Improvements in Performance Management Through the Use of 360 Feedback

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Improvements in Performance Management Through the Use of 360 Feedback

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The purpose of this commentary is to complement the lead article by Pulakos, Mueller Hanson, Arad, and Moye (2015) by proposing the incorporation of 360 feedback as another means of improving performance
management (PM). A 360 feedback refers to the practice of soliciting anonymous ratings and narrative comments on the job performance and other behaviors of the focal employee from a wide range of others who have worked with the employee. These sources include peers, subordinates, other managers, and often customers, as well as the immediate supervisor and self-ratings. There is an extensive body of research literature on 360s. Almost 300 articles and books have accumulated on the topic over the past 30 years (Campion, Campion, & Campion, 2014), resulting in substantial knowledge about the usefulness and effectiveness of 360s. Although the primary purpose of 360s has been employee development, 360s are being increasingly used within PM systems.

We believe that the framework that Pulakos et al. (2015) have proposed is in essence geared toward creating what organizational theorists might refer to as an “ambidextrous” PM system. In organizational theory, the term “ambidexterity” has been coined to explain why firms thrive under dynamic conditions. In particular, this is accomplished through the dually focused pursuit of facilitating efficiency (i.e., through exploitation of current competencies) and generating flexibility (i.e., through exploring for, and developing, new competencies necessary for survival; see He & Wong, 2004; March, 1991; Patel, Messersmith, & Lepak, 2013). In close parallel to this concept, with the framework that they have presented, Pulakos et al. (2015) have argued for a more intentional focus on developing PM systems capable of (a) efficiently exploiting and/or reinforcing desirable, existing employee behaviors on a day-to-day basis and (b) defining and developing desirable, new employee behaviors in real time in order to ensure individual and organizational flexibility in response to the increasingly dynamic nature of work in organizations today.

We believe 360s have the potential to support the achievement of this desired end. Thus, we begin by highlighting two key points that Pulakos et al. (2015) have made and examining how the incorporation of 360s into a PM system enhances the system’s ability to seek and acquire the information necessary to define and develop desired employee behaviors in light of these points. After that, we go into greater detail, explaining how 360s are likely to improve a PM system’s ability to measure and motivate (i.e., exploit) desired employee behaviors by addressing three fundamental problems that have historically limited the effectiveness of these systems.

**Exploration: Defining and Developing Desired Behaviors**

**Involvement**

One key point Pulakos et al. (2015) have made is that managers cannot create an effective PM system alone. Parties, such as managers and lower level employees, are jointly responsible for this effort. Indeed, effective
performance is increasingly interdependent in organizations today (Griffin, Neal, & Parker, 2007). Thus, information from an individual’s network (e.g., supervisor, subordinates, peers, customers) is needed for the individual to effectively understand, perform, and develop in his or her role. In fact, this is precisely the argument on which 360s are based. The 360s not only solicit information of different types (qualitative and quantitative) from a greater number of unique perspectives but also facilitate information transference among these sources. In so doing, 360s may provide a more effective means of identifying and defining new knowledge, skills, abilities, and other characteristics (KSAOs) as well as behaviors that “matter,” whether it be because these KSAOs and behaviors are relevant to individual and unit outcomes (Pulakos et al., 2015; also see Ployhart, Nyberg, Reilly, & Maltarich, 2014) or because they are often unobservable to managers. An enhanced ability to seek out and identify KSAOs and behaviors that matter, in turn, may aid managers in more effectively recognizing employees for their contributions that are not necessarily observable. It may also aid managers in their attempts to coach their subordinates through “teachable moments” (Pulakos et al., 2015). Finally, because they naturally make individuals’ learning partners more salient to them, 360s may provide an effective means through which a firm can weave new behaviors into daily work.

A Systems-Level Perspective

A second key point Pulakos et al. (2015) have made is that a more systems-level perspective is needed. To be sure, their point is that understanding how the PM system fits within the organization’s entire talent management ecosystem enables smoother large-scale changes to be made to the PM system. We agree, and we would take this a step further by proposing that 360s may, when incorporated into the PM system, enable employees themselves to develop a more systems-level orientation regarding how the KSAOs they have and the behaviors employees exhibit impact key stakeholders (e.g., other organizational members, customers) as well as how employees fit within the organization’s mission. This, in turn, may facilitate a greater understanding of the importance of developing new KSAOs and behaviors that the firm’s PM system identifies as most critical. In this way, “what” behavior matters becomes more salient and the “how” and “why” become better understood.

Exploitation: Measuring and Motivating Performance

As an addition to an organization’s PM system, 360 feedback has the potential to address at least three fundamental problems that have plagued PM systems throughout history. First, performance ratings tend to be unreliable and, perhaps, biased in part because of the fact that they are based on the
judgments of a single person, usually the supervisor (Murphy & Cleveland, 1995). Second, performance ratings tend to be lenient and insufficiently differentiating, often to the point of making them useless (Roberson, Galvin, & Charles, 2007). Third, for these reasons and others, performance ratings are not accepted as accurate and fair by employees (Folger, Konovsky, & Cropanzano, 1992). Thus, the incorporation of 360s into PM can improve PM by helping raters address these three problems.

**Increasing Reliability and Reducing Bias**

Incorporating 360s into PM should increase reliability and reduce bias for several reasons. First, increasing the number of raters will increase interrater reliability, if there is any correlation among the ratings (Shrout & Fleiss, 1979). Research on the reliability of 360 feedback shows that it can be highly reliable, far exceeding the reliability of a single supervisor. For example, in a meta-analysis by Smither, London, and Reilly (2005), the mean reliability of subordinate ratings was .63, and the mean reliability of peer ratings was .55. Smither et al. estimated the retest reliability of self-ratings to be .61. This compares with the meta-analytic mean reliabilities of supervisor ratings of .52 reported by Viswesvaran, Ones, and Schmidt (1996) and .48 reported by Rothstein (1990).

Second, 360 feedback broadens the range of inputs into the performance evaluation by including those who have worked with the employee in different contexts. This should reduce deficiency, thus increasing the validity of the resulting measure of job performance. According to Church and Bracken (1997, p. 150), “such systems are based on the simple assumption, derived in part from measurement theory, that observations obtained from multiple sources will yield more valid and reliable (and therefore more meaningful and useful) results for the individual.” Although there is some controversy, most of the evidence suggests that the different rating sources provide some unique information on performance based on their differing perspectives (e.g., Conway & Huffcutt, 1997; Greguras & Robie, 1998; Hannum, 2007; Harris & Schaubroek, 1988; Viswesvaran, Schmidt, & Ones, 2002; but cf. LeBreton, Burgess, Kaiser, Atchley, & James, 2003).

Third, 360s measure, and thus encourage, teamwork, corporate citizenship behavior, and other important aspects of job performance that are not always measured well in other performance evaluation systems. A major trend in research on PM is the recognition of the expanded domain of the facets of job performance (e.g., Borman & Motowidlo, 1993; Griffin et al., 2007; LePine, Erez, & Johnson, 2002; Smith, Organ, & Near, 1983). The 360s are a timely complement to traditional PM systems because they are better able to capture these facets (e.g., Antonioni, 1996; London & Beatty, 1993). Many jobs in organizations involve intensive interaction with
other employees, and not all aspects of job performance are visible to the supervisor.

Fourth, by including input from disparate voices, 360s should reduce the opportunities for individual biases or idiosyncratic views to influence outcomes. Research suggests that 360s should enhance many dimensions of procedural justice both conceptually (e.g., Flint, 1999) and empirically (e.g., McDowall & Fletcher, 2004). Flint (1999) presented a model of organizational justice to explain how employees would react to 360s. McDowall and Fletcher (2004) found that a measure of procedural justice rules predicted fairness perceptions of a 360 process.

Reducing Leniency
The 360s should reduce the leniency in PM ratings for at least two reasons. First, the anonymous nature of 360s should encourage candor. This is a fundamental assumption underlying the use of 360s since their inception (e.g., Bernardin, 1986; Waldman, Atwater, & Antonioni, 1998). In fact, in a survey following an early 360 feedback intervention, London and Wohlers (1991) found that 24% of respondents said they would have rated the manager differently if the ratings were not anonymous. In a later experimental field study, Antonioni (1994) found that subordinates in a nonanonymous condition rated their managers significantly higher than did the subordinates in an anonymous condition.

An important research question is whether there would be more leniency if the 360 ratings were used as an input in PM. In a survey study, London and Wohlers (1991) found that 34% of respondents said they might change their ratings. Another study showed that 360 ratings for development purposes were more reliable than were 360 ratings for evaluation purposes, but this was only true for subordinates and not for peers (Greguras, Robie, Schleicher, & Goff, 2003).

Second, because ratings are collected from multiple sources, there will be checks on whether leniency is occurring. Leniency from all sources (e.g., peers, subordinates, other managers, etc.) would seem to be less likely than would leniency from just one source. In the review by Campion et al. (2014), 115 articles and book chapters were found to be devoted to the meaningfulness of differences in feedback from the different sources.

Increasing Acceptance
Simply put, it is harder for employees to question the accuracy of performance feedback when it comes from multiple sources. A negative evaluation from a supervisor might be discounted by attributing it to the peculiarities of the supervisor (e.g., “She does not like me”), but the feedback is much harder to dismiss when everyone is telling you the same thing, including your peers,
subordinates, and others with different perspectives and motivations. Giving greater attention to the opinions of other coworkers in addition to the opinions of the supervisor is an inescapable consequence of the trend toward increasing teamwork in U.S. organizations over the last 20 years (Posthuma, Campion, Masimova, & Campion, 2013).

Early research suggested considerable acceptance of 360s among employees if used properly (McEvoy & Buller, 1987), and other research since that time has shown that acceptance of 360s might depend on a host of factors, such as organizational culture and implementation (e.g., Waldman & Bowen, 1998). There is also more recent research suggesting that employees will attend to the different rating sources (peers, supervisors, subordinates) and that some sources are perceived to provide more credible information on certain performance dimensions (Greguras, Ford, & Brutus, 2003).

**Should 360 Feedback Be Incorporated Into Performance Management?**

Except for the earliest related research using “buddy ratings” to select military leaders in the 1940s and 1950s (e.g., Hollander, 1954; Wherry & Fryer, 1949) and a resurgence of research on using “peer nominations” for promotions in the 1970s (e.g., Kane & Lawler, 1978; Lewin & Zwany, 1979), the modern version of 360 feedback was originally developed for the sole purpose of employee development, especially management development (e.g., Hazucha, Hezlett, & Schneider, 1993; Maurer, Mitchell, & Barbeite, 2002). There is considerable controversy over whether 360s should be used for evaluation as well as development or reserved just for development. Opponents argue that using 360 feedback for evaluation will ruin its proven value for development because raters will be less candid, ratings will be less accurate, political forces will be at play, recipients will be less accepting of feedback, and numerous other problems will arise if 360s have administrative consequences like implications for pay or promotion (e.g., DeNisi & Kluger, 2000; Toegel & Conger, 2003). This suspicion has also been raised in the focal article by Pulakos et al. (2015).

Proponents argue that using 360s for evaluation will have the benefits articulated in this article. Moreover, the use of 360s is a trend that is occurring with or without our approval. Whether we like it or not, organizations are moving forward in using 360s for PM input. So, our choice is to help organizations do it better or be ignored.

The benefits of 360-feedback’s involvement are numerous. For example, based on a review of almost 300 articles and book chapters on 360 feedback written by authors in our field over the last 30 years, Campion et al. (2014) identified 56 “best practices” from the findings of the research and the recommendations from practitioners on the full range of topics: strategy, items, scales, raters, administration, training, interpretation, development, and
review. The guidance this voluminous literature has to offer is an invaluable resource to help improve PM through the use of 360s.

References


A Performance Management Solution: 
Productivity Measurement and Enhancement System (ProMES)

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Pulakos, Mueller Hanson, Arad, and Moye (2015) have stated that performance management (PM) best practices have resulted in the dissatisfaction of employees and managers with PM reviews and systems. The authors have