

## A Study on 360 Degrees Performance Appraisal- HeroMotors

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### ABSTRACT

People vary in their aptitudes and talents. When two different persons work on the same task, there will always be some variation in the quality and output. Employee performance reviews are required to comprehend each employee's skills, knowledge, and relative value to the company. Employees are evaluated based on their performance in performance appraisals. Performance evaluations are often utilised in society. The earliest usage of the merit rating occurred during the Second World War, which is when performance evaluations can be traced back to the 20th century. It is a very old idea for an employer to evaluate their workforce. Performance evaluations are a crucial component 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

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 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. 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. A performance appraisal system functions as definitions of performance.

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

- Focus managers and staff on performance areas that need development.
- Recognise 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 programmes.

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

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 appraisee in the beginning of the year. In the middle of the year, the appraisee 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 regarding 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 bridge 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 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 thorough 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.

## **2. 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 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 constitute '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:

#### 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.

#### 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:

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

- ❖ Due to time constraints the study was limited only for 45 days.
- ❖ 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.

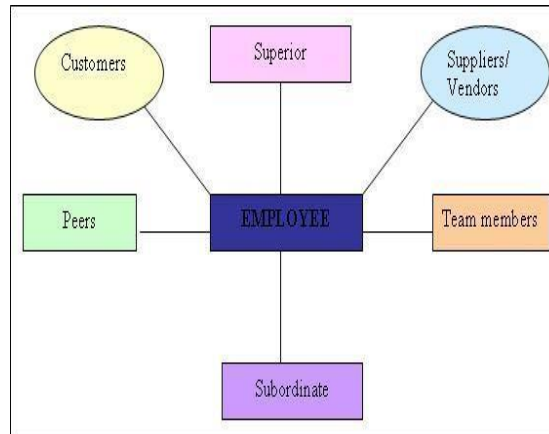
### **Performance Appraisal**

- ❖ 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 whoshould be transferred”.
- ❖ 360 degree appraisal has four integral components:

- |    |               |            |
|----|---------------|------------|
| 1. | Self          | appraisal  |
| 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 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.

### 3. MODERN METHOD OF APPRAISAL

#### 1) Appraisal by Results Management by Objectives (MBO):

Peter ducker has evolved this method. MBO is potentially a powerful philosophy of managing and an effective way for operationlising the evaluation process. It seeks to minimize external controls and maximize internal motivation through joint goal setting between the managers and subordinate and increasing the subordinate's own control of the work. It strongly reinforces the importance of allowing the subordinate to participate actively in the decisions that affect him directly. Management by objectives can be described as a process where by the supervisor and subordinate managers of an organization jointly identify its common goals, define each individuals major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contributions of each of its members.

#### Objectives of MBO

MBO has an objective in itself. The objective is to change behaviour and attitudes towards the affecting getting the job done. In other words, it is result oriented; it is performance that counts. It is a management system and philosophy that stresses goals rather has methods. It provides responsibility and accountability and recognizes that employees have needs for achievement and self-fulfillment. It meets

These needs by providing opportunities for participation goals setting process. Sub ordinates become involved in planning their own careers.

#### MBO Process:

This method emphasizes the value of the present and the future instead of that of the past, and focuses attention on the results that are accomplished and not on personal traits or

operational methodology. An employee is not judged in terms of operational methodology, or in terms of initiative, cooperativeness, attitude, emotional stability, or any other human quality, but on the basis of the achievement of the targets that have been set. This method is largely applied to technical, professional, supervisory or executive personnel and not to the hourly paid workers because their jobs are usually too restricted.

Under MBO programme, an employee and his supervisory meet and together define, establish and set certain goals or objectives which the employee would attempt to achieve within the period of, prescribed time.

**It consists of five basic steps:**

- Set organizational goals i.e., establishment of an organization wide strategy and goals.
- Joint goals setting i.e., establishment of short term performance targets between the management and the subordinate in a conference between them.
- Performance review i.e., frequent performance review meetings between the manager and the subordinate.
- Set check points i.e., establishment of major check points to measure progress.
- Feedback.

**1) Benefits of MBO Programme:**

The benefits of MBO programme are: MBO helps and increases employee motivation because it reveals overall goals to the individual goals and help to increase an employee's understanding of where the organization is and where it is heading.

- MBO reduces role conflict and ambiguity. Role conflict exists when a person is faced with conflicting demands from two or more. Supervisors and role ambiguity exists when a person is uncertain as how he will be evaluated, or what he has to achieve. Since MBO aims at providing clear targets and their order of priority, it reduces both these situations.
- MBO identifies problems better and early. Frequent performance review sessions make this possible.
- MBO forces and aids in planning. By forcing top management to establish a strategy and goals for the entire organization and by requiring other managers to set their targets and plan how to reach them.
- MBO helps the individual manager to develop personal leadership especially the skills of listening, planning, counseling, motivating and evaluating.

**2) Assessment Center Method:**

Under this method, many evaluations join together to judge employee performance in several situations with the use of a variety of criteria. The purpose of this method was end is to test the candidates in a social situation using a number of assessors and a variety of procedures. The most important feature of this is job related simulations.

**3) Human Asset Accounting Method:**

This method refers to activity devoted to attaching money estimates to the value of a firm's internal human organization and its external customer goodwill. If able, well trained personnel leave a firm, the human organization is worthless if they join it, its human assets are increased. If distrust and conflict prevail, the human enterprise devalued. If team work and high mora



revail, the human organization is a very valuable asset.

#### 4) Behaviorally Anchored Rating Scales (BARS):

This is a new technique for appraisals. It provides better, more equitable appraisals as compared to other techniques. Though bars technique is more time consuming and expensive than other appraisal tools. Since bars is done by person's expert in the technique, the results are sufficiently accurate. It has got certain advantages:

- More accurate
- It clearly clarifies what we extremely good performance, average performance & so forth.
- More useful in providing feedback to the people being appraised.
- Helps in making dimensions more independent if one another.
- The technique is not biased by the experience and evaluation of the rater.

#### 4. CONCLUSIONS

Communication, workers may not know how they are assessed. The criteria by which workers believe they are being graded are sometimes different from those their superiors really utilize.

- Proper communication of these ratings may assist

The employers attain the degree of acceptance and commitment which is expected from the employ.

- From the survey we can also draw that the

Appraisers anticipate a post appraisal interview to be done whereby they are provided a proper evaluation on their performance and they can also put up their grievances if any.

- The evaluation should also be followed up by a

Session of counseling which is frequently disregarded in many companies.

- Counseling entails enabling an employee to

Recognize his strengths and flaws to contribute to his growth and development.

- Purpose is to assist an employee enhance his

performance level, maintain his morale, guide him to discover and develop his strong points, overcome his weak points, build new capacities to manage greater duties, identify his training requirements.

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