---

<sup>1</sup> G.N. McLean, '360-degree feedback: Does it belong in the practitioner's toolkit', *Paper presented at the 1996 American Society for Training and Development Internal Conference and Exposition*, June 1996.

3. Provide a formula for the determination of an overall rating of performance so that the whole process maintains integrity and transparency. This is even more critical where there is a financial reward linked to the performance rating. The formula should clearly indicate the weighting given to the 360 data in relation to the other criteria.

We suggest that the 360 feedback component should account for no more than 20% of the overall performance rating. 360 feedback is more a developmental rather than an assessment tool and therefore a weighting not exceeding 20% would seem appropriate.

Furthermore, some 'intelligent scoring' process should be considered. By this, we suggest that where a rater has provided consistently extreme ratings (that is, scoring only the highest or lowest ratings throughout the survey), then the rater's intentions are questionable and the ratings should therefore be discounted.

4. For the above reason, it is better to have more rather than fewer raters, where possible. While more raters are more likely to produce an 'averaging' effect, they will also 'neutralise' the impact of any rater consistently providing questionable extreme scores.
5. The raters invited to participate in the 360 process should be strongly encouraged to provide their input although they should be advised that their participation is voluntary.
6. Instead of the performance review interview being solely a 'top-down' approach, include discussion of other rater perceptions from the 360 to provide greater balance and perspective. In our opinion, a 360 process should always include provision for written comments so that there is a qualitative dimension to support the quantitative data. This enriches and validates the performance review discussion. It also facilitates the identification of learning and development plans for subsequent review and follow up. The appraiser must receive adequate training to conduct this activity effectively and to ensure that all 360 inputs are considered, not merely those which support the views of the appraiser.
7. Support in the achievement of the learning and development plans should be provided through an appropriate coaching or mentoring program. Such a program would cover issues such as:
  - Review of the 360 feedback data and written comments obtained
  - Identification of improvement options
  - Advice about where to focus efforts for individual development
  - Agreement on the coaching and improvement priorities

- Ongoing practical coaching and mentoring, development and advice on those agreed areas for change.
8. The use of a 360 process should be linked to an annual re-administration, say prior to each new performance management cycle in order to quantify the changes in rater perceptions as a result of the implementation of the learning and development plans.
  9. The usual security and confidentiality safeguards associated with 360 feedback need to be reinforced, especially because of the added sensitivity of the link to performance management.

In conclusion, organisations seeking options for enhancing the effectiveness of performance management are likely to find attraction in the use of 360 feedback as an input. Where performance management is used solely to determine a performance rating and reward outcome, the research does not endorse the use of 360 feedback. However, with a carefully considered approach, an effective linkage between 360 feedback and performance management can lead to the identification of more informed learning outcomes and developmental action plans.

### ***About the Author***

Roland Nagel is Director of Nagel Consulting Pty Limited and a 360 Feedback Facilitator, Executive Coach and Registered Psychologist. He specialises in performance and productivity improvement issues at work and has identified the need for Australian business to address the significant challenge of developing high potential leaders through multirater feedback. He is particularly experienced in the use of 360 feedback and coaching to enhance a leader's effectiveness in the areas of performance management and the management of change.

For further information, contact:

Roland Nagel  
Nagel Consulting Pty Limited  
Level 57, 19-29 MLC Centre  
Martin Place NSW 2000  
Phone: (02) 9371 0001  
Fax: (02) 9371 0664  
E-mail: [360feedback@nagelconsulting.com.au](mailto:360feedback@nagelconsulting.com.au)  
[www.nagelconsulting.com.au](http://www.nagelconsulting.com.au)