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## A STUDY ON 360 DEGREES PERFORMANCE APPRAISAL

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**ABSTRACT:** People differ in their abilities and their aptitudes. There is always some difference between the quality and quantity of the same work on the same job being done by two different people. Performance appraisals of Employees are necessary to understand each employee's abilities, competencies and relative merit and worth for the organization. Performance appraisal rates the employees in terms of their performance. Performance appraisals are widely used in the society. The history of performance appraisal can be dated back to the 20th century and then to the second world war when the merit rating was used for the first time. An employer evaluating their employees is a very old concept. Performance appraisals are an indispensable part of performance measurement. Performance appraisal is necessary to measure the performance of the employees and the organization to check the progress towards the desired goals and aims. The latest mantra being followed by organizations across the world being – "get paid according to what you contribute" – the focus of the organizations is turning to performance management and specifically to individual performance. Performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organizational goals. If the process of performance appraisals is formal and properly structured, it helps the employees to clearly understand their roles and responsibilities and give direction to the individual's performance. It helps to align the individual performances with the organizational goals and also review their performance. Performance appraisal takes into account the past performance of the employees and focuses on the improvement of the future performance of the employees. An attempt has been made to study the current global trends in performance appraisal.

### INTRODUCTION

A performance appraisal is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. Other aspects of individual employees are considered as well, such as organizational citizenship behavior, accomplishments, potential for future improvement, strengths and weaknesses, etc. To collect PA data, there are three main methods: objective production, personnel, and judgmental evaluation. Judgmental evaluations are the most commonly used with a large variety of evaluation methods. A PA is typically conducted annually. The interview could function as "providing feedback to employees, counseling and developing employees, and conveying and discussing compensation, job status, or disciplinary decisions". PA is often included in performance management systems. Performance management systems are employed "to manage and align" all of an organization's resources in order to achieve highest possible performance. "How performance is managed in an organization determines to a large extent the success or failure of the organization. Therefore, improving PA for everyone should be among the highest priorities of contemporary" organizations.

Some applications of PA are performance improvement, promotions, termination, test validation, and more. While there are many potential benefits of PA, there are also some potential

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drawbacks. For example, PA can help facilitate management-employee communication; however, PA may result in legal issues if not executed appropriately as many employees tend to be unsatisfied with the PA process. PAs created in and determined as useful in the United States are not necessarily able to be transferable cross-culturally.

A major concern of every organization should be to contribute positively towards the achievement of its objective. Organizational effectiveness is often equated with managerial efficiency. A manager can ensure organizational effectiveness only by guaranteeing the full utilization of human resource available through individual employees under his guidance. Hence, it is always required for a manager to monitor and measure the performance of employees. Moreover, since the organization exists to achieve the goals, the degree of success that individual employees have in reaching this individual goal is important in determining organizational effectiveness. The assessment of how successful employees have been at meeting their individual goal to come a critical part of human resource management. This leads to concept of performance appraisal.

A performance appraisal system functions as definitions of performance.

360 Degree Assessment can be used to: Provide a 'gap analyses between personal perception and others' perceptions of individual and team performance.

- Focus managers and staff on performance areas that need development.
- Recognize and maintain areas of individual and team strength.
- Approach performance issues in a non-confrontational, constructive manner (due to the confidentiality and anonymity of the process).
- Develop performance improvement plans for individuals and teams.
- Develop individual or team-based training needs analysis programmers.

Performance appraisal is a method of evaluating the behavior of employees in the work spot, including both qualitative and quantitative aspects of job performance indicates how an individual is fulfilling the job demands and it is always in terms of results. Under performance appraisal not only the performance of an employee but also his potential for development is evaluated. "Performance Appraisal is a systematic description of an employee's job relevant strengths and weaknesses".

In performance appraisal or merit rating refers to all the formal procedures used in working organizations to evaluate the personalities and contributions and potential group members. In appraisal system the employee's merits like initiatives, dependability, personality etc., are compared with others and ranked to rated. Appraisals might be based on the criteria of employee's skills, educational Qualifications, knowledge, abilities to delegate plans, supervise; assume responsibility, exercise leadership, personal qualities, creativity, decision making and interpersonal skills.

An appraisal motivates an employee into increased effort aimed at enhancing the outcome of the assessment. It tells an employee what set of activities or what qualities are considered desirable by the organization. It is the systematic method of obtaining, analyzing & recording information about an employee that is needed:

- For effective management of business.
- By the manager to help him improve the jobholders performance and plan his career.
- By the jobholder to assist him to evaluate his own performance and develop himself.

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In performance planning and review, the Reporting Manager is expected to set targets or tasks for the appraise in the beginning of the year. In the middle of the year, the appraise fills the self-appraisal form, indicating the extent which the target or task has been completed, the difficulties faced and the suggestions for improvement. At the end of the year, there is the annual review and targets/tasks set for the next year. Both in the mid-year review and annual review, the self-appraisal is supplemented by a performance review, discussion, the problems are discussed and the appraiser is given feedback on how he is doing. The appraisal system is an instrument for improving the work culture by convincing employees that their career growth is linked with the performance of the company.

**NEED FOR THE STUDY:**

The need of the study of 360 Degrees of performance appraisal is to determine what aspects of performance are required to be evaluated.

- To identify those who are performing their assigned task well and those who are not and the reason for such performance.
- To provide information about the performance ranks basing on which decisions regarded salary fixation, conformation, promotion, demotion and transfer are taken.
- To provide feedback information about the level of achievements and behavior of an employee.
- To provide information and counsel the employee.
- To compare actual performance with the standards and in out deviations (positive and negative)
- To create and maintain satisfactory level of performance.
- To prevent grievance and in disciplinary activity.
- To facilitate fair and equitable compensation.
- To ensure organizational effectiveness.
- It guarantees useful information about employees and the nature of their duties.

We can briefly say that performance appraisal systems are necessities to assess performance at regular intervals with consistency to study improvements, deviation and to take corrective actions to bride gaps and improve performance over a period of time.

**OBJECTIVES:**

The objective is to know how effective is the execution of 360 Degrees of appraisal system in Hero MotoCorp Ltd. (Formerly Hero Honda Motors Ltd.) (Phoenix Motors Pvt. Ltd), Hyderabad. The aim of most performance appraisal programming is to encourage the employees to set his own objective for the next time period following the review of his past performance. It enables the management to make effective decisions/ to modify earlier decisions based on the evaluation of the existing plans, information system, job analysis, and internal and external environment factors influencing employee performance.

The objectives is to identify the common goals of the organization, define each individuals major areas of responsibility in terms results expected of him, review the individual performance progress in a job and his potential for future improvement. It aims at providing data to managers with whom they may judge future job assignments and compensation. To establish

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an objective basis from the different levels of performance and to identify executives with potential to grow in the organization.

To counsel the employees appropriately regarding their strengths and weaknesses and assess in developing them to realize they are full potential in line with the company's objectives and goals. Always emphasize that the role of a manager is to offer constructive support and not condemn. Give the employees many opportunities to ask guidance to air grievances and discuss anxieties.

### METHODOLOGY & DATABASE:

The research methodology is a systematic way to solve the problem and it is an important component of the study without which researcher may not be able to obtain the facts and figures from the employees.

**SOURCE OF DATA:** The study is based on primary as well as secondary data collected from different sources:

**Primary Data:** The primary data is collected with the help of questionnaires, which consists of twenty questions each. The questionnaires are chosen because of its simplicity and liability. Researcher can expect straight answers to the questions. The respondents are informed about the significance of the study and requested to give their fair opinions.

**Secondary Data:** Secondary data is collected through the documents provided by the personnel department of Hero MotoCorp Ltd. (Formerly Hero Honda Motors Ltd.) (Phoenix Motors Pvt. Ltd). The documents include personnel manuals, books, reports, journal, etc.

### SAMPLING PROCESS:

A). Sample Unit:

The executives and employed at Hero Moto Corp Ltd. (Formerly Hero Honda Motors Ltd.) (Phoenix Motors Pvt. Ltd). Hyderabad constitutes 'universe' of the present study. A part of it is taken as sample unit for the present study. It includes JGMS, AGMS, manager and other employees of Hero Moto Corp Ltd (Phoenix Motors Pvt. Ltd). Hyderabad.

B). Sample Size:

The sample size consists of 100 respondents employed in Hero Moto Corp Ltd (Phoenix Motors Pvt. Ltd), Hyderabad. Of these 30 are executives, 20 are senior executives and the remaining 50 are employees.

### PERIOD OF THE STUDY:

Since so many years Hero Moto Corp Ltd (Phoenix Motors Pvt. Ltd) Hyderabad has been following the same procedure of appraisals for their executives and employees and for the study of my project last one-year data has collected on performance appraisals.

Statistical tools used

Percentage method:

Percentage method is used in making comparison between two or more series of data.

This is used to describe relationship.

Percentage of respondents =  $\frac{\text{No of respondents}}{\text{Total respondents}} \times 100$

The method of study followed in this project (in brief):

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Sample size : 100  
Data collection method : Primary and Secondary.  
Duration of study : 45 days.  
Analysis : Through percentage method.

#### **PLAN OF THE STUDY CHAPTERIZATIONS:**

- ❖ To shed light on introduction on subject background of study
- ❖ The profile of the company
- ❖ Present frame work regarding research design of the study
- ❖ Explore performance appraisal process in Hero Moto Corp Ltd (Phoenix Motors Pvt. Ltd)..., Hyderabad
- ❖ Exam in data, analysis and interpretation
- ❖ Highlight summary of findings and conclusions
- ❖ Offer suggestions and recommendations

#### **LIMITATIONS:**

- ❖ Due to time constraints the study was limited only for 45days.
- ❖ Random sampling method has been adopted and all limitations applicable to that method are applicable here also.
- ❖ The authenticity of information provided by the New Entrant Manager cannot be assured.
- ❖ Analysis of the data has been done based on the assumptions that the information provided by the respondents is genuine.
- ❖ The sample size is small when compared to total universe, Hence the capability of study to the whole universe is constraint.

#### **PERFORMANCE APPRAISAL**

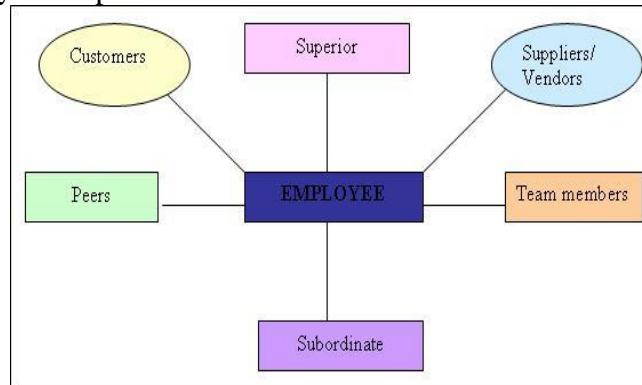
- ❖ Once the employee has been selected, trained and motivated, he is then appraised for his performance. appraisal is the step where the management finds out how effective it has been hiring and placing employees. If any problems are identified, steps are taken to communicate with the employee and remedy them.
- ❖ Performance appraisal or merit rating is one of the oldest and most universal practices of management. Performance appraisal often provides the rational foundation for the payment of piecework wages, bonus etc. the estimates of the relative contributions of employees help to determine the rewards and privileges rationally.
- ❖ Performance appraisal serves as means for evaluating the effectiveness of devices used for the selection and classification of workers.
- ❖ Performance appraisal has been considered as a most significant and indispensable tool for an organization, for the information it provides is highly useful in making decisions regarding various personal aspects such as promotions and increases.
- ❖ According to Ronald Benjamin, “performance appraisal determines who shall receive merit increases, counsel’s employee’s ob their improvement determines training needs, determines promotability, identifies those who should be transferred”.
- ❖ 360 degree appraisal has four integral components:

1. Self appraisal

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2. Superior's appraisal
3. Subordinate's appraisal
4. Peer appraisal.

Self appraisal gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance. Superior's appraisal forms the traditional part of the 360 degree performance appraisal where the employees' responsibilities and actual performance is rated by the superior.



360-degree performance appraisal is also a powerful developmental tool because when conducted at regular intervals (say yearly) it helps to keep a track of the change's others' perceptions about the employees. A 360-degree appraisal is generally found more suitable for the managers as it helps to assess their leadership and managing styles. This technique is being effectively used across the globe for performance appraisals. Some of the organizations following it are Wipro, Infosys, and Reliance Industries etc.

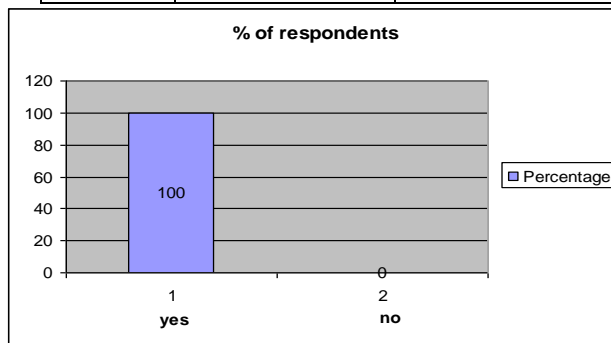
#### Data analysis and interpretation

1. Do you think performance appraisal is needed in a company?

(a) YES

(b) NO

| s.no | Options | No. of Responses | Percentage |
|------|---------|------------------|------------|
| 1    | YES     | 100              | 100        |
| 2    | NO      | 0                | 0          |
|      | TOTAL   | 100              | 100        |



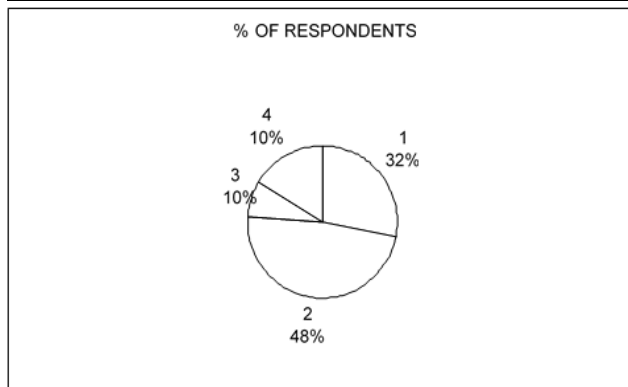
Interpretation: To above question, almost 100% of the employees thought that the performance appraisal is needed in a company.



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2. Performance appraisal rating is used to
- Identify areas of improvement
  - Identifying quality for unit of work
  - Set performance target
  - All the above

| s.no | Options                                  | No. of Responses | Percentage |
|------|--|------------------|------------|
| 1    | Identify areas of improvement            | 32               | 32         |
| 2    | Identify areas of training & development | 48               | 48         |
| 3    | Set performance target                   | 10               | 10         |
| 4    | All the above                            | 10               | 10         |
|      | Total                                    | 100              | 100        |



#### Interpretation:

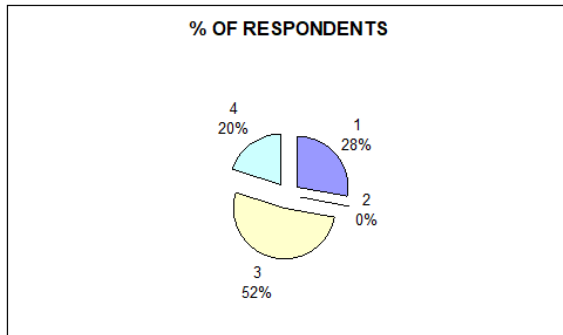
About the usefulness of the Performance appraisal system, 32% have said that the appraisal system helped them to identify areas of improvement, to 48% it helped in identifying training & development needs, to 10% it helped in setting performance targets and to 10% it was helpful in all the above areas. By this we can say that P.A is helpful in one way or the other for the employees.

3. In your experience the outstanding Performance of an employee is due to:

- Actual Performance
- Qualification
- Experience
- All the above

| s.no | Options            | No. of Responses | Percentage |
|------|--------------------|------------------|------------|
| 1    | Actual Performance | 28               | 28         |
| 2    | Qualification      | 0                | 0          |
| 3    | Experience         | 52               | 52         |
| 4    | All the above      | 20               | 20         |
|      | total              | 100              | 100        |

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#### Interpretation:

Above 28% of the employees responded that the outstanding Performance appraisal is due to Actual Performance, 52% of the employees is due to Experience and 20% of the employees is due to all the above.

#### **Findings**

1. It is revealed that the executive are getting feedback on their performance though which they can review their performance. Sort on the problems and can overcome the difficulties.
2. The management has a clear understanding about the problem that the workers are the best with moreover, they are eager to solve the problems of the workers as and when they arise.
3. The management was giving requisite training to workers in the areas where they are weak.
4. Workers awareness about the fact that the appraisal is one of the factors for promotion was cent percent.
5. Performance appraisal system is considered as a means that aim at identifying the areas of improvement, identifying areas of training and development setting performance target for future.
6. The management desire having cordial relations with the work to hold mutual discussions.
7. The performance appraisal system it exists as it exists now is properly worked out and appropriately evolved. This revealed from the opinion given by the majority of the employees.

#### **CONCLUSIONS**

Because of lack of communication, employees may not know how they are rated. The standards by which employees think they are being judged are sometimes different from those their superiors actually use. Proper communication of these ratings can help the employers achieve the level of acceptability and commitment which is required from the employ. From the survey we can also derive that the appraisee's expect a post appraisal interview to be conducted wherein they are given a proper feedback on their performance and they can also put forward their complaints if any. The appraisal should also be followed up with a session of counseling which is often neglected in many organizations. Counseling involves helping an employee to identify his strengths and weaknesses to contribute to his growth and development. Purpose is to help an employee improve his performance level, maintain his morale, guide him to identify and develop his strong points, overcome his weak points, develop new capabilities to handle more responsibilities, identify his training needs.