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**A COMPREHENSIVE ANALYSIS OF 360-DEGREE PERFORMANCE APPRAISAL: METHODS, BENEFITS, AND IMPLEMENTATION STRATEGIES AT HERITAGE FOODS INDIA LIMITED**

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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.

**1. INTRODUCTION**

Torrington and Hall (1987) define personnel management as being:

*"a series of activities which: first enable working people and their employing organizations to agree about the objectives and nature of their working relationship and, secondly, ensures that the agreement is fulfilled"*

A **360 degree appraisal** is a type of employee performance appraisal in which subordinates, co-workers, and managers all anonymously rate the employee. This information is then incorporated into that person's performance review.

A 360 degree appraisal is a type of employee performance review, where a staffer's work for a specific period of time (often a year) is discussed and critiqued. The 360 degree process is different in that it obtains feedback from co-workers and subordinates, instead of just from the direct supervisor. The goal of the process is to better understand how the employee is functioning as part of the team, and to improve the ways team members work together.

While Miller (1987) suggests that HRM relates to: *".....those decisions and actions which concern the management of employees at all levels in the business"*

*and which are related to the implementation of strategies directed towards creating and sustaining competitive advantage"*

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.

Performance appraisal is a method of evaluating the behaviour 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.

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 **HERITAGE FOODS INDIA Ltd's.**, 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 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 asses 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

#### **SCOPE:**

In the present study an attempt has been made to know the actual implementation of performance appraisal techniques in general and some other aspects such as awareness of the workers, effectiveness of the performance appraisal system in particular.

Human resource projections are valid on appraisals. By improving job skills, the employees have lot of scope for development and prepare themselves for higher responsibilities.

A through analysis of the performance appraisal system will help the management to know the short comings, if any. It also help the company in knowing whether the performance appraisal techniques are used to full extent or not, there by the researcher can understand

the effective implement of the performance appraisal system.

## II. 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:

#### A). 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 significant of the study and requested to give their fair opinions.

#### B). Secondary Data:

Secondary data is collected through the documents provided by the personnel department. The documents include personnel manuals, books, reports, journal, etc.

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

Total respondents

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

Sample size : 100

Data collection method : Primary and Secondary.

Duration of study : 45 days.

Analysis : Through percentage method.

### SAMPLING PROCESS:

#### A). Sample Unit:

The executives and employed at HERITAGE FOODS INDIA Ltd's., Hyderabad constitute 'universe' of the present study. A part of it is taken as sample unit for the resent study. It includes JGMS, AGMS, manager and other employees of HERITAGE FOODS INDIA Ltd's .Hyderabad.

#### B). Sample Size:

The sample size consists of 100 respondents employed in HERITAGE FOODS INDIA Ltd's, Hyderabad. Of these 30 are executives, 20 are senior executives and the remaining 50 are employees.

### PERIOD OF THE STUDY:

Since so many years HERITAGE FOODS INDIA Ltd's.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(45 days study) has collected on performance appraisals.

### LIMITATIONS OF PERFORMANCE APPRAISAL

In this case the superior appraises the person on certain positive qualities only. The negative traits are not considered. Such an appraisal will not give a true picture about the employee. And in some cases employees who do not deserve promotions may get it. In this case only the negative qualities of the employee are considered and based on this appraisal is done. This again will not help the organization because such appraisal may not present a true picture about the employee.

In this case the superior gives an appraisal by giving central values. This prevents a really talented employee from getting promotions he deserves and some employees who do not deserve any thing may get promotion.

Some bosses are lenient in grading their employees while some are very strict. Employee who really deserves promotions may loose the opportunity due to strict bosses while those who may not deserve may get benefits due to lenient boss.

In this case the employee is judged +vely or –vely by the boss depending upon the past performance. Therefore although the employee may have improved performance, he may still not get the benefit.

Many bosses do not wish to spoil their relations with their subordinates. Therefore when they appraise the employee they may end up giving higher grades which are not required. This is a n injustice to really deserving employees.

Sometimes a very strict appraisal may affect the goodwill between senior and junior. Similarly when different departments in the same company use different methods of appraisal it becomes very difficult to compare employees.

#### **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 HERITAGE FOODS INDIA Ltd's., Hyderabad
- ❖ Exam in data, analysis and interpretation
- ❖ Highlight summary of findings and conclusions
- ❖ Offer suggestions and recommendations

#### **III. PERFORMANCE APPRAISAL**

Once the employee has been selected, trained and motivated, he is then appraised for his performance. 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.

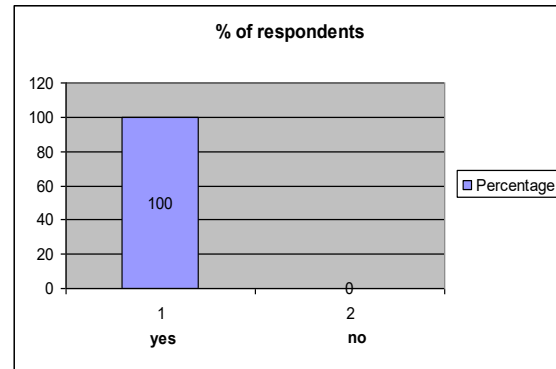
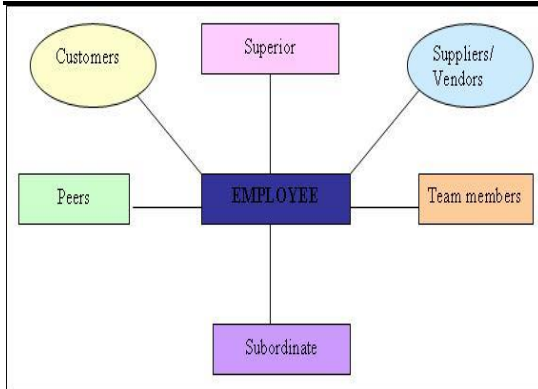
Performance appraisal serves as means for evaluating the effectiveness of devices used for the selection and classification of workers.

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”.

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.

Subordinates appraisal gives a chance to judge the employee on the parameters like communication and motivating abilities, superior’s ability to delegate the work, leadership qualities etc. Also known as internal customers, the correct feedback given by peers can help to find employees’ abilities to work in a team, co-operation and sensitivity towards others.



Self assessment is an indispensable part of 360 degree appraisals and therefore 360 degree Performance appraisal have high employee involvement and also have the strongest impact on behavior and performance. It provides a "360-degree review" of the employees' performance and is considered to be one of the most credible performance appraisal methods.

**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 changes 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.

#### IV. DATA ANALYSIS AND INTERPRETATION

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

- (a) YES (b) NO

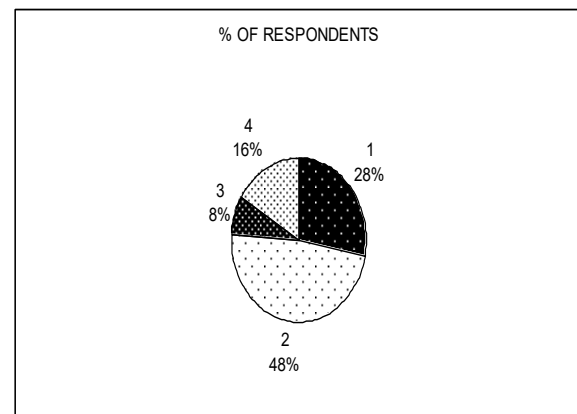
s.no	Options	No. of Responses	Percentage
1	YES	100	100
2	NO	0	0
	TOTAL	100	100

#### Interpretation:

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

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	28	28
2	Identify areas of training & development	48	48
3	Set performance target	8	8
4	All the above	16	16
	Total	100	100



#### Interpretation:

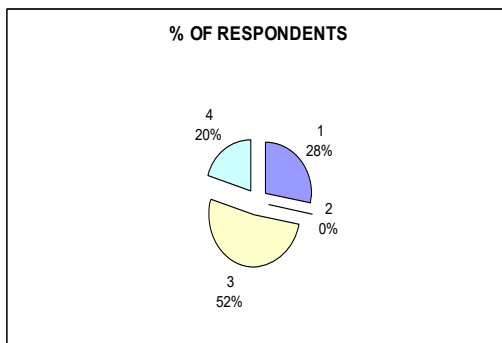
About the useful of Performance appraisal system, 28% have said that appraisal system helped them to identify areas of improvement, to 48% it

helped in identifying training & development needs, to 8% it helped in setting performance targets and to 16% 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:

- (a) Actual Performance
- (b) Qualification
- (c) Experience
- (d) 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



**Interpretation:**

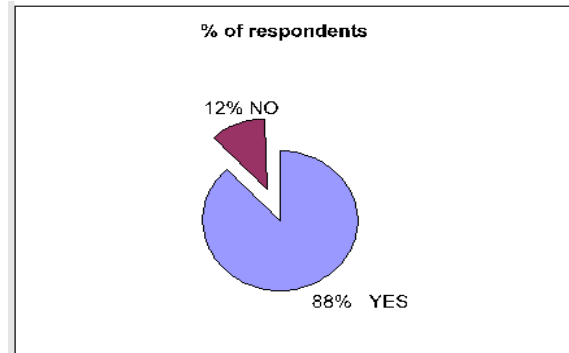
Above 28% of the employees responded that the outstanding Performance appraisal is due to Actual Performance, 52% of the employees is due to Experience and 20% of the employees is due to all the above.

4. Do you think that a good workman gets motivated with frequent Performance

Appraisal? Is conducted?

- (a) YES
- (b) NO

s.no	Options	No. of Responses	Percentage
1	YES	88	88
2	NO	12	12
	TOTAL	100	100



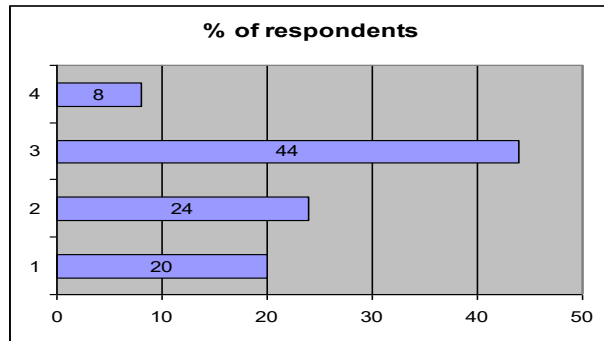
**Interpretation:**

A majority of 88% of the employees said that a good workman gets motivated with frequent Performance Appraisal and 12% of the employees are not satisfied with above.

5. What are the factors taken into consideration while appraising an individual?

- (a) Interpersonal effectiveness
- (b) Team building skills
- (c) Self motivate skills
- (d) leadership

s.no	Options	No. of Responses	Percentage
1	Interpersonal effectiveness	20	20
2	Teambuilding skills	24	24
3	Self-motivate skills	44	44
4	Leadership	8	8
	Total	100	100



**Interpretation:**

About 20% of employees considered interpersonal effectiveness while appraising an individual, 24% of employees considered Teambuilding skills, 22% of employees considered self motivate skills and 8% of employees considered Leadership. By this we can say that these are the factors taken into consideration while appraising an individual.

**V. FINDING**

In the light of the above discussion the following findings and conclusions are Made.

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. The results also indicate that the there is no communication of top management plans and business goal to the appraisee. The appraisers on the other hand feel that the goals and plans have been clearly communicated to the appraisees.

5. Communication is very essential for any system to function efficiently. Therefore the appraisers should look into this matter and see to it that the goals and plans are communicated effectively.
6. The findings suggest that for success of Appraisal system the credibility of appraiser is of utmost importance.
7. As per the Appraiser, a poorly conducted appraisal system would lead to demotivation and ineffective teamwok which will result in inefficient functioning and low productivity in the organization. Therefore, if at all they feel there is dissatisfaction among the appraisee’s they should motivate them.
8. Achievement, recognition, invovement, job satisfaction and development can motivate the employees to a large extent. Along with this satisfactory working conditions and appropraite awards also play an important role.
9. Also a majority of employees were satisfied with the current appraisal system although they requested for some changes.
10. Most of the employees were also not clear about the criteria on which ratings were given to each employee while conducting the performance appraisal. Instead of secrecy there should be openness.

**SUGGESTIONS**

Based on the findings of the study and personal discussions held with various executives and employees at **HERITAGE FOODS INDIA** Ltd's., Hyderabad possible suggestions and recommendations are given:

- It is recommended that employees should be immediately communicated.
- The result of the appraisal particularly when they are negative.
- It is recommended that the supervisor should try to analyze the strengths and weaknesses

of an employee and advise him on correcting the weakness.

- It is commended to counsel the employees appropriately regarding their strength and weaknesses and assist in developing them to realize their full potential in line with the company's goals.
- The top management is very much committed in implementing the performance appraisal system as it is. The performance appraisal system is consider as an essential tool for bridging gap between the top management and the executives it thus helps them to develop cordial relations and mutual understanding.
- It is recommended that the employees should be communicated information about his performance, again his acceptance of it and draw up a plan for future improvement, if necessary.
- It is recommended that the rater must be thoroughly well versed in the philosophy and of the rating system. Factor sales must be thoroughly defined, analyzed and discussed.

To conclude, it is imperative to immunize of the problems or hindrances to strengthen the system.

**VI. CONCLUSIONS**

- Workers awareness about the fact that the appraisal is one of the factors for promotion was cent percent.
- 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.
- The management desire having cordial relations with the work to hold mutual discussions.
- 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.

- 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.

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