

Multiple Views Critical to Assess Executive Performance Study Shows Value of Managers and Direct Reports in the Assessment Process

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The McClelland Center, the research division of the Hay Group, is dedicated to expanding the capability of clients and consultants through the study of behavior its impact on performance.

Named for its founder, Harvard psychologist David McClelland, The Center explores such topics as leadership and organizational climate and their effect on business results.

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For a copy of the published research paper please see:

Sala, F., & Dwight, S. (2002). Predicting executive performance with multi-rater surveys: Whom you ask makes a difference. Journal of Consulting Psychology: Research and Practice, 54(3), 166-172.

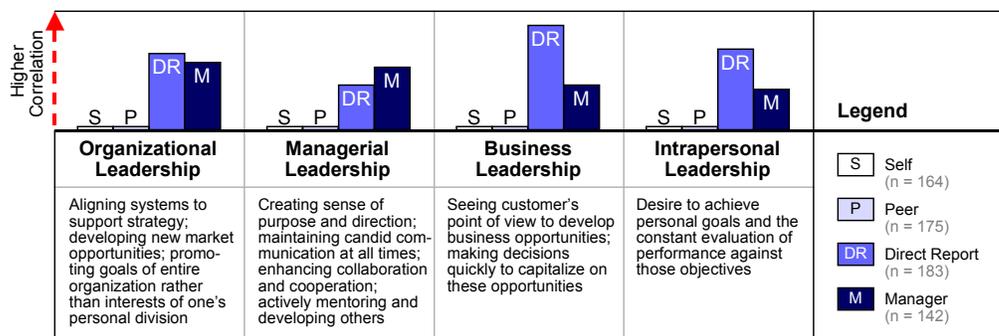
Are 360-degree, multi-rater executive assessments really worth the time and effort they require, along with the anxiety they often generate? Definitely, according to a recent study by Hay Group. In comparing the multi-rater, competency-based performance assessments of 276 senior executives from a global technology company with the executives’ impact on bottom-line results, Hay surfaced two important findings:

- Self- and peer-assessments were the poorest predictors of performance, as most executives tended to overrate themselves and peer ratings were similarly over-inflated.
- The ratings of managers and direct reports were the best predictors of performance, although each group provided a unique “piece” of the overall assessment puzzle.

The senior executives studied were assessed on 12 leadership competencies clustered into four categories: *Organizational Leadership*, *Managerial Leadership*, *Business Leadership*, and *Intrapersonal Leadership*. When Hay researchers compared the competency assessments with executives’ performance including their impact on revenue growth and profit margin, they found that:

- Managers were most able to accurately assess *Managerial Leadership* competencies;
- Direct reports best assessed *Intrapersonal* and *Business Leadership* competencies; and
- Both managers and direct reports were effective in assessing *Organizational Leadership* competencies.

Correlation Between Competencies and Executive Performance for Each Rater Group



Competency Clusters

Conclusions

The results of this study confirm the effectiveness of multi-rater tools in accurately assessing executive performance. The input of others—particularly managers and direct reports—can be critical in painting objective and accurate pictures of executives’ behavior and their effectiveness as leaders.

That’s not to minimize the value of peer and self-reporting. Peers, for example, can often provide important feedback on how well an individual navigates the political landscape within an organization, and how effective they are in informally influencing others—both important in today’s flatter, matrixed organization. And self-assessments, while perhaps not the best measure of performance, nonetheless help executives calibrate the accuracy of their own perceptions.

Although 360-degree assessments require considerable time and effort, it is clear from this and other studies that they provide more accuracy and added dimensions that are important in both the selection and ongoing development of senior executives.