

The leadership advantage

How great leaders elevate
organizational performance

2025 research report



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The 5 most pressing leadership *insights*

1 | There is a leadership sentiment gap, and it's affecting organizational alignment

Senior leaders consistently report a more positive workplace experience than lower-level employees, with C-suite executives showing up to a 40% point difference from individual contributors in their perception of the workplace.

2 | Employee perception of leaders shapes organizational outcomes

Our research identified six distinct leadership profiles based on employee perception. The most effective "trusted leader" profile comes with higher than average employee commitment to stay with the organization (71%) – outpacing all other profiles by at least 17% points.

3 | Leadership performance is a multiplier

Employees under high-performing leaders are 4.5 times more likely to be high performers themselves. The inverse is also true: Employees under low-performing leaders are 3x more likely to be low performing employees.

4 | Leadership transitions significantly impact organizational stability

Turnover is 40% higher in the six months following a leadership change compared to teams without a change. Leadership changes create ripple effects throughout organizations, with confidence in leadership declining by 9% for indirect reports.

5 | Leadership effectiveness drives engagement and behaviors associated with high performance

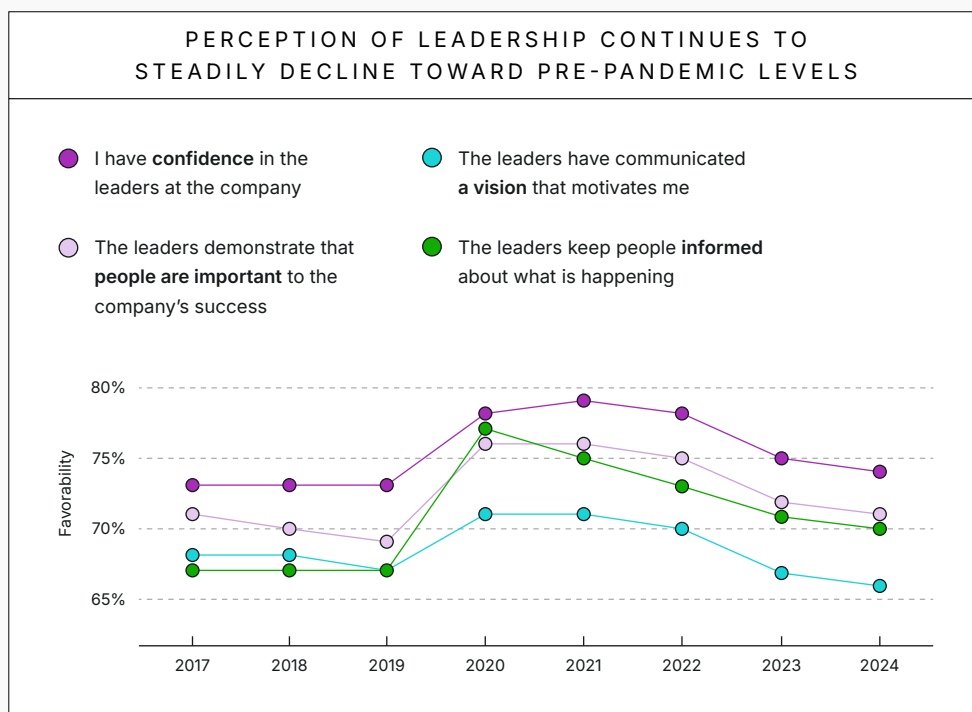
Teams with great leaders show 95% engagement scores compared to just 33% for those with poor leaders. Leaders of highly engaged teams demonstrate specific behaviors, like giving 18% more continuous feedback, creating 20% more aligned goals, having 12% more 1-on-1s, and taking 22% more actions after surveys.



1. Connecting the dots on today's leadership

During the pandemic, the word “unprecedented” adorned every headline – and rightly so. The world of work was turned upside down. People looked to leaders for answers. Suffice it to say, leaders were forced out of their comfort zones, pushed to make difficult decisions and adapt to rapidly changing circumstances. And they were largely able to rise to that challenge.

In fact, in 2021, we saw the perception of leaders peak. But since 2021, that perception has been dropping.



This may not come as a surprise given the multitude of pressures leaders face in our complex work environment. Today's leaders are navigating economic shifts, AI-driven disruption, the lingering social effects of the pandemic, and rising global tensions. With their focus spread across numerous priorities, many leaders get stuck trying to do too much.

At the same time, Culture Amp people scientists have found that leadership is a primary driver of engagement at companies across North America. And our benchmark data backs this up. Having confidence in leaders is one of the top three drivers of engagement globally.

Noting both the declining perception of leadership and its sustained importance in driving engagement, we took a closer look. We found that leaders have vastly different work experiences than individual contributors.

This leadership disconnect is linked to lower engagement, sense of belonging, and performance, which can hinder an organization's success. In contrast, connected leadership can boost the bottom line.

According to research by McKinsey:

- Highly engaged employees could save a median-sized S&P 500 company **\$228 million** per year in saved productivity, and another **\$355 million** via reduced turnover.
- Across five years, that's **\$1.1 billion** saved through high engagement.

In short, there's a lot at stake if leaders are disconnected from the employee experience and thus fail to see when disengagement is happening.

This report examines leadership's powerful impact on business outcomes and shares practical approaches to bridging the divide and transforming leadership into a driver of a high-performance culture.

Our research set out to answer a few key questions, including:

- *What does the employee experience look like for senior leaders?*
- *How do leadership transitions impact team stability?*
- *What leadership characteristics influence employee outcomes?*
- *And what actions can leaders take to close the disconnect and drive performance?*

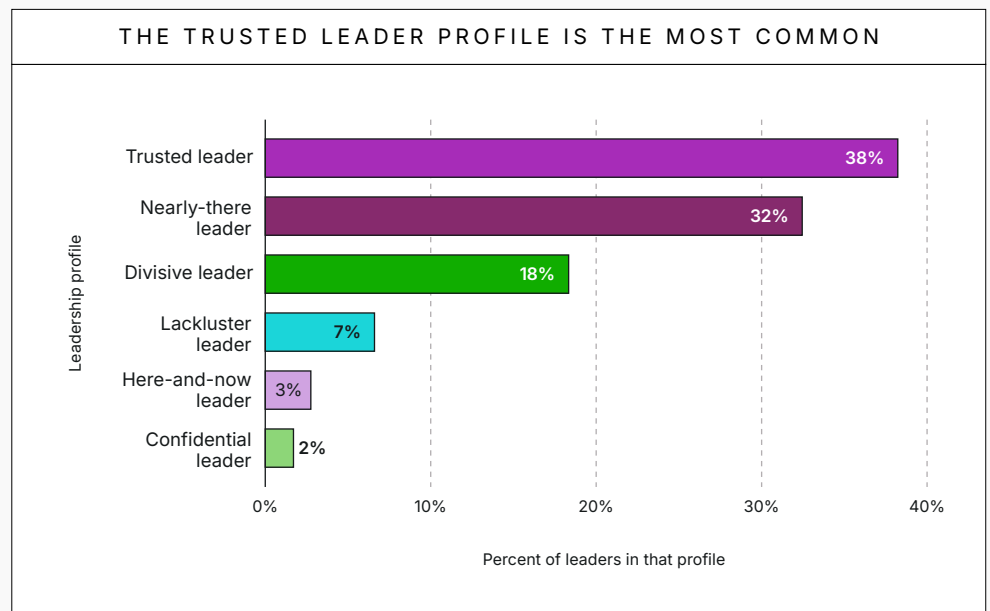
2.

Leadership profiles: Shaping organizational culture

As a part of our research, we used latent profile analysis to identify different types of leaders. To do this, we analyzed employee responses to four survey items about leadership. To create our own "sorting hat" of leadership types, we analyzed responses to:

- *I have confidence in the leaders here*
- *Leaders demonstrate that people are important to the company's success*
- *The leaders have communicated a vision that motivates me*
- *Leaders keep people informed about what is happening*

The result was six distinct leadership profiles. And surprisingly, the most common was the most effective - we're calling them, "the trusted leader."



The six distinct leadership profiles

1



The trusted leader

2



The nearly-there leader

3



The divisive leader

4



The lackluster leader

5



The here-and-now leader

6



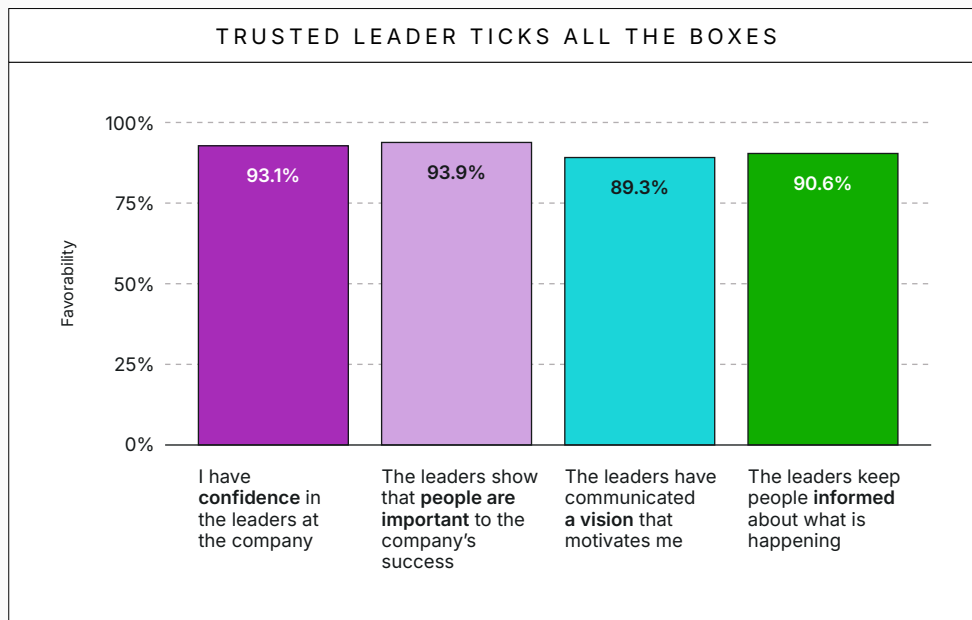
The confidential leader



PROFILE 1

The trusted leader

The trusted leader earns high marks from employees across the board. These leaders say and do the things that inspire confidence and [fuel motivation](#). This leader type is the most common, with 38% of leaders falling into this category.



"To support your trusted leaders, consider giving them time to recover. It is likely these leaders expend much of their capacity leading from the front, and this will help them stay sustainable. It will be equally important to band together with this leader! Trust isn't limited to a single individual, and if you believe in this leader's vision, your participation will only increase the impact."

– Chanai Vaznonis
Lead People Scientist, Culture Amp

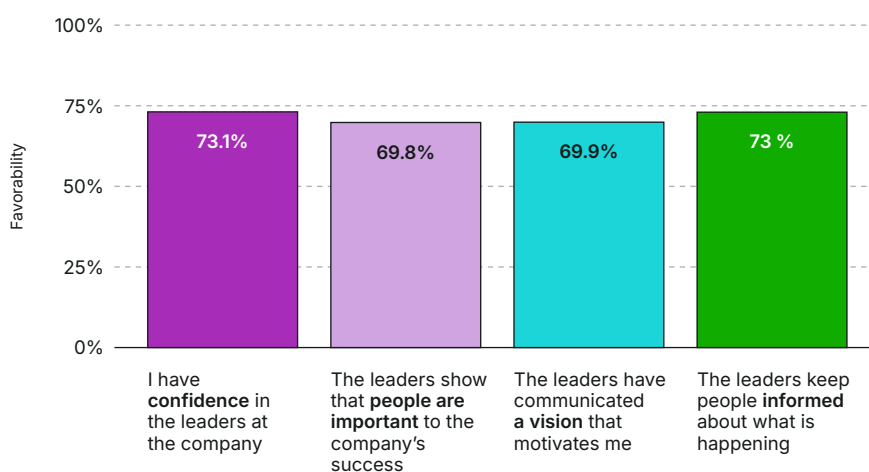


PROFILE 2

The nearly-there leader

The second most common leadership profile shows moderate strength across all leadership dimensions, with consistent favorability ratings of around 70%. 32% of leaders fall into this category. These leaders might be saying and doing many of the right things, but their impact isn't reaching everyone. They're nearly there!

NEARLY-THERE LEADER HAS MODERATE SUPPORT IN ALL DOMAINS, & NEEDS DEVELOPMENT TO ASCEND TO TRUSTED LEADER



"To help leaders move from 'good' to 'great,' help them find ways to expand their reach and connect with employees across the organization. Which teams don't have as much exposure to this leader? What opportunities exist for them to better understand the employee experience across all areas of the business?"

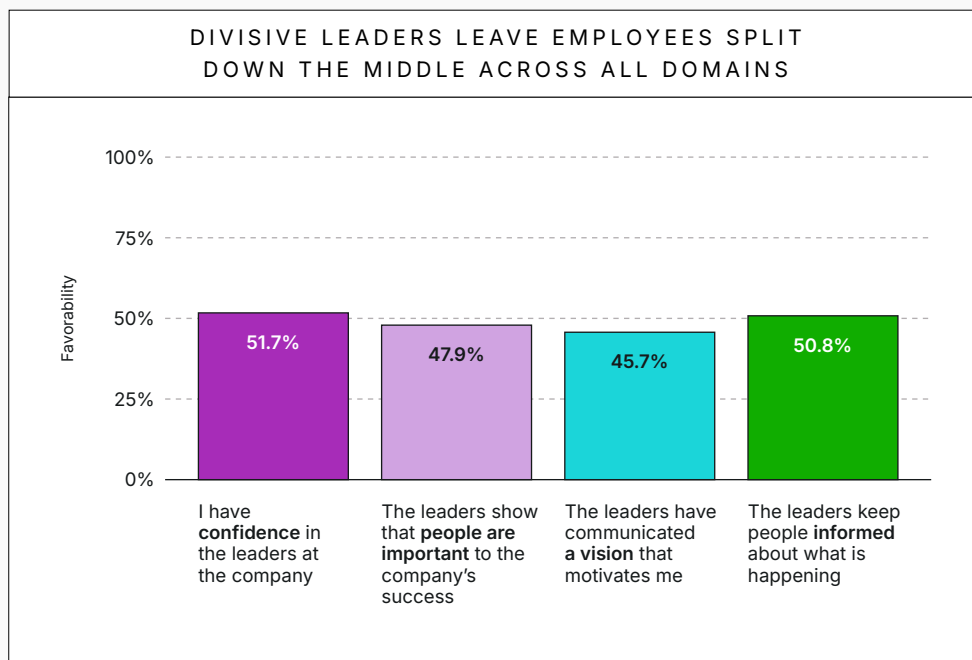
– **Amanda Blinebry**
Lead People Scientist, Culture Amp



PROFILE 3

The divisive leader

Divisive leaders receive split ratings from employees, showing middle-of-the-road sentiment across all key dimensions. We call this type of leader *divisive* because they divide employee perception down the middle – it's one of those love 'em or hate 'em situations. 18% of leaders fall into this category.



"Division can stem from either low self-awareness or ascribing negative intentions onto employees' neutral actions. Shadowing, playback of all-hands meetings, and peer feedback can expose these discrepancies in real-time, giving leaders the insight needed to re-establish credibility with disconnected people across the organization."

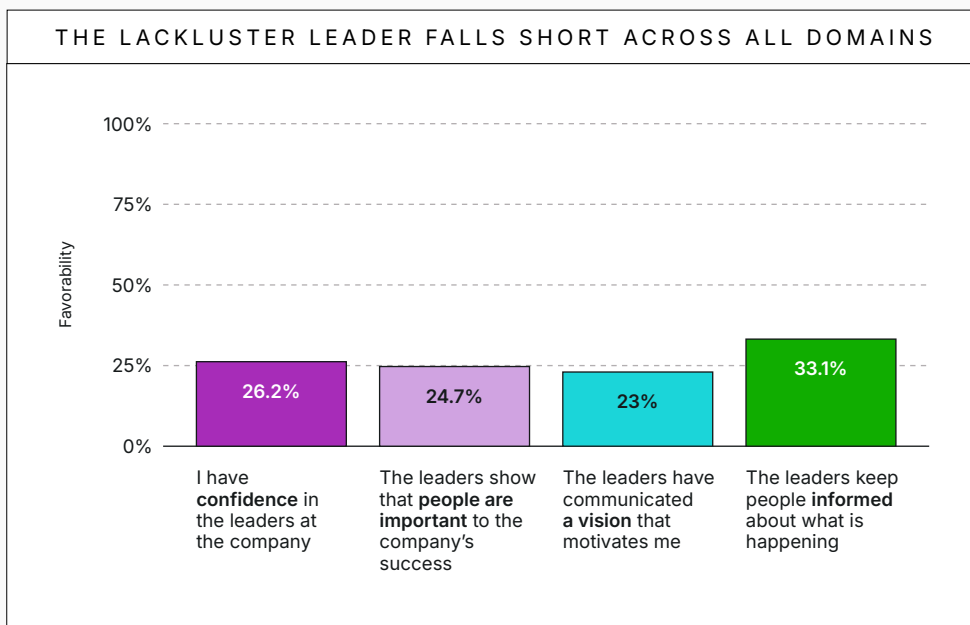
– **Elora Voyles**
Lead People Scientist, Culture Amp



PROFILE 4

The lackluster leader

While only 7% of leaders fall into this category, we suspect they have an outsized negative impact on organizations. These leaders receive low scores across all leadership items, showing agreement between 23% and 33%. Whether there is an organizational misalignment or connection issue, something is going wrong with these leaders.



"To support these leaders' improvement, ensure they understand the expectations of their role and what strong performance looks like. Guide them in assessing what they should start, stop, and continue doing vs. their prior roles, enabling them to hone their focus and better support their teams."

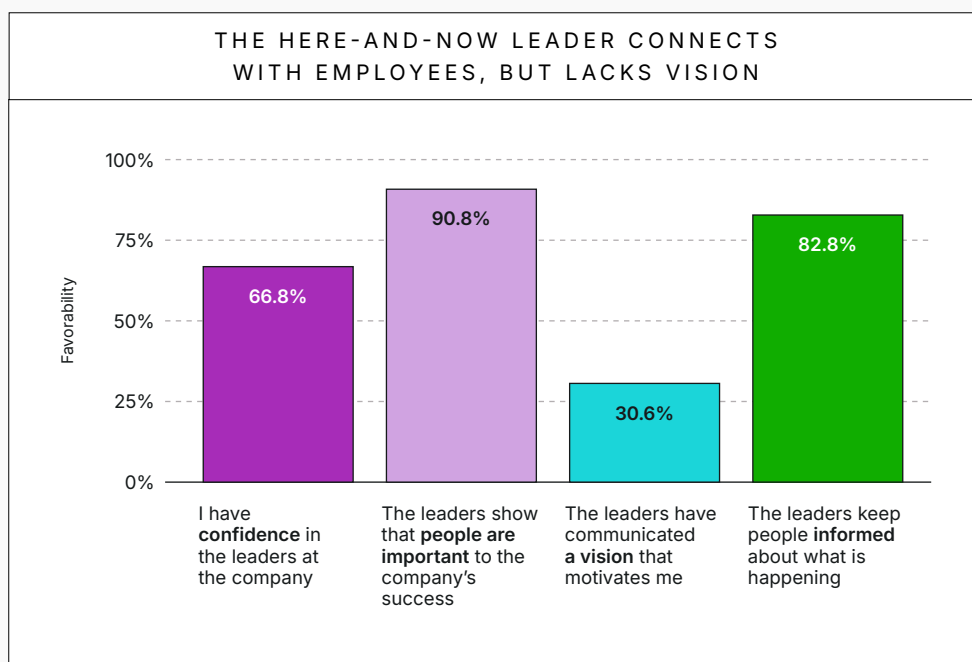
– **Thaddeus Rada-Bayne**
Lead People Scientist, Culture Amp



PROFILE 5

The here-and-now leader

While the first four leadership profiles showed similar patterns with varying levels, this relatively rare profile has a unique response pattern (only 4% of leaders matched this profile). Here-and-now leaders are stronger on present-focused leadership dimensions than future-oriented ones. Employees sense that these leaders care but aren't sure where they're taking the company.



"To support these leaders, help them translate company updates into a future vision. Guide them to communicate the 'why' behind decisions, link to organizational KPIs, and translate how the vision impacts employees' roles. Where is the organization headed? What's the bigger picture? Employees want to feel part of something meaningful."

– **Allison Hoehn**
Senior People Scientist, Culture Amp



PROFILE 6

The confidential leader

The confidential leader is the least common leadership profile, with only 2% in the category. It, too, shows a unique pattern. Confidential leaders are great at garnering confidence and showing employees they matter, but they tend to keep employees in the dark about where they're headed and why.

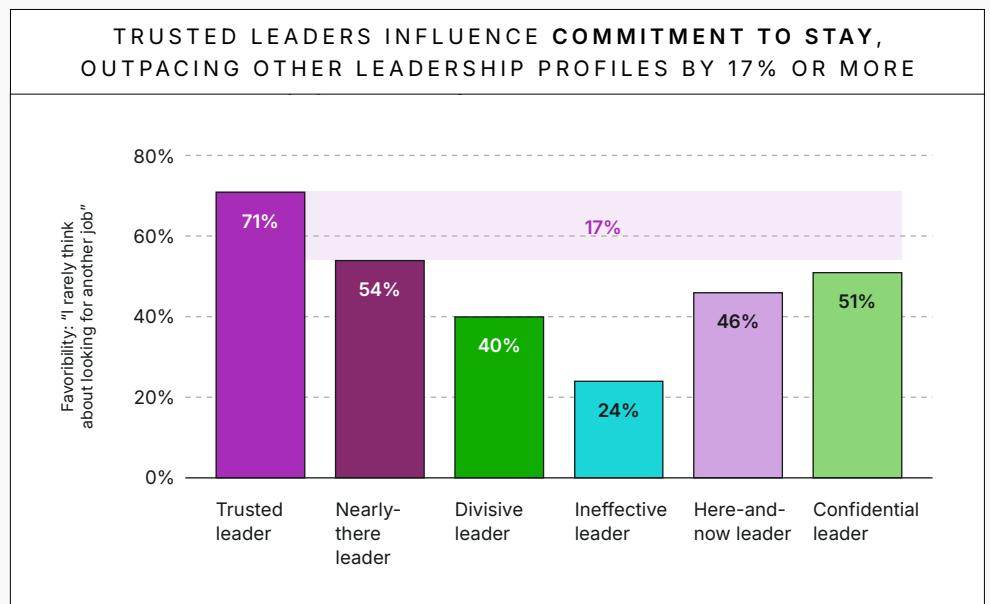


"Confidential leaders likely have a blind spot related to the level of trust existing within the organization. When transparency and direction are missing from communications, feelings of instability and unease arise. Including the 'why' behind key business decisions and benefits to employees helps foster trust and ultimately drive engagement."

– Erica Pachmann
Lead People Scientist, Culture Amp

Leadership profile impacts employee commitment

Why do these leadership profiles matter? It turns out that different leadership profiles are associated with varying levels of employee commitment.



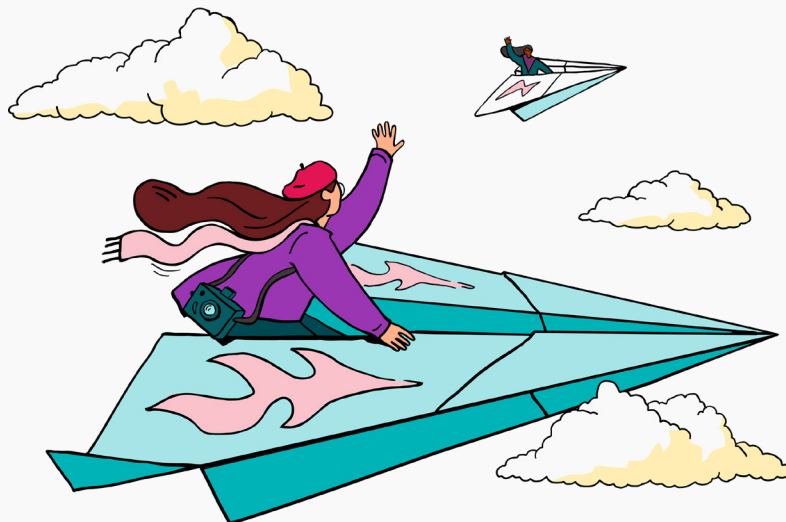
Under trusted leaders, 71% of employees say they rarely look for employment elsewhere. That is a 17% point advantage when compared to the nearly-there leaders, who are doing second best overall. The trusted-leader advantage becomes even more evident when compared to the lackluster leader – a 47% point difference in employee commitment to stay. This demonstrates the importance of excelling across all four leadership dimensions.

3.

The leadership *sentiment* gap:

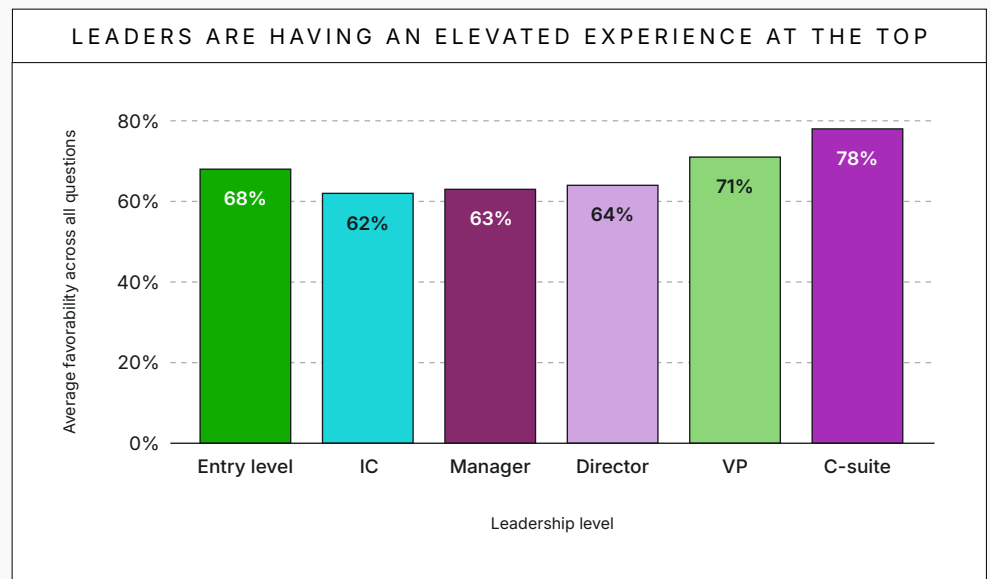
Elevated experience or fundamental disconnect?

Though the majority of leaders fall into the “trusted leader” bucket, the experience leaders are having at work isn’t aligned with that of employees. The data reveals a gap that likely impacts organizational effectiveness, trust, and performance.



Leaders consistently report a more *positive* workplace than employees

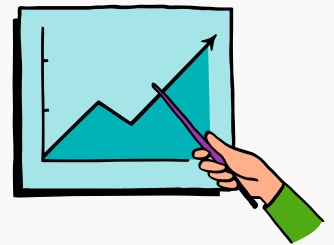
Leaders are having an elevated employee experience. The higher up the leadership hierarchy, the better the experience. When we took an average of all items across our survey templates, which touches all the vital components of experience at work, the pattern was clear.



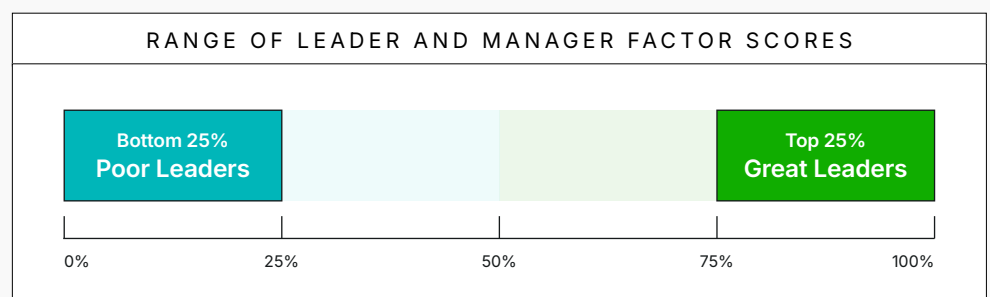
What's causing this disconnect? Are leaders answering from their unique, and more informed, lens? Do they feel more favorably because they have more knowledge about what is happening in the company? Or are they out of touch with the realities of their workplace? Once again, we looked to our data for answers.

4. Great leadership is the *secret* to scaling impact

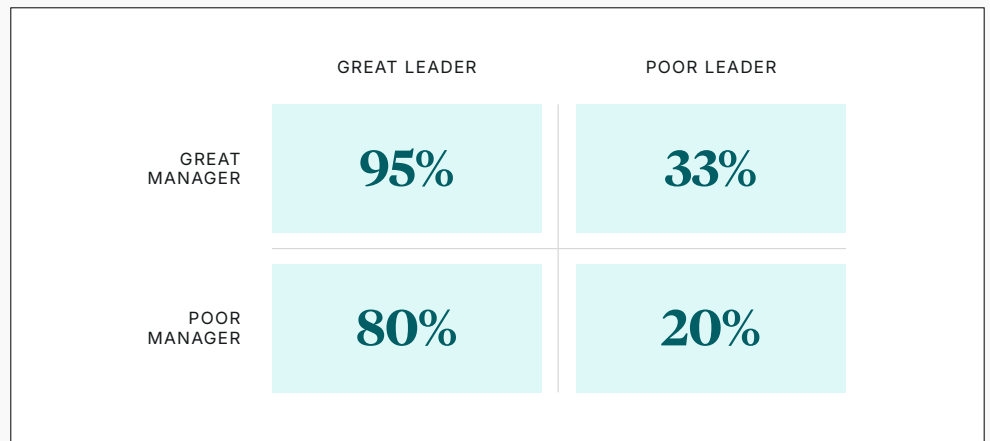
Leadership effectiveness influences how employees act at work – which then impacts retention, engagement, and performance. In theory, great leaders help businesses succeed. But what is a “great” leader, and what impact do they actually have?



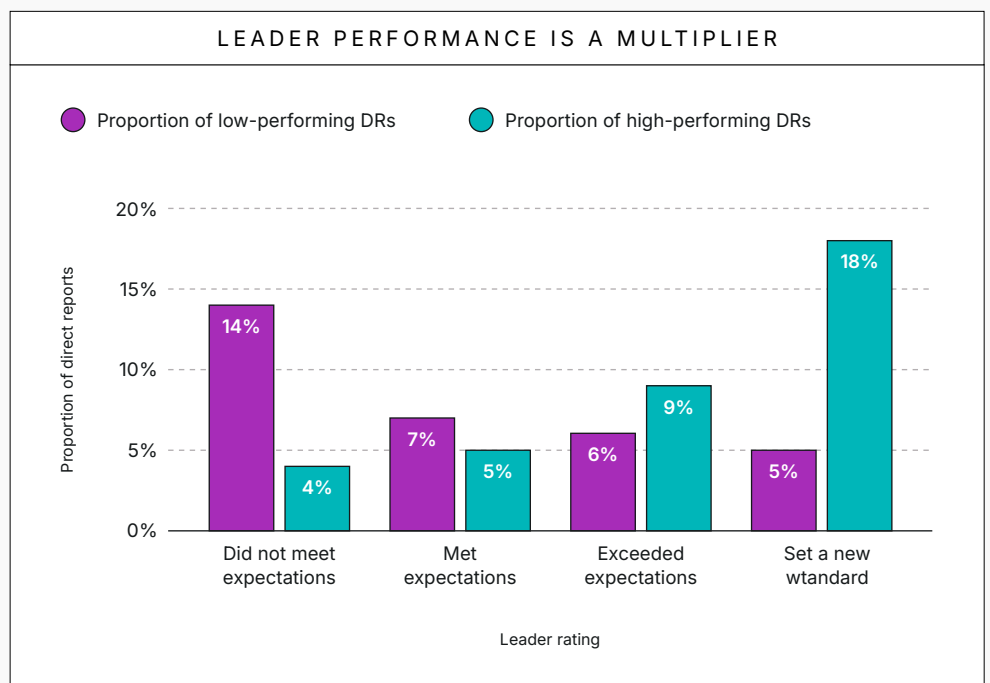
We identified employees’ responses on manager and leadership factors and categorized leaders as “great” or “poor.” We did this using percentiles; a “great” leader is someone who scored in the top 25% when assessed on the four key dimensions of leadership. We used the same process to classify managers to better understand how the impact of leaders compares to that of managers.



Our data suggests that great leaders have an outsized impact on engagement.



Under a great leader and a great manager, 95% of employees are engaged. Even with a poor direct manager, eight of ten employees with great leadership are still engaged. We see those numbers tank under poor leaders. Leadership impact doesn't stop at engagement. Leaders impact performance, too.



When we looked at leaders based on their performance ratings, we found that leaders' performance has a multiplying effect. 18% of employees under high-performing leaders were high performers themselves – a 9% point jump from their peers who are exceeding expectations.

The inverse was also true – lower-performing leaders had a higher proportion of low performers under their wing.

According to [Bersin's research](#), organizations with employees who are more satisfied with their company's approach to performance management are:

- 1.3x more likely to reach financial targets
- 3x more likely to manage change effectively
- [3.2x more likely to encourage risk-taking](#)
- [2x more likely to innovate](#)

Employees under high-performing leaders are **4.5x** more likely to be high performing.

And employees rolling up to under-performing leaders are almost **3x** more likely to fail to meet expectations.

[Prosci's](#) leadership team transformed its performance management approach by focusing on continuous feedback, leading to a more engaged workforce.



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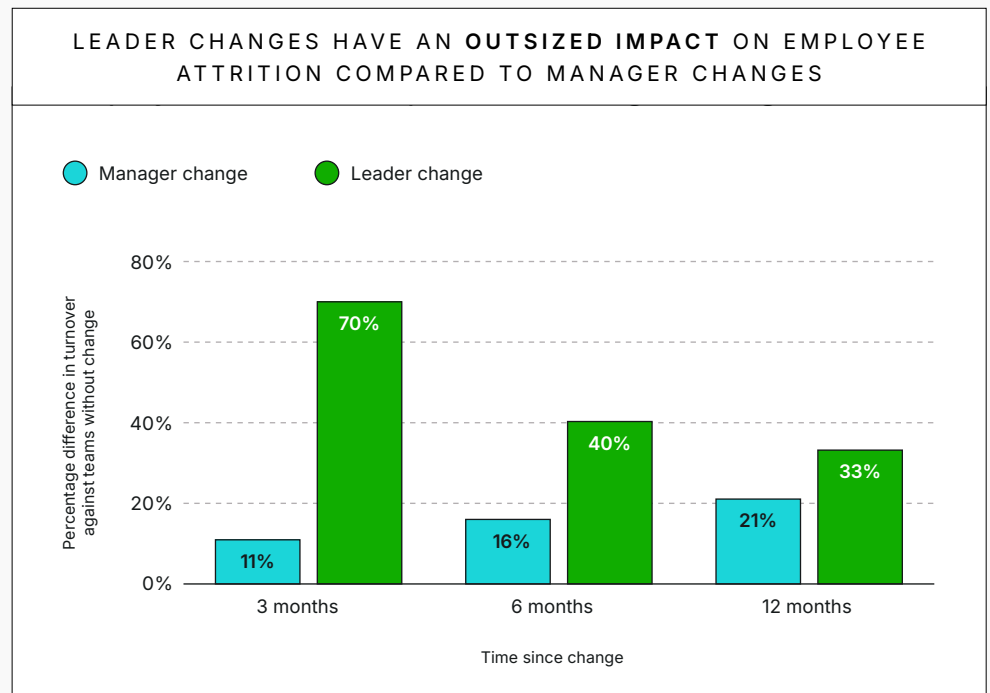
We finally have insight into performance conversations... We have insight into goals. We don't have to go digging through a PDF or a whole spreadsheet. The system actually forces you to get into a better rhythm. I also love the reflection aspect of it. It's not just a top-down kind of discussion. You're getting a lot of that bottom-up feedback as well.”

Prosci

SCOTT MCALLISTER, CEO, PROSCI

When a leader leaves, the impact is *tangible*

To no one's surprise, we also found that leader transitions are disruptive to organizations. Compared to teams without a leader change, those who did see leader turnover had 40% higher employee attrition at six months following the change. While teams with a manager change faced high employee attrition too, it was limited – 16% point higher than teams with no change.

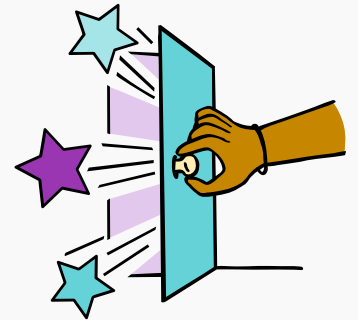


It [can cost organizations up to 200%](#) of an employee's salary to replace someone who leaves following leader turnover. And these transitions don't just affect retention – they impact how employees view remaining leadership. After a leadership change, confidence in leaders declines by 7% for direct reports and 9% for indirect reports. The larger impact on indirect reports shows just how much leader changes reverberate throughout organizations, affecting employees who may never directly interact with senior leaders.

Are shake-ups like these inevitable following a leader change? We don't think so. With effective change management and clearly communicated paths forward, a leadership evolution could be just the refresh an organization needs.

The multiplier effect of leadership performance

We have shown that leadership performance is a multiplier, that great leaders improve work experience for employees, and that leader turnover has ripple effects. To sum it all up, leaders have the profound impact we intuitively know they do. If you want to improve engagement, performance, and commitment in your organization, you have to start with the leaders.



Being cognizant that leaders are under immense pressure, we aren't putting forward a solution that creates more work for leaders. Our suggestions aren't about doing more; they're about pivoting to what data shows makes a difference.

We've identified specific leadership behaviors that drive organizational performance. Leaders of highly engaged teams:

- Give 18% more continuous feedback and 37% more responses to solicited feedback
- Create and align 20% more goals and are 17% more likely to create team goals
- Hold 12% more 1-on-1s with direct reports with 15% longer agendas
- Add 22% more actions following employee surveys, and
- Complete 14% more skill coaching activities

Even incremental positive change in how a leader leads will ripple and scale throughout an organization. Leaders are the catalyst.

But we know this is one of those "easier said than done" situations. To drive impact, organizations need solutions that both enhance leadership capabilities and bridge the leadership sentiment gap.



NASCAR, the world's premier sanctioning body for stock car racing, partnered with Culture Amp to bring their workforce together following a major strategic merger. Despite the disruption that often comes with organizational change, NASCAR saw exceptional results – emerging stronger, more unified, and deeply engaged:

- A 4-point increase in favorability, exceeding Culture Amp's industry benchmark
- A 10%+ increase in leadership buy-in for engagement survey results, reflecting greater commitment from leaders to listen and act on employee feedback
- Recognition as one of *Sports Business Journal's* Best Places to Work in 2023



“

Data is vital when we're pushing for policy changes. The insights we gathered through Culture Amp have been key in shaping our decisions and actions.”

///NASCAR

JOHN FERGUSON, CHIEF HUMAN RESOURCES OFFICER, NASCAR

5.

Helping leaders do more with less

Leadership today is more complex than ever. Leaders must balance strategic priorities, manage teams, mitigate risk, and foster a strong culture – all while navigating constant change. Culture Amp helps leaders cut through the noise, providing the right insights and tools to build thriving, high-performing organizations.

Engage

Connect leadership with employee experience

Great leadership starts with listening. Data shows that understanding what matters to employees is the foundation of effective leadership. Leaders of highly engaged teams have 12% more 1-on-1s and have 15% longer agendas for these meetings. With [Engage](#), leaders gain real-time insights that turn routine check-ins into meaningful conversations – ensuring employees feel heard and valued.

Perform

Align leadership with organizational goals

When leaders and teams are on the same page, companies thrive. [Perform](#) empowers leaders to set clear expectations, track progress, and provide actionable feedback – increasing organizational alignment while helping teams stay focused and motivated. High-performing leaders create and align 20% more goals than their peers.

Develop

Foster leadership growth at every stage

Leadership development doesn't happen overnight – it's a journey of continuous growth. Leaders of highly engaged teams complete 14% more development micro-learnings, give 18% more continuous feedback, and offer 37% more detailed feedback responses. With [Develop](#), leaders turn their people into top performers through personalized career paths and development plans, motivating them to reach their full potential.

With the right tools, organizations are able to bridge the sentiment disconnects around leadership while building the capabilities that drive performance and mitigate risk, quickly, easily, and efficiently.

[Blueprint Medicines](#) received an **80% positive score** for a clear sense of development plans by using Culture Amp to create an efficient, scalable approach to employee development.



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The beauty of Develop is that it outlines career paths and expectations across roles, helps employees better understand what's expected of them in their current positions, and shows them what to focus on to prepare for future roles.



JENNIFER SHEVLIN, SENIOR VICE PRESIDENT OF
HUMAN RESOURCES, BLUEPRINT MEDICINES

About the research

To understand the state of leadership in today's workplace, we took a mixed-methods approach to examine the experience of senior leaders and the impact they have on employee engagement, performance, and retention. Across industries, regions, and demographics, leaders consistently emerge as one of the strongest drivers of employee engagement and performance.

Before analyzing the data, we standardized job levels across our dataset. Because not all companies load job level to their HRIS as a demographic, we used machine learning to assist with job title categorization. Essentially, we started by categorizing job titles into consistent levels to enable clean comparisons.

Step 1 Standardizing job levels via title

- **C-suite** – C[blank]O, Chief, President, Chairman
- **VP** – VP, EVP, SVP, Managing Director, Partner, General Manager
- **Director** – Director, Senior Director, Assistant/Associate VP
- **Manager** – Supervisor, Manager, Lead, Senior Manager, Associate Director
- **IC** – Default level for titles not falling into other categories
- **Entry-level** – Junior, Intern, Trainee

If a title didn't align with reporting structures (e.g., a "Creative Director" with no direct reports), we reassigned the role based on the number of direct reports.

Step 2 Analyzing leadership data at scale

With job levels standardized, we analyzed global Culture Amp platform data from enterprise organizations with 1,000+ employees, collected between April 30, 2022, and April 30, 2024. The dataset includes responses from over 1.7 million employees, including 22,308 senior leaders (VP and above).

Step 3 Latent profile analysis

To round out our analysis, we used latent profile analysis that resulted in six distinct leadership profiles. Those profiles were derived based on how employees perceive their leaders. Then, we analyzed and named each profile based on the response patterns.

By connecting patterns of leadership perception, transitions, and behaviors to the employee experience at scale, we surfaced patterns that help us better understand the leaders shaping today's workplaces.

**In a world of constant change,
one thing remains true:
great leadership drives results.**

Equip yourself and your leaders with the tools needed to navigate uncertainty and come out ahead. Discover how a complete employee experience solution can future-proof your organization and maximize your ROI.

Excited to learn more about the secrets to high performance?

Our latest report, "The science of sustainable high performance," is packed with data-backed insights to help you understand what truly enables high performance – and start elevating your team's success.

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