

## MANAGERS' PERFORMANCE EVALUATION USING 360-DEGREE FEEDBACK METHOD (CASE STUDY: SYSTEM GROUP COMPANY)

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### ABSTRACT

*Through the current research which aimed to evaluate the System Group Company's managers' performance by using 360 degree feedback method, some information have been gathered related to managers' merit appraisal by using structured questionnaire (researcher-administered survey), from 3 points: self-assessment and evaluation of the managers under supervision of superior manager and evaluation of the superior managers. The stability of the questionnaire is 0/938 which was tested via The Cronbach's (alpha) coefficient. The questionnaire includes 72 questions and has designed to assess 7 main merits of managers: communication, planning, organizing, controlling, leadership, decision making and team work. The statistical population consists of 75 managers, 44 people were selected by systematic (random) sampling method. The data was collected through, at least, 23 under supervision managers, 16 middle managers and 5 superior managers involve the manager (who is evaluating). Testing the hypothesis which included 1 main hypothesis and 8 sub-hypotheses was conducted by using One Way Anova and LSD technique and the following results, whether prove or reject the hypothesis, achieved. Main hypothesis was: "there is no significant differentiation among "the self-assessment results" and "superior managers-evaluation results" and "middle managers- evaluation results" and "under supervision managers- evaluation results" in System Group Company." (The hypothesis rejected at 95% and 99% level of the significance. The results of hypothesis testing show that the managers of the System Group Company had significantly evaluated their merits; in the other word, there is no differentiation among the superior managers' viewpoints and the middle managers' viewpoints and under supervision managers' viewpoints.*

**Keywords:** 360-degree feedback, performance appraisal, feedback, performance management

### INTRODUCTION

One of the most important resources within the organizations and companies is Human resources. A part of management measures is about applying and utilizing of these resources more effectively and efficiently, which makes the effective management of performance as a most important duty of managers. The performance appraisal is an integrated process of assessing and strengthening behaviors and the results of staffs' works which relied on various patterns and experiences. Jazayeri (1378) & Boyatzis (2009) consider the appropriate performance as competence and ability. McClelland (1976) quoted from Caiiao & Wang (2009); the appropriate performance is a basic characteristic of individual which leads to effectiveness in an organization. Klemp (1980) spencer & spencer (1993) according to Massey (204) stated that merit is as individual characteristic which has an important role in achieving success and gaining access to the organizational objects and also contains some features such as knowledge, expertise, value, motivation, innovation and self-control.

Meanwhile, one of the most important patterns is 360-degree feedback which is a method of evaluation and collect data from superiors, co-workers, subordinates and probably customers. One who is evaluating, evaluate him too, and this evaluation will added to the general combination of the feedback. Millmoer and Biggs (2007) mentioned other names of 360-degree feedback, such as multi source feedback, multi rater feedback, full circle appraisal. Lepsinger & Lusia (2009) considered the 360degree feedback and equal with multi source feedback and have used the term of “360-degree feedback” to evaluate managers’ performance ,because these methods show standard assessments of behaviors judgments and are used for performance appraisal and development of planning systems. (Maning and et al)

Performance appraisal questionnaire is used in the current study and contains 7 components; programming (planning), organizing, communication, control, leadership, decision making and team work). Whereas the above mentioned method was proportional to the theoretical foundation of this study, this method was used. With the assistance of the experts and professors and after getting the associate professor and advisors confirmation, Delphi technique approved and used for gathering information and data, after applying some changes and some reforming.

The advantage of using these methods is that the results are the nearest estimations to reality. The 360 degree feedback can be one of the new systems for evaluating staffs in the organizations which attempts to offer more actual recognition and knowledge by gathering different viewpoints from different sources. (Filtcher & Baldry, 2000)

These days, emerging issues such as flat structures, and decentralized reporting structures, transformation of the performance management systems and their natures and also increase in staffs’ preoccupations”, made necessary the existence of those managers who can get better feedback from the available performances and resources. In addition, regarding the current competitive markets, the organization should recruit the best workforces and maintain them and should choose a method for performance evaluation and improvement in order to maximize the staffs’ capabilities. This method should be:

First of all; effective and efficient, particularly well-timed and low cost and evaluate and improve staffs’ performance. The Second should optimize educational (instructional) expenditures. The Third, bringing leaders up who positively motivate staffs and lead to decrease in desertion and increase in overall efficiency in the organization.

All the mentioned factors have caused the organizations seek a multi-sources evaluation method by which develop both individuals and the organization. The 360-degree method is using by the most of higher organizations and companies, for evaluating their managers, as the best assessment method which meets all the organizations’ present needs.

The 360-degree feedback provides more comprehensive and accurate information through gathering the main stakeholders’ viewpoints, which can prepare stronger basis for decision making about personnel (such as promotion, reward, transfer, etc.) and for educational program planning. Among 1000 registered companies in Fortune magazine, 90% have used multi-sources feedback methods (360-Degree feedback). (Atwater & Waldman, 1998)

The 360-degree feedback and multi-sources feedback process had derived from advanced methods of performance appraisal process, organizational studies and researches and customers’ feedback. And it was established and developed because of emerging team and more flat structures and also because of existence some weakness and deficits in traditional performance management.

Today, more than 80% of the registered companies in Fortune magazine are using 360-degree feedback method. This method is a comprehensive and stakeholder-oriented process which is conducted in group and all persons in the organization who are connected with evaluating person, direct or indirect; such as boss, subordinates, co-workers and customers and also the evaluating person, himself, are involved so that the actual conclusion about his job performance can be identified.

### THE GOALS OF RESEARCH

1. Compare and analyze the managers' planning performance evaluation in the System Group Organization by using 360-degree feedback process.
2. Compare and analyze the managers' organizing performance evaluation in the System Group Organization by using 360-degree feedback process.
3. Compare and analyze the managers' communication performance evaluation in the System Group Organization by using 360-degree feedback process.
4. Compare and analyze the managers' decision-making performance evaluation in the System Group Organization by using 360-degree feedback process.
5. Compare and analyze the managers' control performance evaluation in the System Group Organization by using 360-degree feedback process.
6. Compare and analyze the managers' leadership performance evaluation in the System Group Organization by using 360-degree feedback process.
7. Compare and analyze the managers' team-work performance evaluation in the System Group Organization by using 360-degree feedback process.

### RESEARCH METHOD

Through the current research which aimed to evaluate the System Group Company's managers' performance by using 360 degree feedback method, some information have been gathered related to managers' merit appraisal by using structured questionnaire (researcher-administered survey). The stability of the questionnaire is 0.938 which was tested via The Cronbach's  $\alpha$  (alpha) coefficient. The questionnaire includes 72 questions and has designed to assess 7 main merits of managers: communication, planning, organizing, controlling, leadership guiding, decision making and team work. 44 people were selected by systematic (random) sampling method from a statistical population of the managers consists of 75 managers. The data was collected through, at least, 23 under supervision managers, 16 middle managers and 5 superior managers involve the manager (who is evaluating). In this research the Anova, Independent T- tests, One Way Anova, LSD technique and Leven test are used.

### FINDINGS & ANALYZING DATA

According to the 360-degree feedback method, a difference is observed among the results of managers' performance evaluation (communication, planning, organizing, controlling, leadership, decision making and team work) in the System Group Organization.

The table 1 shows the testing of the fundamental assumption of analysis of variance. The table show that, according to sig= 0.126, at the level of  $\alpha$ = 0.05, the Leven test is not significance. Hence, the condition of the variance equality in the dependent variables is accepted.

**Table 1. Frequency and the percentage (the amount) of the samples' familiarity with the 360-degree feedback method according to planning component**

<i>Component</i>	<i>Variable</i>	<i>Responder</i>			<i>Frequency</i>	<i>%</i>
		<i>Operative managers</i>	<i>Middle managers</i>	<i>Superior managers</i>		
Planning Organizing	Above the mean	23	16	5	44	100.0
Communication Leadership Decision-making	Bellow the mean	-	-	-	-	-
Team-work	Mean	-	-	-	-	-

**Table 2. Compares central tendency and scattering indexes among performance evaluation' components**

<i>Performance evaluation' components</i>	<i>Average</i>	<i>The Standard Deviation</i>	<i>Variance</i>
Planning	3.9455		.067
Organizing	3.7955	.34527	.119
Communication	4.1429	.36552	.134
Leadership	4.2231	.44642	.199
Decision-making	3.7773	.43608	.190
Team-work	3.9838	.44243	.196
Control	3.7462	.38250	.146

**Table 3. Leven test for equality of the error variances**

<i>Components</i>	<i>F- statistics</i>	<i>Degree of freedom in nominator</i>	<i>Degree of freedom in denominator</i>	<i>Significance level</i>
Planning	2.177	2	41	.126
Organizing	1.697	2	41	.196
Communication	.246	2	41	.738
Leadership	1.297	2	41	.284
Decision-making	.022	2	41	.978
Team-work	.942	2	41	.398
Control	.942	2	41	.398

**Table 4. Shows the summary of the one-way analysis of variance(planning, organizing, communication, leadership, decision-making, team work and control) with respect to the level of management(excellent(supreme, middle, supervision)**

<i>Changes Resources</i>	<i>Sum of the Squares</i>	<i>Degree of Freedom</i>	<i>Mean Squared</i>	<i>F- Statistics</i>	<i>Significance Level</i>	<i>Degree of Effect</i>
Planning	.001	2	.000	.004	.996	.000
Organizing	.099	2	.49	.403	.671	.019
Communication	.005	2	.002	.017	.984	.001
Leadership	.052	2	.026	.125	.883	.006
Decision-making	.199	2	.100	.512	.603	.024
Team-work	.087	2	.044	.215	.808	.010
Control	.375	2	.187	1.298	.284	.060

**Planning**

According to table 4, the averages of managers' planning merit appraisal are approximately equal in every three level of management. This table shows that the average of planning component evaluation, in every three levels of management, is high. According to the results, it seems that the managers don't behave in an opposite way with their subordinates or superiors. This similarity in the results can be due to the similarity in the structures, the dominant bureaucracy, goals and the organization's macro policies in the long term and strategic planning, because all of the organizations have the great goals and purpose to enhance the members' capability levels in every activity and providing optimal services for the society. The similarity in the results verifies and validates the alignment within the organization, regarding to achieve determined objectives, which is necessary for both the organization and the society.

**Organizing**

The above tables show that the average of the managers' organizing evaluation, according to the managers' viewpoints in every three levels, is in high level. Jentri & Sweet (2010) suggested that whenever self-assessment differ from other evaluations (evaluating others), the person will be encouraged to provide some condition in which the other persons evaluations don't be lower that his/her evaluation. Probably this is due to the daily great interactions and intercourses between managers in order to planning and optimized utilizing of the educational tools and equipment. In other word, the managers will be evaluated in a higher level because the supervision and middle levels managers are in more closer contact with other staffs and also are aware of the other managers' viewpoints regarding to the function distribution, jobs grouping and delegating authority and sharing responsibilities and also are aware of its difficulty.

**Communication**

The table 4 shows that the average of the managers' communication evaluation, according to the managers' viewpoints in every three levels, is in high level. The communication is vital for every organization's survival and performing duties and management roles isn't possible without establishing adequate communication. Whenever managers use self-assessment and

subordinates assessment for evaluation, they have to know that the averages of their self-assessment's average scores are higher than the staffs' selves- assessments' averaged scores. And as previously noted, managers evaluation is more conservative than co-workers' evaluation.

### **Leadership**

The findings show that the average of the managers' leadership evaluation, from their view points, and through self-assessment, is at a high level. "The difference of viewpoints" is the most disputable issue about evaluating leadership in many researches. The many studies show that the managers' view-points about the leadership don't significantly differ from subordinates' view-points. Perhaps, this is as a result of the subordinates' unfamiliarity with the organization' general policies and the lack of close interaction.

### **Decision-Making**

According to all above and according to the results of the tables 3, 4 T the level of the managers (superior, middle, supervision) has no effect on the average of the decision making merit evaluation. In addition, the results show that the managers for evaluating their decision making merit gave the high scores to their selves. Of course, decision making is the most important, difficult and risky task of managers and chiefs. Making wrong decision will cause serious and irreparable losses and harm to the organization or person. Today, the importance of making appropriate and logical decisions is clear to the managers because of complexity of the organizations and great expenditures of operation and the extent of organizational structures. Managers not only should make appropriate decisions but also have to be careful about the subordinates' decisions making.

### **Team Work**

According to the table 4, the level of the managers (superior, middle, supervision) has no effect on team work merit evaluation average score. Also there is no significant difference among their averages, also among their viewpoints, separately. So, the hypothesis isn't approved about this component, because coordinating and making an optimal combination of the staffs will cause high team work performance.

### **Control**

According to the findings of the seventh sub-hypothesis, the effect of responder on the average of the control merit evaluation is not significance. In other word, in which level the responder is located, has no effect on the average of the control evaluation so the 7th sub hypothesis is not validate (confirmed). The table 4 shows that the average of the control evaluation form self-assessment of the managers is at a high level. Also the findings of the testing this hypothesis showed that there is no significant different among the managers' viewpoints. A difference among the viewpoints is a disputable issue in evaluating control merit in most of the researches. Many of the studies show that there is no significant difference between the managers' viewpoints and subordinates' viewpoints.

## **CONCLUSION**

The current study have compared and analyzed the managers' merits by using the 360 degree feedback method. The considered performances include planning, organizing, communication, leadership, control, decision making and team work which have evaluated from different level responders; superior, middle and supervision. In general, the results showed that there is no significant difference among the evaluation results of 360 degree feedback. Totally, it may be concluded that if the managers 'merits have been determined by



experts and skillful persons and have been clearly and obviously defined, having a competent and capable and sagacious persons for management will be possible, even its possible to train and apply capable successors in the organization in order to lead this organization and the other organization towards supreme goals and lead to popularize and gain reputation for guiding and leading. In order to determine and recognize the merits, should be used of validate and accurate methods, one of these methods is “360 degree feedback”. This method contains the least partiality and errors. As noted previously in theoretical basic of the goals and hypothesizes, the 360 degree feedback systems mainly includes equal level coworkers’ feedbacks, subordinates, superiors’ feedbacks and also self- assessment which according to the nature of the business, the outside evaluators such as customers will be added to this collection. The management evaluation is usually according to his/her manner in different situation, merits; especially leadership and team work. In the theoretical basis of this research, the 360 degree feedback evaluation method and the required merits of the managers of the educational departments were be noted that include planning, organizing, decision making and team work.

The findings show that the researcher supposed that: “the evaluating person, who is the manager himself in this study, has a great effect on the results of himself merits, skills and performances evaluation.” So if he is requested that evaluate himself perfectly as he really is, and if he is assured that the information will be kept confidentially, the competent and skillful managers will be found and applied to lead the organization towards the lofty and excellent goals and purpose.

### **EFFICIENT SUGGESTION**

According to the general findings of this research, it suggested to hold some workshops, training courses, consulting sessions, congress, meetings and seminars consisting the explaining the managers’ performances and the necessity of them, the 360 degree feedback method and how to use it, making trust(validating) , organizational justice, solving conflicts in the working environment, evaluation principles and techniques, also presenting training packages with the aim of familiarity with the managers’ merits and skills, the 360 degree feedback in order to gain the individuals ‘ support and cooperation is recommended. In addition, in order to evaluate the staffs’ merits and different level team works, enhance staffs and members skills and plan to solve the conflicts and problems and also determine the group prospect, it’s advisable to utilize their performances. On the other hand, their familiarity with how their duties’ executive planning according to the organization policies is arranged will cause to provide the appropriate condition for performing duties and optimizing managers’ merits which lead to improve and progress of the merits.

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