A Comparative Study of the 360-Degree Evaluation Method and Traditional Evaluation Method in Imam Reza (AS) Hospital

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ABSTRACT

The research that has been done in the area of evaluation methods all seek to achieve an efficient evaluation system for employees. The purpose and expectations of an organization determine performance evaluation method. Although most researchers and human resource managers believe that comprehensive and time consuming methods provide us with more effective information, the important point is that a suitable method based on organization situation and using cost analysis must be selected. 360-degree evaluation is an evaluation method in which a list of the merits is provided and all people involved in organization including superiors, colleagues, subordinates and the individual will be asked directly and indirectly to assess somebody on the basis of the merits required. The appraisee also participates in the process of self-evaluation. The present paper aims to investigate the difference between two types of evaluation methods including 360-degree evaluation and traditional evaluation among the employees and managers of Imam Reza Hospital in Kermanshah Province. The study sample is composed of all staff involved in Imam Reza Hospital including 50 managers, 46 physicians and also 479 employees who were surveyed by traditional evaluation method and 360-degree evaluation method. The data obtained using independent t-test and F-statistics and multiple comparison Tukey test showed that there is a significant difference between the means of the results obtained from the traditional evaluation method and 360-degree evaluation method, and 360-degree method provides the system with a more accurate evaluation than the traditional method.

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Introduction

For years, scientists and researchers have used various methods for the performance evaluation. However, as most organizations today are built on the matrix foundations and structures and it is not possible to separate the performance of an individual from others in such organizations, a 360-degree evaluation method can provide more information on the organization members.

360 degree feedback is a new feature of performance management. This method has not yet been widely popularized and research performed by I.P.D Institute in 1997 indicated that only 11 percent of the organizations under study utilize such method in their performance evaluation procedures. However, increasing interest has been shown toward it.

According to Ward’s definition (1997) 360-degree feedback is "the systematic collection of feedback on the performance of a person or group of people that result from stakeholders' views about their performance". Feedback often is presented as a way to rank different dimensions. “Multi-faceted evaluation” and “multi-source feedback” are other names of 360-degree feedback.

In 360 degree feedback process, performance data can be presented by the manager, direct reports, colleagues and internal customers. The feedback can involve other stakeholders, external customers, clients or suppliers (sometimes known as feedback 540). Sometimes self-evaluation process as another source of feedback is used to compare the levels of performance. Feedback can be offered through colleagues (in a team), or by both colleagues and team leaders. It can also be in the form of 180-degree feedback or bottom-up feedback.

360-Degree Evaluation System Model

In the bottom-up method, subordinates offer feedback to managers. Feedback may be offered directly to individuals, or to managers, or to provide both. Counseling and coaching to individuals as a result of feedback may be done by a member of the human resources department or an external consultant.

360 degree feedback can be used to achieve a number of objectives. Research done by Ashridge Department of Management Studies (Hindi et al. 1996) showed that the 360-degree feedback is usually a part of a self-nurturing or management development.

The present study that was conducted in 45 organizations showed that:

-71 Percent of them used this method only to strengthen learning and development.
-23% of them use it to support human resource processes, such as performance evaluation, staffing and succession planning.

6 percent of them used it to support the decisions of the reward.

A survey study (1997) performed by Performance Management Group (unpublished) in 22 organizations that had used 360-degree feedback showed that 77% of them either disagreed or strongly disagree with the statement that “360-degree feedback is a personal development tool, and should not be used for broader goals of the organization or human resources”.

Also, 81% disagree or strongly disagree with the statement that “the use of 360-degree feedback intends to provide a basis for rewarding”. Also L.P.D survey study also showed that 51 percent of organizations surveyed mainly utilized 360-degree feedback to determine development needs of individuals, and to commission a basis for conducting their performance. Only one in five respondents used this method to rank the performance and determine bonuses.

**Literature Background**

360-degree feedback systems have developed widely due to the popularity of more flat organizational and team structures and also in response to the problems that exist with traditional performance management systems (Ron Kaspion, 2000). There are different definitions of this process. Generally, 360-degree feedback or multi-source feedback is a performance evaluation approach that builds on data collected from supervisors, colleagues, subordinates, customers and suppliers (McCarthy, 2001).

It was Lawler in 1967 that first argued that evaluation based on the data obtained from a source cannot provide all the required information on the performance evaluation of a person and performance problems can be resolved only through multi-aspect information. Jones and Bailey state that the study done by Fletcher and Boldi shows that almost 10 percent of American organizations have used 360-degree feedback method since the mid-1980s.

They also stated that in 1995, 20 largest companies in the world extensively used the 360-degree feedback evaluation method. They also made clear that a team of these companies applied 360-degree feedback method on all levels of company. They added that this method was used in 93% of companies for job development and staff training, and in 28% of companies for staff performance evaluation.

Nelson writes that in 1994, 22 companies out of 32 companies listed in Forchow magazine used 360-degree feedback.

In a study entitled “the relationship between appraiser impact and three sources of 360-degree feedback evaluation” by Antonioni and Park published in the Journal of Management, it was examined whether appraiser impact can have a similar impact on facilitation of evaluations and three sources of 360-degree feedback evaluation (manager, subordinates, colleague) or not, and whether there is an interaction between appraiser impact and facilitation of colleague and managers. The authors also showed that this impact increases with an increase in time.

In Iran, R. Gharaeipour in a study entitled “A study of merits of the managers of SAPCO Co. using 360-degree feedback method” concluded that the data related to the evaluation of managers that has been gathered through standard questionnaire, self-evaluation perspectives, evaluation of the staff under supervision, evaluation of superior manager and also customers indicate that the managers of SAPCO estimated their merits so higher than three other groups. The second high score belonged to evaluation of the staff under supervision, and the evaluation of superior managers and customers were in third place.

In another study by Alborz Ghaitani entitled “an evaluation of the merits and competences of the faculty members of Boroujerdi Islamic Azad University by using 360-degree feedback, it was concluded that there is a significant difference between the results from the evaluation of students and the results from the professors’ self-evaluation and also between the results from self-evaluation and from the evaluation of students. In addition, there is not any significant difference between the results from students’ evaluation and the results from the team managers and between the results from the evaluation of students and colleagues, and also between the results from professors’ self-evaluation and the results from the team colleagues’ evaluation.

In a study entitled “an evaluation of the relationship between the evaluation of the students in Faculty of Psychology and Educational Sciences on the teaching quality of the university professors and the students’ mean scores in educational year 2008-2009 in the University of Tehran” by Nouroz Ali Karamdoust (7), it is indicated that for almost 450 educational course that their evaluation scores was accessible, there was a weak correlation (0.135) at the significance level of 0.003 between the professor evaluation scores and the students’ mean scores.

**360 degree Feedback**

Ward (1995) defines 360-degree feedback as: “the systematic collection of feedback on the performance of an individual or group that results from the views of some beneficiaries of performance”. The common words used for 360-degree feedback include stakeholder evaluation, multi-criteria feedback, multi-source evaluation, evaluation of subordinates, team evaluation, multi-faceted evaluation, or multi-degree (McCarthy, 2001: 5).

To recognize the importance of improving the delivery of services, 360-degree feedback method was implemented for evaluating the performance by managers since 1993. The purpose of this method is to create some routes to receive information and also strengthen the principles of client-centered approach and improve the service culture (Gloria Chang, 2002: 141).

360-degree evaluation will generalize feedback input information from a one-dimensional approach in a top-down approach toward a multi-dimensional approach (subordinates, colleagues and customers) (McCarthy, 2001: 4).

360-degree feedback data can be obtained from various sources that one of them is data. Data is collected as the feedback of the individuals, organizations and systems offered by various stakeholders. Today, most of feedbacks are offered in the form of paper or electronic questionnaire by various parties such as employees, managers, clients and other stakeholders. Generally, it is through good feedback that can enhance individual performance and improve opportunities and exploit them. Regarding the importance of increasing the use of 360-degree feedback, Ellman et al (1998) say:

1- It is assumed that providing feedback help managers to be informed of the attitudes of colleagues, subordinates, supervisors and clients to create positive change in their behavior.

2- It is assumed that the components of a 360-degree feedback process lead to increase the level of trust and communication, less complaints and more satisfied customers. (McCarthy, 2001: 5).
By an evaluation of different individuals, 360 -degree feedback makes staff more aware of other aspects of their competence, and help people to investigate their performance from different angles (Shrestha, 2007:29). 360 -degree feedback is an approach that collects the behavioral observations of the different layers within the organization and it involves self -evaluation as well (Jaefari et al., 2009, 93).

In 360 degree evaluation, trust and confidence between the appraiser and appraisee is necessary and inevitable. This is because in case the feedback is wrong or biased, the results negatively impact staff, feedback system is criticized, and employees become discouraged (Mam Ford & Gould, 2009: 79).

One advantage of the evaluation by colleagues and counterparts is that their feedback is more reliable and accurate than that of supervisor. 360-degree evaluation method is mostly inter-organizational and external appraisers are less involved in the evaluation which this can be one of the weaknesses of this method (Lipsinger & Lucia, 1995:45).

**Mistakes in the process of obtaining feedback**

Some problems can occur in the process of getting feedback that may lead to failure. Some of these include:

1. Wrong perceptions: in feedback process, participants usually infer that only the negative aspects of performance are important and they usually neglect positive sides. Wrong perceptions of this group of people can increase the risk of such errors. Such types of evaluations usually lead to discouragement.

2. Because of the lack of honesty and openness in providing feedback, intelligent people in organization will face some challenges.

3. Personal biases of appraiser: the results of many studies indicate that this factor affect the feedback provided.

4. Other’s influence: mostly due to a relatively short time span, most people should be evaluated, which each of them may be influenced by previous ones.

5. Newness: usually what has happened recently stays in the mind better. For this reason, what affects the employee's performance evaluation is the behavior that appraiser has seen from employee recently or in the past (Sa’adat, 2003: 242).

6. Generalization: it is taking a unique feature into account, so that it impacts individual performance and is regarded as the basis for decision making.

Next generations of 360-degree feedback

Over the past 20 years, the concept of evaluating the performance of staff and individuals based on the multi-source or multi-degree evaluation has been discussed under the pattern of 540- and 720- degree that the difference between these patters is in terms of receiving and describing the sources that feedbacks are taken from them.
Similarly, further use of the number of scores and their continuous addition shows the more extensive feedbacks offered by appraiser inside and outside the organization (Goel, 2008:39).

In today’s competitive world, only organizations can survive that are able to use their resources as best as can. One important organizational source is manpower. Given that employees need to become aware of the feedback of their organization on them in order to compensate past weaknesses, to enhance their effectiveness and utility and also to discover their ability, performance evaluation of manpower is one of the most sensitive issues in organization.

Classic managers would perform evaluation to control their employees, while nowadays the main goal of evaluation is to guide employees for group participation to enhance effectiveness and utility of organization.

360-degree feedback evaluation system mainly aims to seek feedback from various sources such as directors, associates, subordinates, team members, clients, and suppliers, and thereby achieve more accurate information about the performance of employees.

Statement of Problem

Research that has been done in the area of evaluation methods all seek to achieve an efficient evaluation system for employees. The purpose and expectations of organizations determine performance evaluation method. Although most researchers and human resource managers believe that comprehensive and time consuming methods provide us with more effective information, the important point is that the suitable method for an organization must be selected using cost-benefit analysis.

360-degree evaluation is an evaluation method in which a list of the merits is provided and all people involved in organization including superiors, colleagues, subordinates and the individual himself will be asked directly and indirectly to assess somebody on the basis of the merits required.

The appraisee also takes part in the process of self-evaluation. The results from the evaluation are collected and are given to the appraised person (Iran Khodro Training Center, 2006).

The main objectives of research:
1. Review of the traditional evaluation system
2. Review of the 360-degree evaluation system
3. Review of differences between 360-degree method and traditional evaluation method
4. The importance and necessity of research
5. The importance and necessity of research

Today, issues such as the emergence of flat structure, decentralized reporting structures, changes in the shape and nature of the performance management system and increase in business of employees have necessitated the existence of the managers that are able to receive more feedback from their accessible capital (i.e. manpower) as their most valuable asset.

In this study, in order to maximize the ability of the employees in Imam Reza Hospital, a performance evaluation method may be used that help self-nurturing, leadership development, management enhancement and staff educational need fulfillment and also increased team effectiveness.

In this regard, the 360-degree feedback can be a powerful tool for raising awareness of the importance of aligning organizational leader behavior, customer expectations and increasing employee participation in leadership development and effectiveness of the work unit. Secondly, 360 degree feedback can manage complexity of management work and enhance value of data from different sources.

Thirdly, 360-degree feedback can make us focus on the significance of performance aspects that can be neglected most of the time (Landen & Biti, 1993).

Main Research Questions

1- Is there a fundamental difference between the 360-degree method and the traditional evaluation method?
2- Does 360-degree evaluation system promote teamwork and quality of services among hospital staff of Imam Reza (AS)?
3- Does 360-degree evaluation system provide managers with more comprehensive and proper information on the hospital’s staff.

Research Special Questions

First question: Is there a significant difference between the results obtained from traditional evaluation method and self-evaluation?
Second question: Is there a significant difference between the results obtained from traditional evaluation method and evaluation of managers?
Third question: Is there a significant difference between the results obtained from traditional evaluation method and evaluation of colleagues?
Fourth question: Is there a significant difference between the results obtained from traditional evaluation method and evaluation of staff?

Research Main Hypotheses

H1 There is a significant difference between the results obtained from traditional evaluation method and 360-degree feedback
H2 360-degree evaluation system does not enhance teamwork and service quality of the personnel in Imam Reza Hospital
H3 360-degree evaluation system provides managers with more comprehensive and proper information on the hospital’s staff.

Research Secondary Hypotheses

First Hypothesis: There is a significant difference between the results obtained from traditional evaluation method and self-evaluation
Second Hypothesis: There is a significant difference between the results obtained from traditional evaluation method and evaluation of managers (supervisors)
Third Hypothesis: There is a significant difference between the results obtained from traditional evaluation method and evaluation of colleagues
Fourth Hypothesis: There is a significant difference between the results obtained from traditional evaluation method and evaluation of employees

Research method: this research is descriptive (survey) and of a field type. This is because the authors of the present study mainly aim to do a real, objective and ordered description of a state or issue.

Variables: the effectiveness of 360-degree evaluation was considered as predictor variable and the effectiveness of traditional evaluation as the variable under prediction.

Statistical population: the study population is composed of all the staff in Imam Reza Hospital that worked in this hospital in 2012 and 2013.

Sample Size and Sampling Method

Sampling was done by a random classification method that was composed of all staff involved in Imam Reza Hospital including 50 managers, 46 physicians and also 479 employees. Based on Cochran Test, 757 were selected as the sample. The main criterion to select this statistical population was their different work situations.
Instrument to implement the evaluation model: the measurement instrument in this study is questionnaire that was performed by traditional method and 360 degree method and all the items of the questionnaire were extracted and analyzed at both methods and different levels.

Statistical analysis method: descriptive statistics as well as the analysis of variance are used to compare differences. In addition, t-test and Tukey test are applied for examining pairwise differences between the groups. Tukey test is a non-parametric test that can help researcher to do a pairwise comparison of temporal difference where null hypothesis is rejected.

Data Analysis

As it could be seen in the Table, the calculated t (9.25) is greater than critical t (2.57) at the alpha coefficient 0.01. Therefore, H0 is rejected and with 99% confidence coefficient, it could be concluded that there is a significant difference between traditional evaluation method and the 360-degree feedback. The mean standard error in the traditional method is 0.1 and it is 0.04 in 360-degree method, which is closer to the normal distribution given the limits of error in 360-degree method.

In 360-degree method, the sample size gets greater and gets smaller, and so the limits of error reduce. The table findings indicate that 360-degree method provides a more accurate estimation of the system and has less bias.

As it could be seen in the Table, the observed F (17.49) is greater than critical F (3.32) at the alpha coefficient 0.01. Therefore, H0 is rejected and H1 is confirmed. With 99% confidence coefficient, it could be concluded that there is a significant difference between traditional evaluation method and self-evaluation variables and also evaluation of colleagues, staff and supervisors. In the next table, Tukey test shows the pairwise difference between the evaluation groups. The findings of the present table show the differences between these two methods in the evaluation of the staff.

Given the rejection of H0 for testing the pairwise difference of the means, Tukey test was used that the pairwise comparison shows the following findings:

1- Regarding the difference between the traditional method and the first colleague, given Tukey value (27.75) that is greater than the critical value of q (3.86), so there is a significant difference between the traditional evaluation and the first colleague.

2- Regarding the difference between the traditional method and the second colleague, given Tukey value (9.25) that is greater than the critical value of q (3.86), so there is a significant difference between the traditional evaluation and the second colleague.

3- Regarding the difference between the traditional method and the self-evaluation, given Tukey value (66.75) that is greater than the critical value of q (3.86), so there is a significant difference between the traditional evaluation and the self-evaluation.

4- Regarding the difference between the evaluation of the first colleague and the second colleague in 360-degree evaluation method, given the Tukey statistics (18.5) and critical value of q (3.68), it could be concluded that there is a significant difference between the viewpoints of the colleagues.

5- Regarding the difference between the evaluation of the first colleague and the self-evaluation in 360-degree evaluation method, given the Tukey statistics (39.25) and critical value of q (3.68), it could be concluded that there is a significant difference between the viewpoints of colleagues and self-evaluation in 360-degree evaluation.

6- Regarding the difference between the evaluation of the second colleague and the self-evaluation, given Tukey value (57.75) that is greater than the critical value of q (3.86), so there is a significant difference between the second colleague and self-evaluation.

Data Analysis: Evaluation of managers

As it is shown in the table, the calculated t (2.18) is greater than the critical t 2 at alpha coefficient 0.05. So H0 is rejected and with 95% confidence we can say that there is a significant difference between the traditional evaluation method and 360-degree evaluation method. The mean standard error in the traditional method is 0.24 and in another method is 0.13. In 360-degree method, the size of the sample gets higher and gets smaller and so the limits of error reduce.

Therefore, it could be concluded that 360-degree method provides a more accurate estimation of managers’ evaluation and has less bias. The findings of the table show the difference between two methods of traditional evaluation and 360-degree and also error value, that indicates 360-degree evaluation method has a higher efficiency than traditional method.

As it is shown in the table, the calculated t (6.14) is greater than the critical F (3.83) at alpha coefficient 0.01. So H0 is rejected and H1 is confirmed. With 99% confidence we can say that there is a significant difference between the traditional evaluation method and self-evaluation variables and evaluation of colleagues and supervisors in relation to managers. The findings of the table show that the results obtained from 360-degree evaluation are completely different from the traditional evaluation method.

As it is shown in the table, the calculated t (0.38) is greater than the critical t (1.98) at alpha coefficient 0.05. So H0 is rejected and H0 is confirmed. With 95% confidence we can say that there is not a significant difference between two groups of physicians and non-physicians in 360-degree feedback. The value of the mean standard error in the physicians group is 0.34 and in the non-physicians group is 0.107. This error results from the size of the sample, as the physicians’ sample size is less than the non-physicians. The findings in the table indicate that in the 360-degree evaluation method, there is not a significant difference between the physicians and non-physicians in terms of scoring of the staff.

Discussion & conclusion

Based on the study findings and data, it could be concluded that there is a significant difference between the means of the evaluation results in a traditional evaluation method and 360-degree feedback. Therefore, the primary hypothesis of the study is confirmed and these results are consistent with those of Antonioni (2002), Gharaeipour (2003), Vaghtiani (2007) and Javaherizadeh (2010). In addition, based on the means of the evaluation results in the traditional evaluation method and self-evaluation and also the evaluation of managers, colleagues and subordinates, given the Tukey value in the Table 4, the study primary hypotheses are confirmed.

Given that the basis for the performance evaluation in the 360-degree method is built on an access to a multi-faceted feedback not only by managers but also by peers, customer and manpower under supervision and given the data obtained in the study in which the error of the traditional method is 0.1 and that of 360-degree method is 0.04, so the results of 360-degree evaluation are closer to the normal distribution than traditional method, and given that the sample size in 360-degree gets higher and gets smaller, the 360-degree method gives a more accurate and correct estimation of the staff performance.
This method is an instrument for helping staff to enhance their performance. This method helps managers to do a correct evaluation of their staff, and especially it secures managers and supervisors against any bias and error toward their subordinates.

In the today’s organizations, multi-faceted evaluation method is widely popularizes, so that 360-degree feedback has been used in almost 500 companies including Forchon, and 95% of these companies use multi-faceted studies and evaluations.

Finally, it could be concluded that 360-degree method provides organization with more accurate and reliable results regarding the organizational performance of staff and this method can provide organization decision makers with more helpful results on education and evaluation of staff, particularly in modern management where performance and use of potential and capacity of staff is an indispensable component of higher utility. Therefore, it is recommended that:

1-Because the 360-degree evaluation method helps managers to become aware of attitudes of colleagues, subordinates, supervisors and clients, it is rational that hospital and health and treatment complex use this method in the evaluation of their managers.

2-It is rational that in order to enhance clients’ trust, communication and satisfaction and to reduce their complaints, 360-degree evaluation method rather than the traditional evaluation method is used for evaluation of physicians and the faculty members.

3-As 360-degree evaluation method exposes further aspects of competence to the decision makers and helps us to evaluate people from different dimensions, it is recommended that all internship students, nursing students and also the students of the last year of BA in medical sciences are evaluated by 36-degree method

4-It is recommended that, in a time period of two years, to evaluate other employees if AJA treatment and health complex, 360-degree method can be used.

Suggestions

1-Prior to the application of 360-degree method to evaluate performance, it is necessary to clarify how to use and implement it in the organization, and if necessary, required training should be given to the users.

2-Feedback is a good opportunity to create positive changes in team behavior. Feedback should encourage people in organization to support each other (rather than create problem for each other) and to enhance the culture of team work.

3-Multi-source feedback is something more than only one instrument. It is a process in which several events are facilitated. Receivers of feedback may have not sufficient knowledge on their work field, so some sessions are held by managers and practitioners to facilitate feedback and exchange of ideas and comments.

4-In order to present 360-degree feedback as a completely new approach, it should not be related to rewarding decisions and human resources. This is because in case people believe that the data obtained can influence their salary, occupation and position in organization, they hardly present objective replies and feedback process is considered by them as something more than a simple performance (Fani-Abbasi, 2002).

5- 360-degree feedback process should be supported by higher management in organization and also other managers should be encouraged to follow this plan (McCarthy, 2001).

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