

## THE USE OF 360 DEGREE FEEDBACK METHOD IN EVALUATING AND IMPROVING THE GAPS OF COMPETENCIES : CASE STUDY AT PT EIGERINDO MPI

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**Abstract-** The background of this research is due to the doubts of the company director in evaluating competency of his employees. Based on that, the purpose of this research is to find out competency requirements from HR, develop competency evaluation method and identify competency gaps out of the evaluation, and then to provide suggestion and recommendation for PT Eigerindo Multi Produk Industri. PT Eigerindo Multi Produk Industri is the producer and distributor of outdoor gear most known as Eiger. The name Eiger is inspired from a gallant mount of the Alps of Bernese, Switzerland, mount Eiger. Established on 17 of August 1989 and has 125 stores all over Indonesia until now. The methodology used in this research is 360 degree feedback evaluation method. The feedback is done with competency identification. The definitions of competency are mostly taken from Spencer's competency dictionary, and chosen based on HR section chief interviewed. The data analysis starts from create job key performance indicator, identify requirements of competencies, and determine the expected and current levels of competency. Then followed by calculate the competency gaps using simple subtraction of expected level to current level, and find out the gaps which have urgency to be improved, and give recommendation of improvement for PT Eigerindo Multi Produk Industri. From this research, there will be a conclusion and some recommendations. The result shown there are four employee job positions that can be evaluated. Furthermore, there are several significant gaps occur in each of job position while averaging the competency gaps for sales and retail division, which is lead to some incompatibility between existing employees competence with their job requirements. At the end of this research, there will be several recommendations for company and further researcher. The recommendations for the company are to educate and train the evaluated employees and use the calculation of 360 degree evaluation on this study as a reference. Furthermore, another recommendation is addressed for further researcher to create recommendation of improvement by also find out about the closeness of evaluators with the ones evaluated.

**Keywords:** competency, key performance indicator, 360 feedback evaluation, competency gaps

### Introduction

Nowadays, where there are so many continuous changes, either on people's willingness to be an entrepreneur, regulation changes, or evolving technologies, competitions take place in many areas, one of which is in the field of business. There are numerous challenging factors that keep the business alive and progressing. There are 5 main factors, referring to Porter's 5 forces, which must be controlled by a company to continue to survive. They are, the bargaining power of buyers, bargaining power of suppliers, competition among existing companies, threat of new entrants, threat of substitutes. In addition to the 5 major factors, a change in supply and demand, as well as any changes in government laws and regulations is also a challenge that must be faced by a company. There are scores of ways for a company to adapt quickly, one of which is to improve the performance of the company to be able to conduct business in a more effective and efficient manner, so that when changes occur, companies only have to do a slight improvement in line with

the changes taking place and not make the frame. Human resource strategy can be an important step to improve the performance of the company. Bulla and Scott (1994) stated that the process for ensuring that the human resource requirements of an organization are identified and plans are made for satisfying those requirements.

PT. Eigerindo Multi Produk Industri, or better-known as Eiger is a well-known company specializing in the manufacture and retail of adventure equipment. It is Mr. Ronny Lukito that firstly founded the company in Bandung. From the interview the author has conducted with owner Mr. Ronny Lukito, there has not been any theory applied to compass the competencies which are compulsory for Eiger's employees. Eiger's owner would like to know whether there is any tool that can be used to identify level of competencies and find the gaps that potentially need to be improved. To that end, the author will conduct a 360 degree feedback evaluation method for PT. Eigerindo MPI.

## Literature Review

This section will explain about the literature reviews used in this research which includes b2b marketing, e-commerce, consumer decision process, and technology acceptance model. Each of the theory will be explained to better understand each aspect of the research

### Human Capital Management

The concept of human capital is most usefully viewed as a bridging concept – that is, it defines the link between HR practices and business performance in terms of assets rather than business process, based on Scarborough and Elias in 2002. They also stated that features in human capital that are so crucial to firm performance are the flexibility and creativity of individuals, their ability to develop skills over time and to respond in a motivated way to develop contexts. Human capital consists of the intangible resources that workers provide for their employers, it was defined by Bontis et al (1999), the human elements of the organization are those that are capable of learning, changing, innovating, and providing the creative thrust which if properly motivated can ensure the long-term survival of the organization. That way it is a must for the employer to periodically renewing their employees' capability if the employer wants greater investment, this goes aligned with the statement of Ehrenberg and Smith (1997) that conceptualizes workers as embodying a set of skills which can be "rented out" to employers. It also aligned with Chatzkel statement in 2004 that HCM is an integrated effort to manage and develop human capabilities to achieve significantly higher level of performance.

### Key Performance Indicator

For this research, the author needs to know the key performance indicators (KPI), because as we know, each division or department of a company will not have the same task and goals one another. Cited from AMESA research (2012), key performance indicators, in practical terms and for strategic development, are objectives to be targeted that will add the most value to the business. Martin Fowler (2003) in his book also stated that Key performance indicators can also lead to perverse incentives and unintended consequences as a result of employees working to the specific measurements at the expense of the actual quality or value of their work.

### Job Analysis

Human Resource Management consider job analysis as a vital factor for doing their activities that associated with it. Schneider, B. and Konz (1989) explained that the application of job analysis techniques makes the implicit assumption that information about a job as it presently exists may be used to develop programs to recruit, select, train, and appraise people for the job as it will exist in the future. The information obtained from job analysis would be elaborated in Job Description and Job specification. Dessler (2011) explained that job description is a list of job's duties, responsibilities, reporting relationship, working conditions, and supervisory responsibilities – one product of job analysis. Job specifications is a job's "human requirements," that is, the requisite education, skills, personality, and so on – another product of job analysis.

The supervisor of human resources specialist normally collect one or more of the following types of information via the job analysis :

- Work activities. First, he or she collects information about the job's actual work activities, such as cleaning, selling, teaching, or painting. This list may also includes how, why, and when the worker performs each activity.
- Human behaviors. The specialist may also collect information about human behaviors the job requires, like sensing, communicating, deciding, and writing. Included here would be information regarding job demands such as lifting weights or walking long distances.
- Machines, tools, equipment, and work aids. This includes information regarding tools used, materials processed, knowledge dealt with or applied (such as finance or law), and services rendered (such as counseling or repairing).
- Performance standards. The employer may also want information about the job's performance standards (in terms of quantity or quality levels for each job duty, for instance). Management will use these standards to appraise employees.
- Job context. Included here is information about such matters such as physical working conditions, work schedule, and the organizational and social context – for instance, the number of people with whom the employee would normally interact. Information regarding incentives might also be included here.
- Human requirements. This includes information regarding the job's human requirements, such as job-related knowledge or skills (education, training, work experience) and required personal attributes (aptitudes, physical characteristics, personality, interests).

### Competency

Competency is sometimes thought of as being shown in action in a situation and context that might be different the next time a person has to act. To be competent a person would need to be able to interpret the situation in the context and to have a repertoire of possible actions to take and have trained in the possible actions in the repertoire, if this is relevant. Regardless of training, competency would grow through experience and the extent of an individual to learn and adapt (Collin, 1989). Competencies have been become a precise way for employers to distinguish superior from average or below average performance. A well sound Competency Model will help with performance management, succession planning and career development (Raven, J., 2001).

### Evaluation 360 Degree Feedback

However, to gain information about competencies that are important for a person, author should conduct 360 degree feedback scoring. As stated by Bracken and Rose (2011) that the results from a 360-degree evaluation are often used by the person receiving the feedback to plan and map specific paths in their development. Results are also used by some organizations in making administrative decisions related to pay and promotions. When this is the case, the 360 assessment is for evaluation purposes, and is sometimes called a "360-degree review." However, there is a great deal of debate as to whether 360-degree feedback should be used exclusively for development purposes, or should be used for appraisal purposes as well (Waldman et al, 1998).

### Methodology



Figure 1: Research Methodology

**Problem Identification:** Explain the problem identification and research scope and limitation based on the case background

**Research Objective:** Explain the theories used to reach the main purpose of this research

**Research Question :** The reason of author made the list of questions was to identify the objectives that those the author will adress specifically

**Data Collection:** The data gathering process that related with the main research topic

**Data Analysis:** The analyzed and calculated data as the core of this research

**Result & Conclusion:** Shows the result of this research objective and conclude it to answer the entire research problem

#### Data Collection and Analysis

The data collected from PT Eigerindo Multi Produk Industri (MPI) is the data that are related with key performance indicators and job analysis from the head quarter and store in Bandung, West Java. In this phase, the data will be collected qualitatively through interview with the section chief of human resource division of Eiger's and focus group discussion with its 10 employees.

#### Sales and Retail's Key Performance Indicator

Table 1: Sales and retail's KPI

UNIT	KEY PERFORMANCE INDICATOR
Sales & Retail	A high or increasing customer retention rate.
	Positive brand sentiment on social media platforms.
	Keeps the quality of the customer service and provide a reflection of the public's perception of your business.

These KPIs are going to be used for weighing the competencies for each division, means to determine the importance of each competency.

#### Sales and Retail's Competency Analysis

Besides key performance indicator, there is another important thing that is necessary to identify required competencies, it is the dictionary of competency of spencer and spencer's.

Below is the weighing of competencies filled by Mr. Ferry (HR Section Chief) referring to the KPI list above. The weighing used 0-2, 0 (zero) as not important or no need for a division for the competency, 1 is for slightly important, and 2 is for very important competency to have.

No	UNIT	SPENCER & SPENCER DICTIONARY OF COMPETENCY																			
		ACH	CO	INFO	INT	IU	CSO	IMP	OA	RB	DEV	TW	DIR	TL	AT	CT	EXP	SCF	OC	SCT	FLX
1	Sales & Retail	2	2	1	2	1	2	0	1	2	1	1	1	2	2	1	2	2	1	1	2

Table 2: Research Methodology

The author only took the competency with the weight of 2 since the number stands for very important competency to have. According to this, there are 11 competencies that very matter for sales & retail division to have, which are achievement orientation, concern for order, initiative, customer service orientation, relationship building, teamwork, team leadership, analytical thinking, expertise, self-confidence, and flexibility. These chosen competencies later will be used to conduct 360 degree scoring :

1. Achievement Orientation. Employee's degree of task concern to work with either standard or above. Achievement Orientation has 3 sub-competencies :

- Intensitas dan Kelengkapan
- Achievement Impact
- Degree of Innovation

2. Concern for Order, Quality and Accuracy. Employee's encouragement to reduce the uncertainty in the work field, particularly with regard to data and information. Concern for Order has 1 sub-competency :

- Perhatian terhadap tugas

3. Initiative. Desire to go beyond the expected requirements or work – do something without waiting for orders in advance. Initiative has 2 sub-competencies :

- Dimensi waktu
- Self-motivation

4. Customer Service Orientation. The desire to help or serve customers. This competency has 2 sub-competencies :

- Focus on Client's Need
- Initiative to Help or Serve Others

5. Relationship Building. The amount of effort to build or maintain social relationships or social relationship networks to keep warm and familiar. This competency has 1 sub-competency :

- Action taken to influence others

6. Teamwork and Cooperation. Willingness and ability to cooperate with others, to be part of a group. Teamwork as a competency has 3 sub-competencies :

- Intensity of fostering teamwork
- Size of team involved
- Amount of effort

7. Team Leadership. Willingness and ability to act as a group leader, usually shown in a position of formal authority. This competency has 1 sub-competency :

- Strength of the leadership role

8. Analytical Thinking. Ability to understand the situation by breaking the problem into parts more detailed, or observes the implication of a situation step by step based on past experience. Analytical thinking has 2 sub-competencies :

- Complexity of analysis
- Size of problem address

9. Expertise. The mastery of explicit knowledge, ability to completing a job and motivation to develop it. Use and share the job expertise with others. Expertise as a competency has 4 sub-competencies :

- Depth of knowledge
- Breadth of managerial expertise
- Acquisition of expertise
- Distribution of expertise

10. Self-Confidence. One's belief in the ability to accomplish a task or a job. Self-confidence as competency has 2 sub-competencies :

- Self assurance
- Dealing with failure

11. Flexibility. Ability to adjust and work efficiently in a variety of situations; ability to change or ease to accept a change in the organization or job requirements. Flexibility as competency has 2 sub-competencies :

- Breadth of change
- Speed of action

#### Job Analysis

In this research, there are 4 positions that are chosen to analyzed, those 4 positions consisting of one retail manager, one regional area section chief, one store head, and one store supervisor. Each

of those positions has different job analysis, the one of retail manager's will be described as example.

#### Retail Manager Job Analysis

Job Title : Retail Manager

Job Family : Retail

Division : Retail and Sales

Position Level : 3

#### JOB SUMMARY

Handle the sales of retail according to the strategy from marketing and retail development to support retail's target achievement that has established by the company.

Table 3 : Main Responsibility

MAIN RESPONSIBILITY	
1.	Proposes annual planning for master plan sales target.
2.	Monitors the realization of sales target for the given time to make sure that the target will be succeed.
3.	Makes up sales strategy for achieving monthly target.
4.	Coordinates with the regional section chief using P.O.A.C (Planning, Organizing, Actuating & Controlling) for the term of operational activity for sales in every each region.
5.	Evaluates self-managed Eiger outlets' performance.
6.	Does the development and opens new counters, outlets, and showroom according to the master plan.
7.	Coordinates with the BDA for needs fulfillment.
8.	Evaluates routine stock opname report from audit division.
9.	Coordinates with regional section chief and together evaluate and compile employees and salespeople's need according to the need of operational sales.
10.	Analyzes, compiles, and proposes the development and training for the employees.
11.	Scores performance and job achievement, and give sanction for indisciplinatory act.
12.	Does coaching and counseling towards troubled employees.
13.	Plans and performs job mutation, rotation, and demotion for employees according to needs.
14.	Plans and monitors SSR in every outlet to make sure the SSR is fitting with the market needs and outlet capacity.
15.	Evaluates and monitors stock opname execution and audit results.
16.	Ensures optimal stock and its availability in the outlets.

#### Data Analysis

The result of division's competency analysis was used by author to create a form which distributed to 10 person who are going to be evaluator. This research chose 4 employees from level 3 to 6 in sales and retail division that are going to be evaluated, those 4 employees will get 3 person each as their evaluator. That means there are 2 evaluators evaluate 2 person each. The chosen 10 person is individual whom has a job relation with the person evaluated whether they come from the same division and level or not. Below is the result of 360 degree feedback evaluation for level 3, retail manager, as an example.

#### Retail Manager 360 Degree Result

The person on level 3 whom evaluated was holding retail manager position, evaluated by one superior, one subordinate, and one colleague. The system was to ask three of them to give score to the competencies an employee of sales & retail division should have, that earlier were chosen by Mr. Ferry. They should subjectively evaluate the retail manager with score level they felt he has today. After that author will average the scores and compared it with the expected score level, not forget to mention that author will also subtract the expected score level with the average score to find the competency gap. The table below will show the result of it.

Table 5: Level 3 result of 360 degree feedback

No	Competencies	Sub-Competencies	Super	Sub	Coll	Today	Expectation	Gaps	Total Level	Gaps %
1	ACH	Intensitas & Kelengkapan	5	7	5	5,67	6	0,33	9	3,7%
		Achievement Impact	4	5	4	4,33	5	0,67	7	9,5%
		Degree of innovation	2	2	2	2,00	3	1,00	5	20,0%
2	CO	Perhatian Terhadap Tugas	4	4	5	4,33	6	1,67	9	18,5%
3	INT	Dimensi waktu	3	3	4	3,33	6	2,67	11	24,2%
		Self Motivation	2	2	3	2,33	5	2,67	8	33,3%
4	CSO	Focus on clients' need	5	6	6	5,67	7	1,33	13	10,3%
		Initiative to help or serve others	3	4	3	3,33	5	1,67	7	23,8%
5	RB	Action taken to influence others	4	4	5	4,33	7	2,67	9	29,6%
6	TW	Intensity of fostering teamwork	5	6	6	5,67	6	0,33	9	3,7%
		Size of team involved	5	5	5	5,00	5	0,00	6	0,0%
		Amount of effort	4	3	4	3,67	4	0,33	6	5,6%
7	TL	Strength of the leadership role	4	5	6	5,00	6	1,00	9	11,1%
8	AT	Complexity of analysis	4	3	4	3,67	5	1,33	7	19,0%
		Size problem adress	3	3	4	3,33	5	1,67	5	33,3%
9	EXP	Depth of knowledge	5	6	5	5,33	6	0,67	8	8,3%
		Breadth of managerial expertise	3	3	3	3,00	4	1,00	7	14,3%
		Acquisition of expertise	2	2	2	2,00	3	1,00	5	20,0%
		Distribution of Expertise	3	2	3	2,67	4	1,33	5	26,7%
10	SCF	Self Assurance	5	5	6	5,33	6	0,67	8	8,3%
		Dealing with failure	4	3	3	3,33	3	0,33	6	0,0%
11	FLX	Breadth of Change	3	4	5	4,00	6	2,00	8	25,0%
		Speed of action	5	5	5	5,00	4	-1,00	5	0,0%
Average										15,1%

According to the table above, in general, retail manager's competencies didn't meet expectation. Only three of them did, two even exceed expectation. To determine which competencies have the urgency to be trained, author averaged the competency gaps percentage and considered the competencies which has greater value than the average are the ones to be enhanced. Those percentage(s) which are lower than 0,0% will be valued as 0,0% in the gap percentage column. The average percentage is 15,1% that makes 11 sub-competencies took the consideration.

### Conclusion & Recommendations

With the KPI result as the reference and author proceed analyze using 360 degree feedback evaluation method, there are several significant gap occur in each job level in retail and sales while determining competencies that should be enhanced. The gap can be seen in the table below.

Table 5: Competency gaps summary

Competencies	Sub-competencies	Level 3	Level 4	Level 5	Level 6
ACH	Intensitas & Kelengkapan				
	Achievement Impact				v
	Degree of innovation	v			v
CO	Perhatian Terhadap Tugas	v	v		
INT	Dimensi waktu	v	v	v	
	Self Motivation	v		v	
CSO	Focus on clients' need		v	v	
	Initiative to help or serve others	v	v		
RB	Action taken to influence others	v		v	
TW	Intensity of fostering teamwork				
	Size of team involved				
	Amount of effort				
TL	Strength of the leadership role			v	
AT	Complexity of analysis	v	v		
	Size problem adress	v			
EXP	Depth of knowledge				
	Breadth of managerial expertise				
	Acquisition of expertise	v	v	v	
	Distribution of Expertise	v	v	v	
SCF	Self Assurance			v	
	Dealing with failure		v	v	v
FLX	Breadth of Change	v	v	v	v
	Speed of action		v	v	

From the table above, we can conclude that there are many competencies with particular sub-competencies that need to be enhanced. There are 2 findings that author highlighted, the first one is exists one mutual sub-competency that all level 3 until level 6 should improve, it is breadth of change, a sub-competency from flexibility.

On the other hand, there is one competency which its sub did not even take suspect, it is teamwork. This indicates that the teamwork among each level job holder in sales & retail division is considered good enough to be retained. Though improving is a must, but at this time the teamwork competency has no need to be enhanced intensively, they should have to just maintain and keep it up.

#### Recommendation for PT Eigerindo MPI

Since the evaluation goes to specific persons, author would also give specific recommendations to each one of the evaluated person. For this paper, recommendation for retail manager would be explained.

#### Recommendation for Retail Manager

The person evaluated in level 3 was in the position of retail manager. His average competency gaps percentage is 15,1% with 11 of sub-competencies exceeding the average, 6 of it represent 4 competencies which are concern for order, initiative, relationship building and analytical thinking. His superior should emphasize more about concern for order and in every weekly or monthly gathering because concern for order would affect to the tidyness of work and make the job more efficient for every other related position. His superior should also give higher goals maybe a bit ambiguous task and new team to be led to increase the retail manager's level of initiative and analytical thinking. The sales and retail division should tell the retail manager to plan a routine gathering outside of work for their employees to build relationship.

The other 5 partially represent Achievement Orientation, Customer Service Orientation, Expertise and Flexibility. Expertise has 4 sub-competencies and only two of them exceeds the average gaps percentage, but the 2 others are near the average, so author thought all of the sub should be enhanced, that means to generally enhance the retail manager's expertise. For that, author



recommend to give chance for the retail manager to increase his expertise by maybe send him for higher formal institution. For flexibility, the retail manager already possessed good speed of action but his breadth of change is stuck in responding only current situation, he must learn to accustomed to respond a situation and further possible occurring problem. In achievement orientation, his degree of orientation should be broaden, and in customer service, the superior should emphasize him about help and serve others.

#### Recommendation for Further Researcher

Since this research determined competency gaps using a 360 degree feedback evaluation method, the author recommends for further researcher to use the same method too in the future. Moreover, it must be great if researcher finds out about how long has the evaluators known the person evaluated because it will affects the scoring, the best is to ask them who know the evaluated one for around one year. Also to create recommendation of enhancing the competencies which have gaps by searching for actual training firms that specifically trains the mentioned competencies. The further research would be better conducted in small medium enterprise because author realize that this research in Eiger can be used as a benchmark for a smaller and similar company to use. Not forget to mention, the researcher would find more effective enhancing method if the evaluation is done for the whole division in a company.

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