

Use Cases of 360° Feedback ♦ in Performance Reviews

A handy guide for leaders in using 360° feedback reviews to strengthen connections between employees and with managers

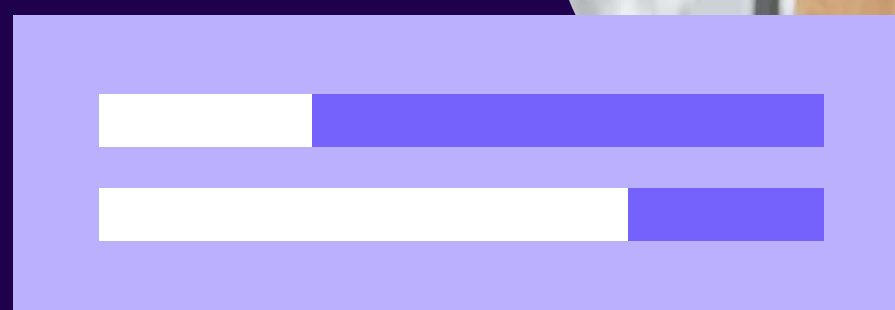


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How performance reviews are evolving

The traditional and standardised annual appraisal system looked something like this: managers need to check if the employee met expectations in the last fiscal; such as their level of contribution to company growth, and make decisions about employee development or rewards and recognition.


However, this approach to annual appraisals is a cause for stress and anxiety among the workforce as there is a chance that outcomes of this appraisal process are skewed. For example, managers conducting the appraisal may be less able to recollect employees' contributions at the beginning of the fiscal year than at the end, resulting in skewed evaluations of the employee. This format is also uninspiring to employees and brings down motivation in 45% of cases¹.



In 2016, 82% of respondents on a survey said that their company used an annual appraisal system. In 2017, this number came down to 65% and further down to 64% in 2019². This is due to the gradual shift away from annual single-rater reviews towards more frequent feedback with 360° reviews. Looking at this trend, it spurs questions for organisations and HR teams need to consider: what are the tangible benefits of adopting a 360° approach? How to utilise it to improve the current performance review process and in what way?

A **360° feedback review is a performance management tool** that solicits feedback about an employee from all directions: their managers, coworkers, and direct reports. The input from a wider range of an employees' network is important considering that employees do not just work with their managers - they need to reach out to all these people to effectively perform in his/her role. This model is better suited to provide actionable feedback to an employee and gives them a better understanding of their contributions to an organization. A **well-designed 360° feedback review can also serve multiple purposes** for talent growth and development in the organisation.





6 reasons to adopt a 360° approach in performance reviews

The typical performance reviews would be performed by a single rater, usually the direct manager. However, this model has a few shortcomings. As feedback comes from a single individual, it is bound to be influenced by personal bias. Furthermore, all aspects of a person's performance will not be visible to a single stakeholder. Employees may even feel pressured and attempt to influence the evaluation before the review. As a result, a single-rater system does not paint an accurate and holistic picture of an employee's capabilities, attitudes, skill gaps, culture gaps, and new opportunities.

In contrast, 360° feedback reviews provide the following advantages:

1 Enriching input from everyone involved in the employee's daily work-life

Getting feedback from across the employee's network, from peers, subordinates and managers to even customers and partners is a good measure to have a full understanding of an employee's performance and competencies gap.

2 Bolstering feedback for specific competencies from multiple stakeholders

Reviews on competencies that are related to working with multiple stakeholders, such as teamwork and collaboration, would benefit from observations and evaluations from different people beyond just the manager.

3 Gaining from the unique perspectives in your team

Receiving inputs from a variety of unique perspectives helps to minimise blind spots of an employee's performance that tend to exist in a single-rater system.

4 Countering the risk of bias

41% of companies using single-rater systems have reported widespread manager bias³. Having more data points from other raters will help mitigate bias and enhance feedback robustness.

5 Obtaining honest feedback through anonymous reviews

In a single-rater system, the employee will always know who evaluated them and managers may be more lenient for the sake of politeness.

6 Building employee trust and confidence

When feedback is corroborated across multiple stakeholders, employees are more likely to accept the review and have greater trust and confidence in the performance management process.

360° review systems also have **two challenges that you can address through proper planning and usage of tools:**

1. It can be resource-intensive

Identifying the relevant stakeholders for feedback collection and calibrating feedback across multiple stakeholders for consistent standards can be complex. It will require some time and effort to set up a 360° review system for the first time, but it will subsequently be easier as the process can be replicated for future cycles.

2. A multitude of ratings can be difficult to interpret

Data coming in from many sources can seem daunting and difficult to interpret. Variability can also appear as inconsistency – but here's where people analytics comes in. A people analytics platform like EngageRocket allows you to gain insights from a complex set of data points, so you can prioritise relevant follow-up actions accordingly.

The role of 360° feedback in performance management

While 360° feedback is a useful and robust tool for performance reviews, it is important to keep in mind that performance management is broad and it can encompass more than 360° feedback.

To highlight where 360° feedback plays a part in performance management, here is a broad overview of performance which consists of **two main aspects** and can be evaluated using **two corresponding types of metrics**:



Objective metrics to track

Performance defined and measured objectively

For instance, the sales team might have “\$1 million total deals value” as a quarterly OKR. “Average response time” could be a real-time performance KPI for customer support associates, and “mean time to resolution” for IT engineers. For such objective aspects of performance, organisations can set up systems to measure and track employees’ progress in these aspects. Hence, 360° feedback is not exactly relevant here as it is not aimed to capture such data.

Subjective metrics to observe

Performance can defined and measured subjectively

For example, sales associates could have “relationship building” as a competency they need to attain while IT engineers would need “analytical thinking” as a skill to hone. There are no available systems and tools to track these aspects of performance without human input and observation. A well-designed 360° feedback framework plays an important role here as it can help you collect and aggregate information about the crucial qualities of an employee effectively that would contribute to your business, culture, and their individual career goals.



360° FEEDBACK IS MOST SUITABLE FOR THIS TYPE OF USE CASE

As these two types of metrics serve different purposes and are two sides of the same coin, **it is recommended to consider incorporating both types of metrics in performance management** to make it holistic.

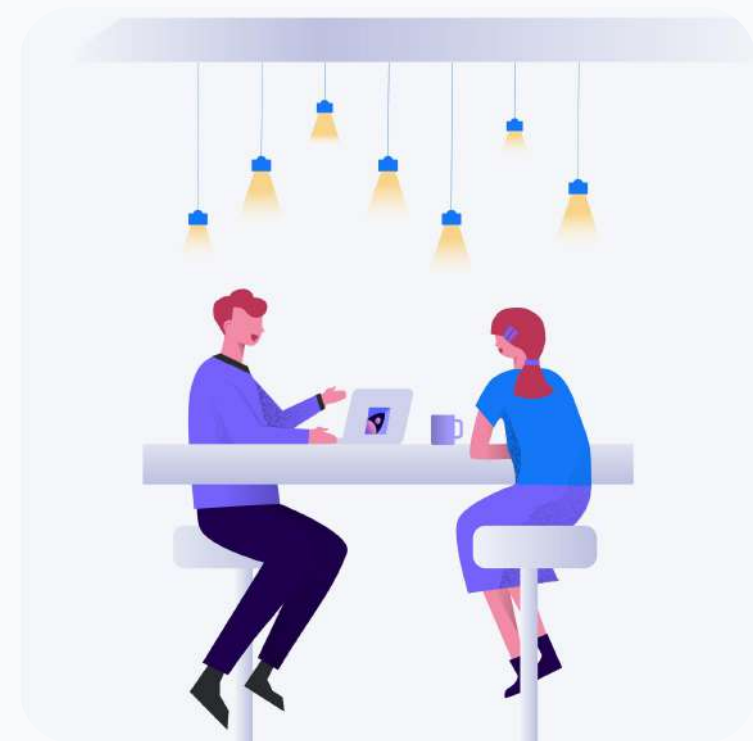
6 use cases for 360° feedback

As implied in the points made previously, a 360° feedback system is usually applied in the context of individual performance review. However, its use case is more varied than that depending on organisations' needs and maturity. Even in terms of using 360° feedback for performance reviews, there are many ways that can be done.

Although not restrictive by any means, we have observed **organisations achieving success in their 360° feedback program for the following use cases:**

1. Personalised review for job-related competencies

Generally, we would expect that success for employees would look different in different roles. Referring to the example used earlier, we would expect that the competency "relationship building" is going to contribute more to the success of a sales associate than to that of an IT engineer. Hence, a robust and personalised 360° feedback will first need a job analysis for the specific role or job family to build a competency model⁴ to find out what observable traits or behaviors are important for effective performance. This is a direct investigation of employees' person-job fit.



For this use case, a 360° feedback review helps you:

- 1 Evaluate employees against the competencies of specific job role to determine job performance
- 2 Determine if employees require development based on competency gaps (also see section on learning needs assessment on use case #4).
- 3 Reward and recognise employees on areas that they have been doing well on.



Sonali Sharma

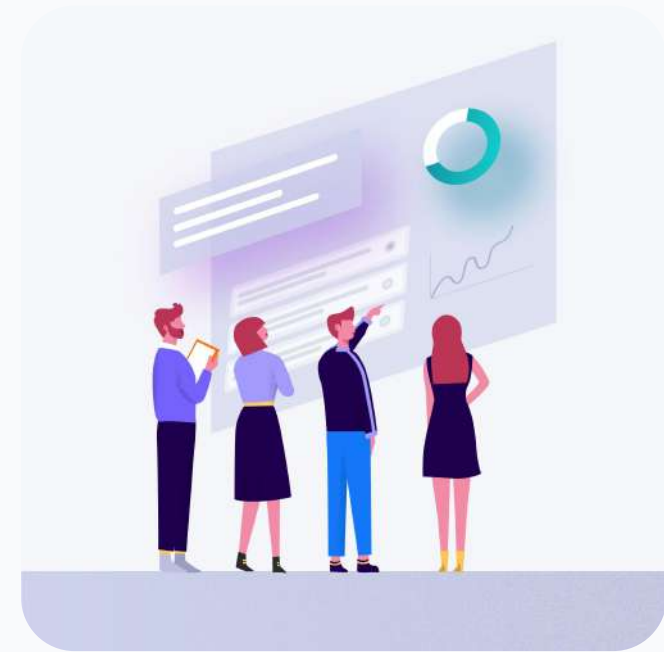


“ To support the relational needs of the evolving organisation, managers will need to be empowered, enabled, and equipped with tools to help nurture teams at the ground level. HR can no longer do everything in a world that is hyperlocal and deeply diverse.

Sonali Sharma, VP of People Science at EngageRocket

2. General review for future readiness

While the personalised review is concerned with employees' performance at the time of review, organisations may be more keen on ensuring their workforce is ready to tackle the challenges of tomorrow⁵. This is crucial given that the world changes at an accelerated pace and the skills relevant now may not be relevant tomorrow. To conduct such reviews, organisations can adopt frameworks such as the one by the World Economic Forum⁶ on the top ten skills that will be essential for tomorrow's workforce - from analytical thinking to technology design and leadership. This use case is helpful for companies that do not have the capacity to identify target competencies for every role yet (as seen above).

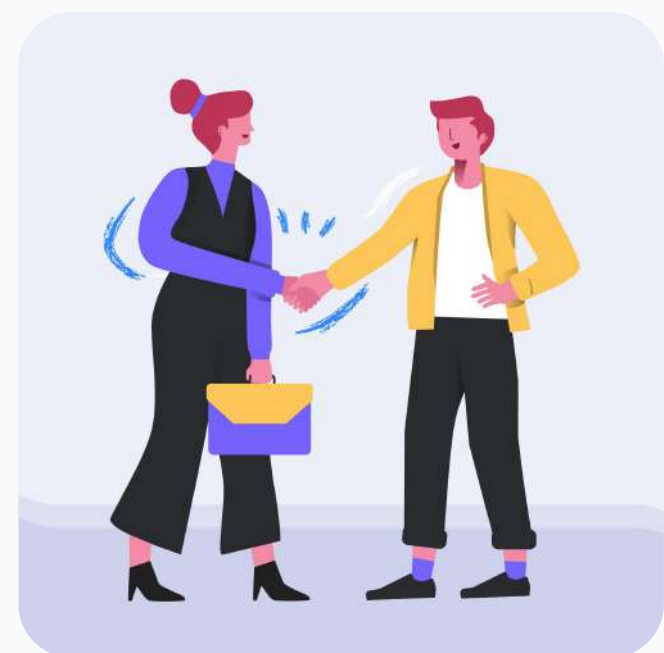


For this use case, a 360° feedback review helps you:

- 1 Evaluate employees across various job roles to determine their readiness for future.
- 2 Plan for upskilling opportunities based on any gaps uncovered (also see section on learning needs assessment on use case #4).
- 3 Prepare employees for new roles if current roles are at risk of redundancy.

3. General review for career development

360° feedback reviews are helpful in driving career development for all job roles across all levels. Often, it entails an upward movement when an employee moves higher in the organisation's hierarchy. In such cases, the movement usually entails better leadership and management as well. As such, general leadership competency frameworks can be crafted and used for all employees who desire to develop themselves further in this aspect - no matter which role they are currently at or the role they are progressing towards.

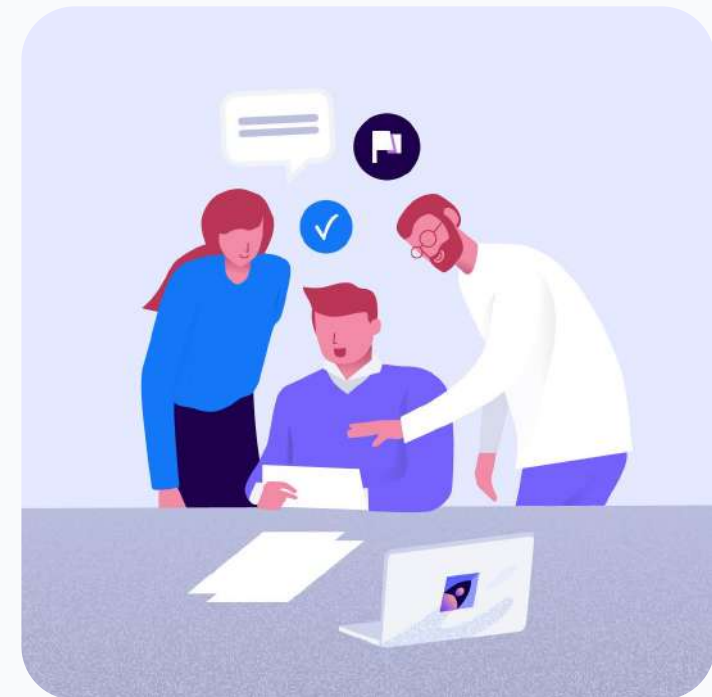


For this use case, a 360° feedback review helps you:

- 1 Evaluate employees against specific leadership competencies for them to progress in their career.
- 2 Determine if employees need to prioritise learning needs around leadership based on competency gaps (also see section on learning needs assessment on use case #4).
- 3 Accelerate employees for new roles if they possess competencies needed to progress in their career.

4. Learning needs assessment

After conducting performance reviews and appraisals, additional steps can be taken to shift the focus from evaluation to action. Instead of just understanding performance levels of employees, organisations can use 360° feedback reviews to highlight employees' learning needs based on gaps uncovered in their competencies. Based on any gaps found either (a) between their current competency levels vs. the highest level of job competency possible or (b) between competencies possessed now vs. competencies needed for future, development plans can be crafted for individuals in a personalised way.

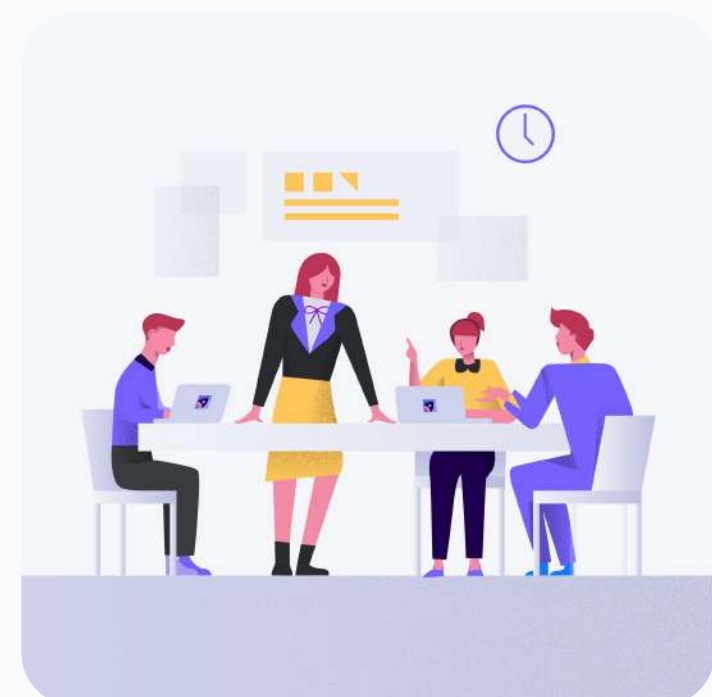


For this use case, a 360° feedback review helps you:

- 1 Identify competency gap of employees based on the aggregated ratings from the reviewers
- 2 Define learning priorities and training needs based on employees' competency gap

5. Culture fit and values alignment

Determining culture and value alignment across employees from all levels can be difficult for many organisations. By definition, organisation values are core beliefs held by its members that make up the unique culture of the organisation, and we can observe if organisations embrace and embody those values. These values may evolve through different phases in the growth trajectory. In this instance, various stakeholders can then provide feedback on employees' alignment with the values.

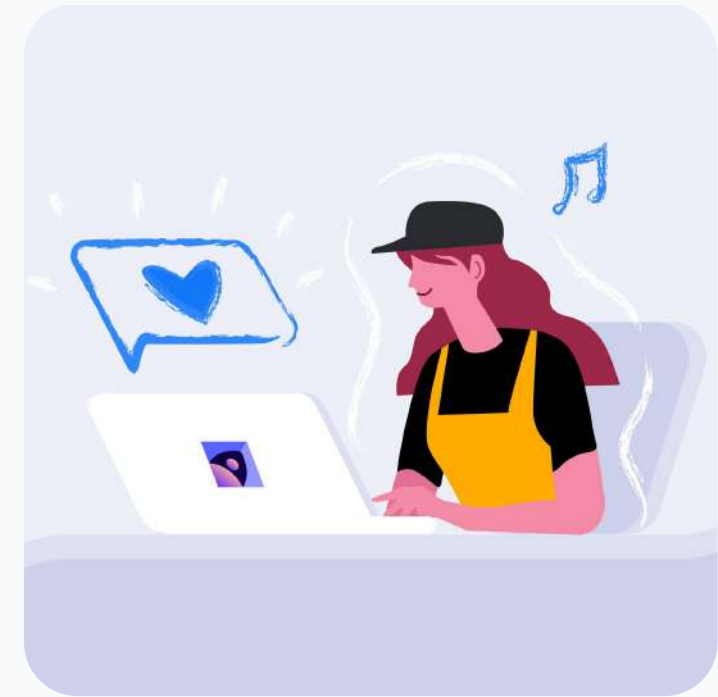


For this use case, a 360° feedback review helps you:

- 1 Have a better understanding of an employee's value alignment from multiple perspectives
- 2 Highlight person-organisation fit at the individual level
- 3 Identify culture gaps between employees' current overall values ratings and your organisation's desired level of values for action

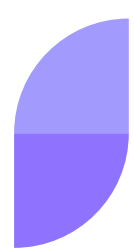
6. Team level review for service-related competencies and performance

You can also provide feedback about a function's service performance by getting other teams who act as internal customers to give a review. This use case serves similar objectives as external customer satisfaction survey. While service performance can be evaluated using objective metrics such as the ones defined in Service Level Agreements (SLA) (e.g., response time to be within 24 hours), intangible aspects such as quality and satisfaction with service is also critical. As such, performance reviews go beyond the individual level to the team or department level. For this instance, each rater may provide feedback to the target function based on different aspects of the team's service.

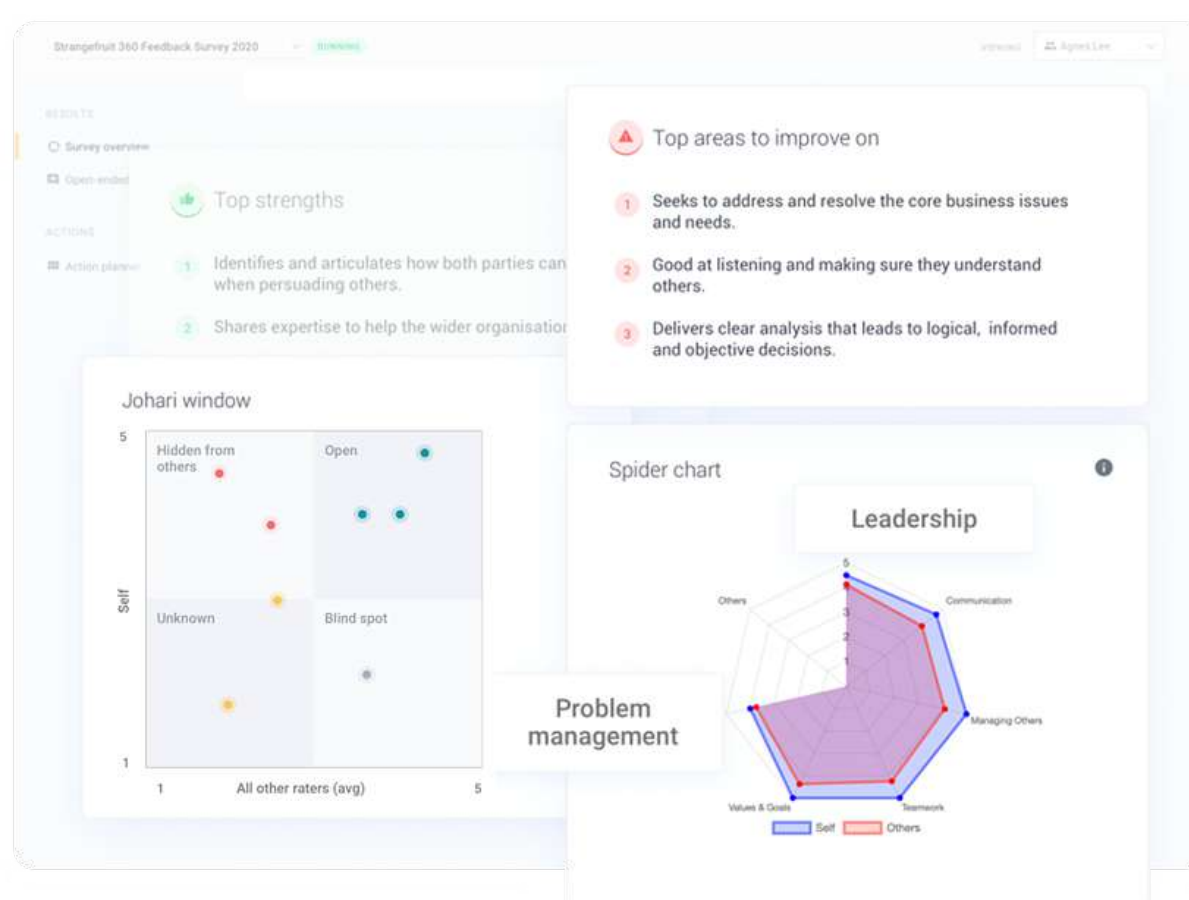


For this use case, a 360° feedback review helps you:

- 1 Understand team-level service performance based on input from other teams.
- 2 Identify function competency/service gaps between target's overall service competency ratings and highest possible level of competence.



Automate your 360 feedback reviews with EngageRocket's GROW



GROW: 360 feedback review

Develop your leaders into their best selves

- **Flexible setup:** customise questions, rater groups, selection methods, communication and reminders.
- Large validated competency and **question banks**
- Powerful **analytics**
- Data-driven **learning needs analysis**
- **Action planner:** Set goals, targets, tasks and reminders to encourage personal mastery
- Follow through closely and **monitor progress**



References

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EngageRocket

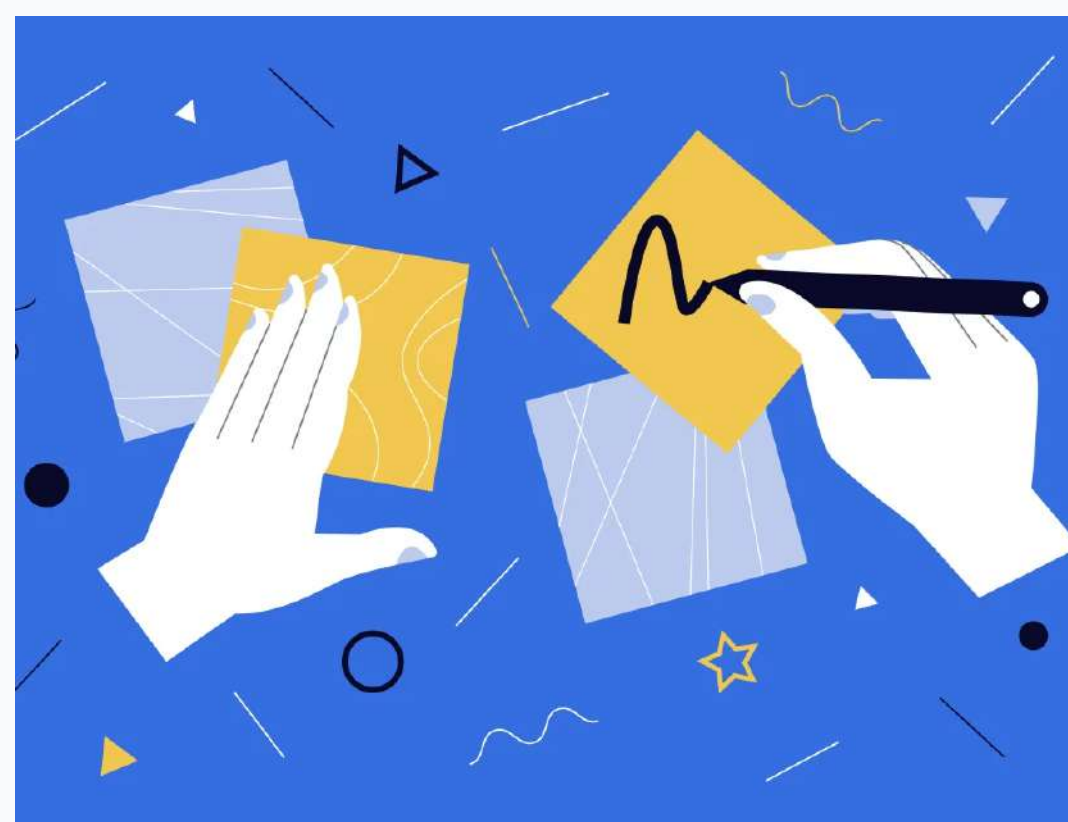
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Learn more at www.engagerocket.co

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