



The Value of 360-Degree Feedback
A DRC White Paper

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360-degree feedback is widely used by many organizations as a tool for development and/or personnel decision-making purposes (Rose & Walsh, 2004). The literature on this topic is extensive, with several books in print on the subject (e.g., *The Handbook of Multisource Feedback* by Bracken, Timmreck, & Church, 2001; *The Art and Science of 360 Feedback* by Lepsinger & Lucia, 1997; *Maximizing the Value of 360-degree Feedback* by Tornow & London, 1998) and many academic studies published since the early 1990s when 360-degree feedback began to be popularized (Bracken, Timmreck, & Church, p. 27). Multiple sources indicate most Fortune 1000 companies have some form of a 360-degree feedback.

Among this wealth of literature and research, several reasons are provided to conduct 360-degree feedback and a number of benefits have been cited. DRC's review of this literature indicates that five benefit themes tend to dominate.

360-degree feedback:

1. Encourages communication by increasing the opportunity for feedback and providing a safe method for voicing concerns.
2. Supplies structure and resources for development by identifying areas to improve upon and the resources to support improvement (e.g., action plans)
3. Enhances team effectiveness by increasing accountability and communication
4. Provides organizations with valuable information that can be used to drive change
5. Strengthens the customer-supplier relationship by increasing the focus on customer satisfaction

A sample of specific sources listing reasons and benefits of 360-degree feedback are presented below.

Reasons for conducting 360-degree feedback

Dalton (1998) lists five reasons for using 360-degree feedback.

1. To address the needs of strategically important populations
2. To take charge of your own career
3. To bring everyone up to the standard
4. To change the culture
5. To change the norms around the giving and receiving of feedback

Harris and Heft (2001) list six purposes of 360-degree feedback.

1. Clarify and drive organizational mission and vision
2. Create accountability
3. Serve as an aggregate metric
4. Change organizational culture
5. Improve communication
6. Serve as a human resource management tool

Lepsinger and Lucia (1997) list three uses of 360-degree feedback above and beyond individual development.

1. To achieve business strategy and culture change by clarifying the behaviors that are required to support these initiatives
2. To enhance team effectiveness
3. To ensure that critical job-related behaviors are getting developed, evaluated, and rewarded (as part of human resource management systems)

360-degree feedback benefits

Kaufman et al., (2007) show that Dell, Inc. managers who completed the 360-degree feedback process had more promotions from within their groups, higher levels of group performance, and retained more key talent (better employee retention) than managers who did not engage in the 360-degree feedback process.

Rose and Mongeon (2007) demonstrate that managers are a critical influence on employee engagement and ultimately organizational outcomes. For instance, they found that managers who performed well on the 360-degree feedback assessment showed markedly higher sales for their units compared to managers who scored lower.

Morgenson et al., (2005) lists eight benefits of a 360-degree program.

1. Opens candid discussion on undesired work behaviors from sole concern with supervisor evaluation to also being concerned with peer and subordinate evaluation
2. Increases formal and informal feedback
3. Increases management learning
4. Increases the focus on customer service
5. Encourages goal setting and skill development
6. Calls attention to important performance dimensions heretofore neglected
7. Changes corporate culture
8. Improves managerial behavior and effectiveness

Walker and Smither (1999) followed managers over the course of five years and found that manager 360-degree feedback scores improved over this period and showed a significant association with customer loyalty.

Antonioni (1996) describes five positive outcomes from 360-degree feedback.

1. Increases awareness of appraisers' expectations
2. Improves work behaviors and performance
3. Reduces "undiscussables," specifically, appraisers' feelings and perceptions about the appraisees' undesired behaviors
4. Increases periodic informal 360-degree performance reviews
5. Increases management learning

Edwards and Ewen (1996) describe six benefits of 360-degree feedback to key stakeholders.

1. Strengthens customer-supplier relationship
2. Encourages employee participation
3. Provides team member accountability
4. Provides supervisor performance information
5. Provides information to leaders and managers
6. Helps organizations gain information on organizational strengths and weaknesses, leadership gaps, and training needs

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