PROS & CONS OF 360· EVALUATION DURING PERFORMANCE APPRAISAL

A Thesis submitted to Department of Management Sciences in part fulfilment of the requirement for the MBA degree

MARCH, 2014

Student Name: ABDE ALI HAIDERI

Student ID: 6213

Bahria University, Karachi Campus

MBA DEGREE THESIS SUBMISSION FORM

BAHRIA UNIVERSITY, KARACHI CAMPUS

I Abde AliHaideri Registration No.6213submit _____ hard bound copies of thesis titledPros & Cons of 360° Evaluation During Performance Appraisalin the Management Science Department as part fulfillment of the MBA degree requirement.

Candidate's Signature: _____ **Date:** 10-Mar-14

CERTIFICATE OF SUPERVISOR

I Sayma Zia being the supervisor of the above named student, certify that the research work of the student has been completed to my satisfaction and that the thesis is in a format recognized by the department and is in accordance with the rules of the University. The thesis is appropriate for examination.

Signature: _____ **Date:** 19th March'14

Abstract

Purpose- The purpose of this study was to identify the importance of 360degree performance appraisal technique by human resource professionals in the organizations. The idea behind this study was to give the awareness to HR professionals about the pros and cons of 360 degree performance method, initial implementation and long term plan.

Methodology/sample- This study contains the questionnaire response by 100 respondents and email interview of top and middle line management. The questionnaire respondents belonged to the different age group, academic background, profession, and industry. This research was descriptive in nature and the respondents selected for data gathering were chosen through convenience sampling method. To analyze the data gathered from questionnaire, column graphs were generated which concludes the opinions of respondents against each question asked.

Findings- The analysis and the result obtained from the interview and the questionnaire clearly states that employees in Karachi are interested in implementation and continuation of 360 degree performance appraisal method in their organization. Employees are in favor of performance appraisal system since it's a best source of their motivation and it also increases their skill development. It was also concluded that the major drawback of 360 degree performance appraisal method is data validation because employees are not professional trained to provide accurate information.

Practical Implications- The outcome of the research helps the HR professionals in understanding the importance, advantages and disadvantages of 360 degree performance appraisal method and how it should be implemented in to the organization for individuals and for organizational growth.

Keywords: Implementation, Pros and Cons, Individual growth, Organizational growth

Table of Contents

CHAPTER 1: INTRODUCTION 1
1 Problem Background 2
1.1 Performance Appraisal 3
1.1.1 Types of Performance Appraisal Methods 4
1.1.1.1 360° Feedback 4
1.1.1.2 Management by Objectives (MBO) 4
1.1.1.3 Psychological Appraisals 4
1.1.1.4 Ratings Scale 4
1.1.1.5 Critical Incident 5
1.2 Problems with Traditional Appraisal 5
1.2.1 Lack of Agreement 5
1.2.2 Inability to Process Information 6
1.2.3 Concern about Self-Image 6
1.3 Problem Statement 6
1.4 Rationale of the study 6
1.4.1 Sources for 360 Feedback 6
1.4.1.1 Superiors 6
1.4.1.2 Self-Assessment 7
1.4.1.3 Peers 8
1.4.1.4 Subordinates 10
1.4.1.5 Customers 11
1.5 Significance of the study 12
1.6 Scope of the study 13
1.7 Research Questions 14
1.7.1 Question 1 14
1.7.2 Question 2 14

1.8 Work Limitations 14
1.8.1 Lack of Awareness and Implementation in Local Market 14
1.8.2 Behavioral & Attitudinal Disclosure (Deliberate Falsification) 14
1.8.3 Time Strain 15
1.8.4 Misconceptions 15
1.8.5 Data entering error 15
1.9 Work Organization 15
1.9.1 Tapal 15
1.9.2 3i Logic Training & Consultancy (Pvt.) Ltd 15
1.9.3 Solutionz Hub 15
1.9.4 OBS (Organon Bio Sciences) 16
1.9.5 Sido SMC Pvt. Ltd. 16
1.10 Definition of terms 16
CHAPTER 2: LITERATURE REVIEW 18
2 Literature Review 19
2.1 Human Resource Management 20
2.1.1 Human Resource Management Processes 20
2.1.1.1 Performance Management 21
2.2 Evolution of 360° Feedback 22
2.3 Pros & Cons of 360° Evaluation 22
2.3.1 Pros of 360° Evaluation 22
2.3.1.1 How 360° Feedback can Enhance Appraisals 23
2.3.1.2 Using 360° Feedback Successfully 23
2.3.2 Cons of 360° Evaluation 24
CHAPTER 3: RESEARCH METHODOLOGY 25
3 Research Methodology 26
3.1 Research Purpose 26
3.2 Research Interference 26

3.3 Research Design 26
3.4 Instruments of the study 26
3.5 Sources of Information 27
3.5.1 Email Interview 27
3.5.2 Questionnaire 27
3.6 Sampling 27
3.6.1 Sampling Technique 27
3.6.2 Frame 27
3.6.3 Size 27
3.7 Treatment of data 27
CHAPTER 4: DATA PRESENTATION AND ANALYSIS 29
4 Data Presentation and Analysis 30
4.1 Data Collection and Presentation 30
4.1.1 Interview 30
4.1.1.1 Performance Appraisal Method Used 30
4.1.1.2 Taking Feedback from Multiple Sources 32
4.1.1.3 Secure and Comfortable about Feedback 33
4.1.1.4 Organizational Efficiency & Productivity 34
4.1.1.5 Implementation & Continuation of 360° Feedback 35
4.1.2 Questionnaire 36
4.1.2.1 Methods of Performance Evaluation 36
4.1.2.2 Purpose of 360 Evaluation 37
4.1.2.3 Secure and Comfortable about Feedback 38
4.1.2.4 Inaccurate Rating 39
4.1.2.5 Negative Rating 40
4.1.2.6 Multi-Source Feedback 41
4.1.2.7 Biased Feedback 42
4.1.2.8 Identifies Strengths and Weaknesses 43

4.1.2.9 Beneficial for Succession Planning 44
4.1.2.10 360 Feedback 45
4.2 Critical Debate 46
CHAPTER 5: CONCLUSION & RECOMMENDATION 48
5 Conclusions and Recommendations 49
5.1 Conclusion 49
5.2 Recommendations 49
CHAPTER 6: Bibliography and Appendix 51
6 Bibliography & Appendix 52
6.1 Bibliography 52
6.2 Appendix 55
6.2.1 Questionnaire 55