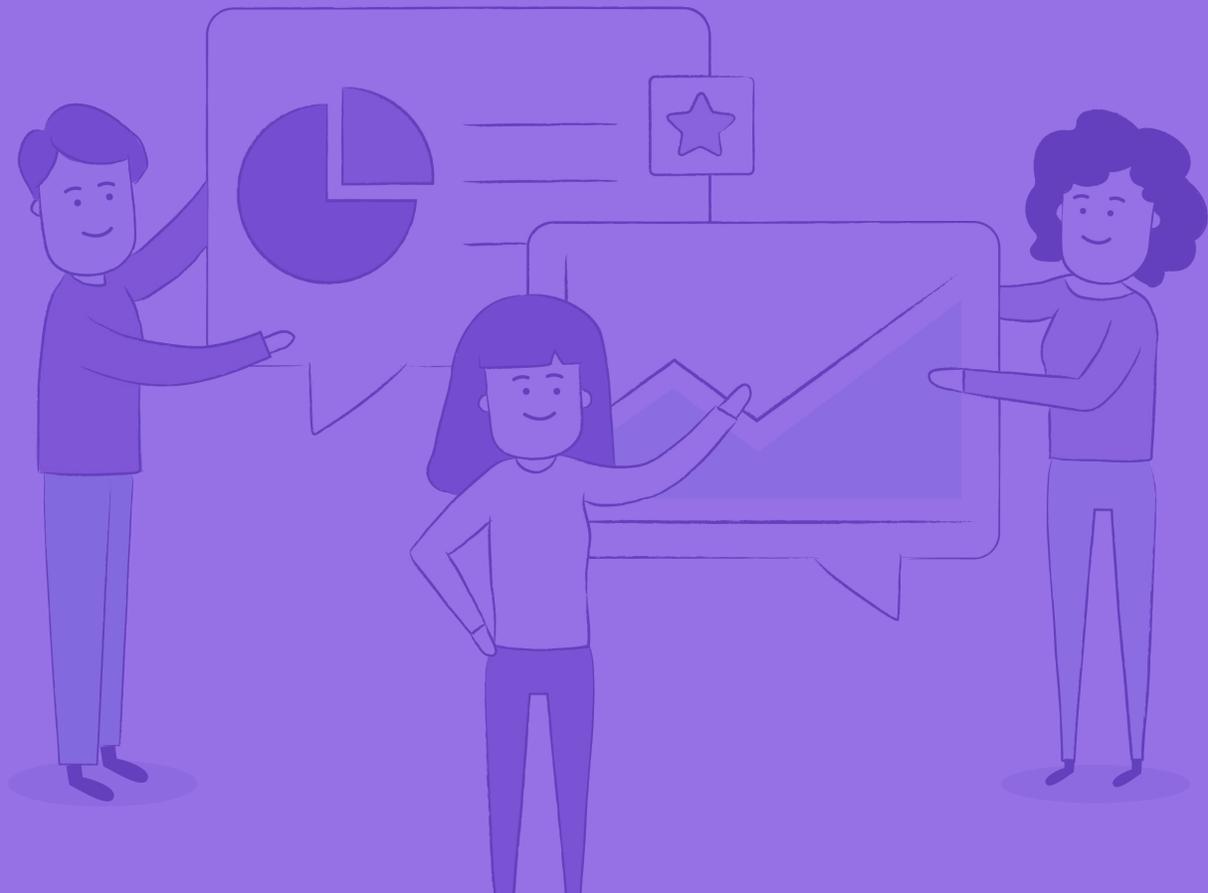zugata

Why Feedback Drives a High-Performance Culture

Why feedback is the key to employee growth

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Let's start with a simple statement: When it comes to feedback at work, we can no longer settle for doing things the way they've always been done. Technological advances and the shift to a knowledge-based economy have created an intense pressure to innovate and adapt. Companies strive to create high-performing cultures to compete in a tough market and stand out from their competitors. And the best way to achieve a high-performing culture is by encouraging your employees to grow and develop with structured, regular feedback throughout their tenure at your company.

To be clear, this is not simply a top-down HR policy—with **65% of employees** saying they want more feedback, and only **1 out of 5 employees** feeling that their performance is measured in a meaningful way, it reflects employee sentiment, too.

This dissatisfaction with the status quo has serious repercussions. A number of studies have shown that there's a direct correlation between feedback and employee engagement.

When employees regularly receive feedback, they're more engaged and motivated, and significantly less likely to leave a company. On the other hand, employees who don't receive any feedback and feel "ignored" by their managers are **40% more likely** to be disengaged.

And disengagement poses a serious threat to your bottom line—**Gallup estimates** that it costs US companies between $450–$550 billion a year in lost productivity.

In order to understand why employees are currently so unhappy with the feedback they receive, let's look a little closer at how feedback has traditionally been given and why it's so unsatisfactory in the modern work environment.

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Old methods for giving feedback and the new way of working

The traditional approach to feedback looked something like this: once a year, at the end of the performance management cycle, a manager would meet with their direct report and talk about what had happened over the past year. Had the employee met their goals? Would they be receiving a promotion or salary increase? Were they under-performing? In the modern working environment, this approach doesn't work for a number of reasons. Here are a few of the major shifts in the working landscape:
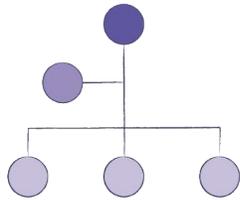
HOW THINGS WERE:
Hierarchy
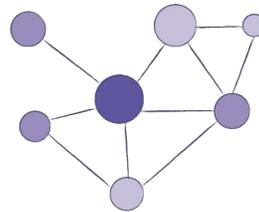
HOW THINGS ARE:
Network of Teams

1 With the rise of agile, scrum, and similar methodologies, most companies think about work in short "sprints" rather than the large block of a full year.

2 Because of these short bursts of focused effort, it no longer makes sense to plan a set of immutable goals one time. Teams tend to set smaller goals throughout the course of a quarter to adapt to rapidly changing demands.

3 The traditional hierarchical structure has given way to what Josh Bersin calls the "network of teams." This means that a manager isn't always the person who works closest with their direct report, and as a result may not be the best person to provide feedback.

4 There's been a shift in management and company practice to looking to the future rather than focusing on past performance.

When looking at the old method of giving feedback and the modern way of working, it's easy to see that there's a clear disconnect. Feedback is coming too late, too infrequently, and too often from a person who's not well-equipped to comment on an employee's performance. So how can we fix this? We'll explore that question in the next section.

What is the purpose of feedback?

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In this section, we'll look at what feedback can be used for and why this matters for your company.

In a **Harvard Business Review** article on the history of performance management, Peter Capelli and Anna Tavis describe feedback conversations as revolving around two basic questions: "What am I doing that I should keep doing? And what am I doing that I should change?" Essentially, we can use feedback to promote positive behavior and discourage negative behavior. Let's look at each of those outcomes in a bit more detail.

Using feedback to promote positive behavior

(1) Engagement & Productivity

When given appropriately (which we'll explore more in Part 2), feedback promotes engagement and productivity. Employees like to hear what they're doing well so they can continue doing it. When they don't receive feedback or it focuses too much on what they're not doing well, it's harder for them to focus their efforts and they have a tendency to lose focus and become disengaged.

(2) Learning & Development

Most skills learned on the job are only **relevant for about five years**, so in order for companies to stay competitive, they need to create a culture of learning and development. Employees should feel empowered to own their professional development, but feedback from managers and other coworkers can help guide them in the right direction. Managers, for example, may have insights into future projects that are coming up and can offer feedback on which skills their direct report can hone in order to be better prepared.

(3) Motivation

Traditional approaches to performance management have been shown to have an enormous cost, both in terms of employee and manager time, and in the way that they erode feelings of goodwill. To put it a little less delicately: Most people consider traditional performance reviews to be a waste of time. When harnessed correctly, feedback is anything but a waste. In fact, **78% of employees** said receiving recognition motivated them in their job.

(4) Appreciation/Recognition

The majority of American workers feel under-appreciated, and this has a big impact on morale. **Gallup reports** that only one out of three American workers received recognition or praise in the past week, but when companies build a "recognition-rich culture," they enjoy 31% lower turnover rates. By using feedback to show appreciation and recognition, you can positively influence how employees feel about your company and their job.

Using feedback to change undesirable behavior

It can be challenging to tell employees they're not meeting expectations or their efforts are not contributing in the way they hope—**43% of managers** reported that giving corrective feedback is a "stressful and difficult experience." But this is an important part of feedback, too.

(1) Regular feedback reduces the sting

By establishing a regular cadence of feedback and creating the expectation that receiving constructive criticism is part of the process, you can take some of the sting out of "negative" feedback. Priming employees to constructive feedback can help foster a **growth mindset** and employees will gradually adjust to the fact that this is simply to be expected and a key ingredient to their professional development

(2) Fewer surprises for underperformers

If an employee really is struggling to perform, frequent feedback sessions can give them targeted, specific areas to focus on.

This approach also ensures that employees know where they stand and if they're not meeting performance standards, they have ample warning to make changes and adjustments.

(3)   Helps redirect employees' attention and focus

Frequent feedback serves as a system to check where employees are spending their time and effort. Managers can use this opportunity to help their direct reports prioritize tasks and projects on a regular basis.

FEEDBACK BY THE NUMBERS

1 of 3   Only 1 out of 3 employees received recognition or praise in the past week [1]

58%   58% of executives believe that their current performance management approach drives neither employee engagement nor high performance [2]

95%   95% of young "high achievers" were actively searching for other job opportunities and on average left their company after 28 months [3]

87%   When given the option to eliminate performance ratings, 87% of people wanted to keep them [4]

2x   2x revenue growth and profit margins is a benefit experienced by companies with more skilled performance management [5]

Conclusion

Now that we've looked at the traditional approach to feedback in the context of the modern working environment, it's not surprising to see that there's a lot of discontentment around the current approach to feedback and performance management. Only **1 out of 5 employees** feel their performance is measured in a meaningful way and **52% of employees** said that the annual performance review is not an accurate appraisal for the work they do. This matters because employees are much more likely to be motivated and engaged when they feel they're receiving meaningful feedback. Research has shown that employees whose managers hold them accountable for their performance are **2.5 times** more likely to be engaged in their job.

By creating a culture of feedback and following best practices that are adapted to the modern way of working, you can drive your employees to be more motivated, engaged, and productive. We hope that following the best practices we've outlined in this eBook will help you drive high performance at your organization.

Zugata is Performance Management Software for high-performance cultures

It is the only solution that enables both performance evaluation and performance development, driving performance forward and impacting your company's bottom line. Our robust platform accelerates employee performance by using sophisticated algorithms to gather continuous feedback, enabling meaningful check-in conversations, and delivering personalized resources to help employees advance their skills.

Over 1,000 companies like Lyft, Gusto, and Greenhouse use Zugata to accelerate employee performance.

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