



AN ANALYTICAL STUDY OF 360-DEGREE PERFORMANCE APPRAISAL AND ITS IMPACT ON EMPLOYEE DEVELOPMENT AT HERITAGE FOODS INDIA Ltd.

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ABSTRACT

360 Degree Performance Appraisal is a comprehensive employee evaluation method that collects feedback from multiple sources such as supervisors, peers, subordinates, and sometimes customers. Unlike traditional appraisal systems that rely only on a manager's evaluation, this method provides a holistic view of an employee's performance, behavior, and competencies. The main objective of the 360-degree appraisal system is to improve employee development, enhance self-awareness, and promote a culture of continuous feedback within the organization.

This approach evaluates various aspects of employee performance including leadership skills, communication ability, teamwork, problem-solving capability, and professional behavior. Feedback gathered from different stakeholders helps in identifying strengths, weaknesses, and areas for improvement. Organizations use this information to design training programs, support career development, and enhance overall productivity.

The implementation of a 360-degree performance appraisal system also encourages transparency and fairness in performance evaluation. Employees receive balanced feedback, which helps them understand how their actions impact others in the workplace. However, effective implementation requires proper planning, confidentiality, and a supportive organizational culture. When used correctly, the 360-degree appraisal system becomes a powerful tool for improving individual performance and achieving organizational goals.

I. INTRODUCTION

360 Degree Performance Appraisal is a modern method of evaluating employee performance by collecting feedback from multiple sources surrounding the employee. Unlike traditional appraisal systems where only the immediate supervisor evaluates the employee, this system gathers feedback from:

- Superiors
- Peers
- Subordinates
- Customers
- Self-evaluation

Because feedback comes from all directions (360 degrees), it provides a comprehensive and balanced assessment of an employee's performance, behavior, skills, and competencies.

Definition

360-degree performance appraisal is a systematic process in which performance-related data is collected from a full circle of sources to evaluate employee effectiveness, leadership qualities, teamwork, communication, and overall contribution to organizational goals.

Importance of 360 Degree Performance Appraisal

- Encourages continuous improvement
- Builds teamwork and collaboration
- Reduces favoritism and bias
- Increases employee engagement
- Helps in succession planning
- Supports fair performance decisions

NEED FOR THE STUDY:



1. To overcome limitations of traditional appraisal systems that rely only on supervisor feedback.
2. To reduce bias and subjectivity in performance evaluation.
3. To obtain comprehensive performance insights from multiple sources such as peers, subordinates, and customers.
4. To improve employee self-awareness through self-assessment and comparative feedback.
5. To identify training and development needs based on structured feedback.
6. To enhance leadership and managerial effectiveness by evaluating behavioral competencies.
7. To strengthen communication and teamwork within the organization.
8. To align individual performance with organizational goals.
9. To improve employee engagement and motivation through transparent appraisal practices.
10. To support strategic HR decisions like promotions, rewards, succession planning, and career development.

OBJECTIVES:

- To obtain comprehensive feedback about employee performance
- To improve communication within the organization
- To identify strengths and areas for development
- To enhance leadership and managerial effectiveness
- To promote self-awareness among employees
- To support training and development programs

SCOPE:

- Covers multi-source feedback system including superiors, peers, subordinates, customers, and self-evaluation.

- Focuses on behavioral competencies such as leadership, communication, teamwork, and decision-making skills.
- Evaluates employee performance comprehensively rather than depending on a single authority.
- Assesses the effectiveness of the 360-degree system in improving employee productivity.
- Studies employee perception and satisfaction towards the appraisal process.
- Identifies strengths and development areas of employees through structured feedback.
- Analyzes the role of the system in training and development planning.
- Examines its impact on organizational growth and culture.
- Supports HR decision-making related to promotions, rewards, and succession planning.
- Applicable to managerial and non-managerial employees within the organization.

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

- Performance appraisal may suffer from subjectivity and personal bias of the evaluator.
- Halo effect may influence overall rating based on one positive trait.
- Horn effect may result in poor rating due to one negative trait.



- Leniency or strictness error may affect fairness of evaluation.
- Central tendency error may lead to rating all employees as average.
- Lack of proper feedback may reduce effectiveness of the appraisal system.
- Inadequate training of appraisers may lead to inaccurate evaluation.
- The process may be time-consuming and costly.
- Employees may experience stress and anxiety during appraisal.
- Appraisal may focus only on short-term performance instead of long-term potential.
- Differences in evaluation standards across departments may create inconsistency.
- Resistance from employees and managers may affect implementation.

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

II. REVIEW OF THE LITERATURE INTRODUCTION TO PERFORMANCE APPRAISAL

Performance appraisal is a systematic evaluation of employee performance to determine effectiveness, productivity, and development needs. Once employees are recruited, trained,

and motivated, their performance must be assessed to ensure alignment with organizational goals.

Performance appraisal:

- Measures employee efficiency and contribution.
- Provides a basis for promotions, increments, and rewards.
- Identifies training and development needs.
- Supports workforce planning and succession planning.
- Strengthens communication between employees and management.

According to Ronald Benjamin, performance appraisal helps in:

- Determining merit increases
- Identifying training needs
- Assessing promotability
- Counseling employees for improvement
- Making transfer decisions

Today, performance appraisal has evolved from a control mechanism into a **strategic HR tool** that integrates with overall organizational performance management systems.

360 DEGREE PERFORMANCE APPRAISAL

360-degree appraisal is a multi-source feedback system that evaluates employees from different perspectives.

Components of 360° Appraisal

1. **Self-Appraisal**
Employees evaluate their own strengths, weaknesses, and achievements.
2. **Superior's Appraisal**
Traditional top-down performance evaluation by immediate supervisors.
3. **Subordinate's Appraisal**
Subordinates evaluate leadership, communication, and delegation skills.
4. **Peer Appraisal**
Colleagues provide feedback on teamwork, cooperation, and interpersonal skills.



III. DATA ANALYSIS & INTERPRETATION

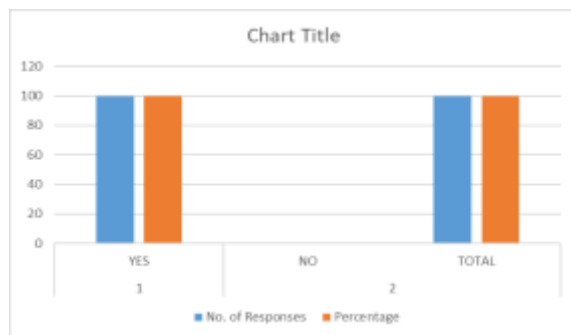
Data analysis has been done by arranging the data in a simple table form and percentages are calculated. The quantitative data has been represented by drawing out the charts where ever necessary.

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

(a) Identify areas of improvement

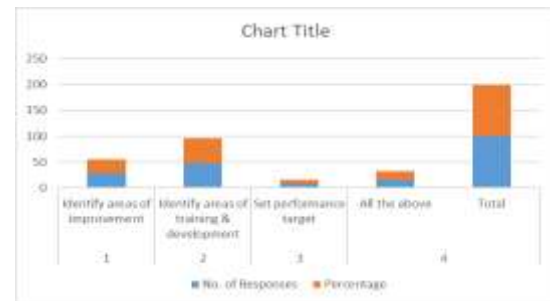
(b) Identifying quality for unit of work

(c) Set performance target

(d) 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	8	8

	target		
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:

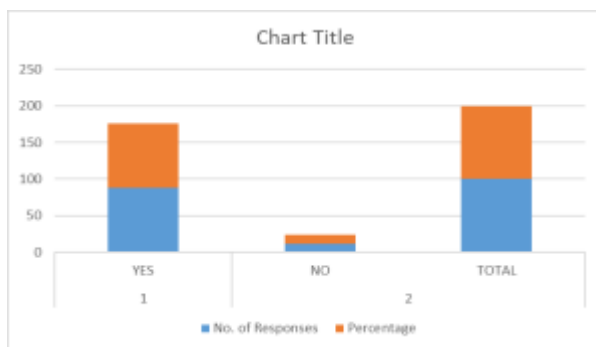
Above 28% of the employees responded that the outstanding Performance appraisal is due to Actual Performance, 52% of the employees is due to Experience and 20% of the employees is due to all the above.

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

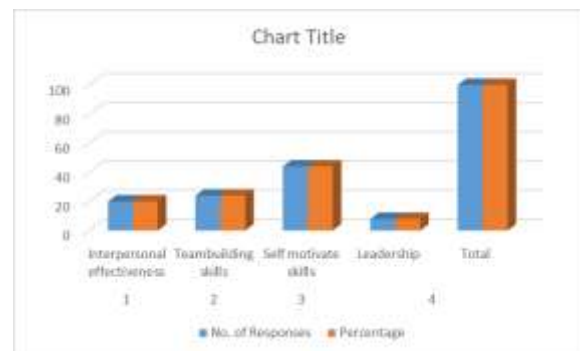
(b)

Team building skills

(c) Self motivate skills
leadership

(d)

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.

IV. FINDINGS, CONCLUSIONS, SUGGESTIONS

FINDINGS

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 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 teamwork 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, involvement, job satisfaction and development can motivate the employees to a large extent. Along with this satisfactory working conditions and appropriate 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.

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 considered 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.

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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