State of the Manager

Data and insights into the manager experience

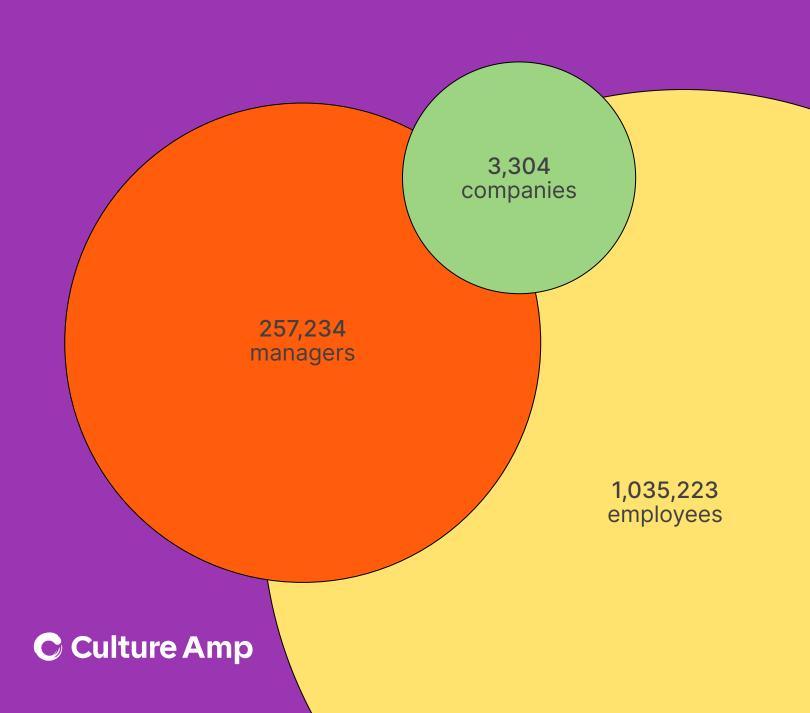


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Key findings

For this research report, our people scientists identified trends and insights from 257,234 managers at 3,304 companies.

Here are their key findings:

- Managers are incredibly important as they inspire higher motivation and commitment among their direct reports.
 This effect compounds at higher levels, as leaders who score highly as great managers impact the company overall, creating higher perceptions of leadership, engagement, and company confidence.
- Managers are under stress. New managers feel pressure to rapidly ramp up their skills when they step into the role.
 Despite the high stress levels reported by managers, employees perceive their managers as being resilient and calm.
- Managers are stuck in a bind between leading others and managing others. They receive mixed messages on where to focus their efforts.
- 4. While the managers of managers want them to focus on leadership skills like strategy, their direct reports seek more support on things like growth and development.
- 5. As managers rise through the ranks from frontline manager to middle manager to senior manager they spend less time focusing on developing effective manager behaviors. This results in a vicious cycle where the people responsible for supporting others are not getting the support they need themselves.
- 6. The good news is there are actions that organizations can take to better support their managers and enable them to improve the experience of their direct reports and as a result, the broader employee experience.

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About the Research

To understand how managers are doing, Culture Amp's people science research team analyzed data from 3,304 companies. Collected between July 2022 and July 2023, this data covers 257,234 managers and comprises feedback from 1,035,223 employees.

We looked at:

- 1. Managers' own experience at work
- 2. How direct reports view their managers
- 3. The competing priorities managers face
- 4. How managers behave
- 5. What managers can do to improve their direct reports' experience

Regionally, 19% of the manager effectiveness surveys were from companies in APAC, 18% from companies in EMEA, and 50% from companies in North America. 45% of these companies had under 200 employees, 35% had 200-1000 employees, and 15% had 1000+.

We used a unique methodology to measure each aspect of the manager experience, which we share in each section.

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Understanding the experience and impact of managers

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What's the role of a manager in today's world of work?

In today's rapidly evolving world of work, the role of the manager has undergone significant transformation. Modern managers are not just taskmasters; they are leaders, facilitators, and enablers of their team's success. They play a crucial role in fostering a positive and inclusive workplace culture where open communication, collaboration, and adaptability are valued.

Managers are responsible for aligning their team's efforts with the organization's strategic goals, guiding individuals on their personal and professional development, and providing regular feedback to improve performance. Furthermore, they must navigate the complexities of remote and cross-functional collaboration, oftentimes without clear support or guidance.

The role of a manager today is more about empowerment and mentorship than mere supervision. As leaders, they are tasked with creating an environment where employees can thrive, innovate, and contribute effectively to the success of an organization. However, it's unclear whether managers feel properly equipped to succeed in these myriad roles.

In this report, we'll dig into the manager experience to better understand what's working and what's not – uncovering what's required to make meaningful improvements that benefit the organization at large.

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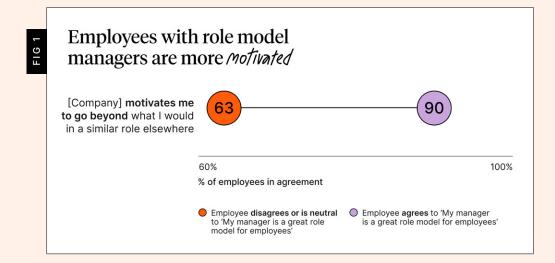
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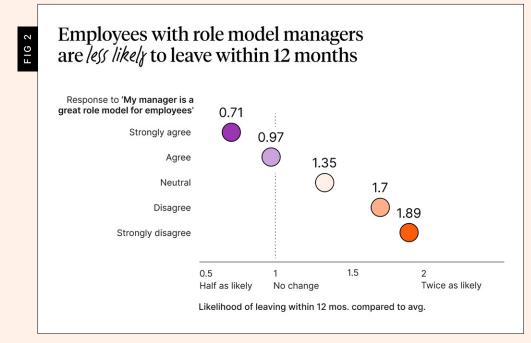
What can happen when you invest in your managers and leaders?

Equipping your managers with the tools and resources to reach their full potential has a measurable and virtually immediate positive impact on the workplace. **Here's what we found:**

Impact on direct report experience

When an employee has a great manager, one whom they see as a role model, they score 27% points higher on motivation. This means that great managers help organizations get the best out of their employees. These employees are also less likely to leave the organization.





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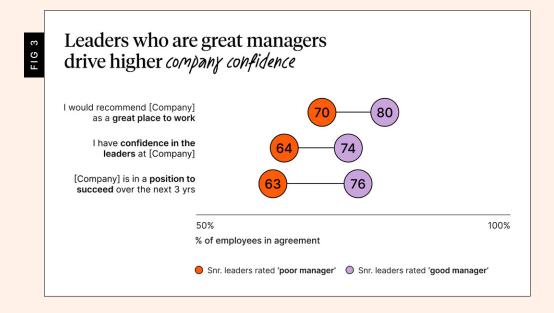
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Impact on overall employee experience

While a manager has a direct effect on their direct report's experience, senior leaders are also managers – and their effectiveness affects the whole organization.

The entire organization benefits when senior leaders are also great managers (scoring in the top quartile of our manager effectiveness survey). We found that such organizations experience higher net promoter scores (NPS), more positive perceptions of leadership, and greater company confidence – all of which are associated with higher business performance metrics.

Likewise, the opposite is true – when senior leaders happen to be poor managers (scoring in the bottom quartile), the entire organization is negatively affected. What this means is that leaders who slack on their management skills set up their entire chain of command to be less effective, ultimately impacting how *all* employees perceive senior leadership.



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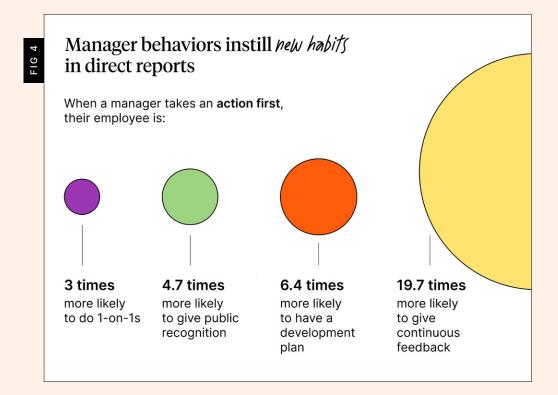
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Impact on employee behavior

If a manager does something first, employees are much more likely to follow suit. This is particularly true when it comes to behaviors like giving continuous feedback and completing a development plan. Role modeling is powerful in instilling new behaviors, and if you want to create new habits in your employees, focusing on managers will have a multiplier effect.

For example, we found that if a manager takes an action first, an employee is more likely to also take that action:



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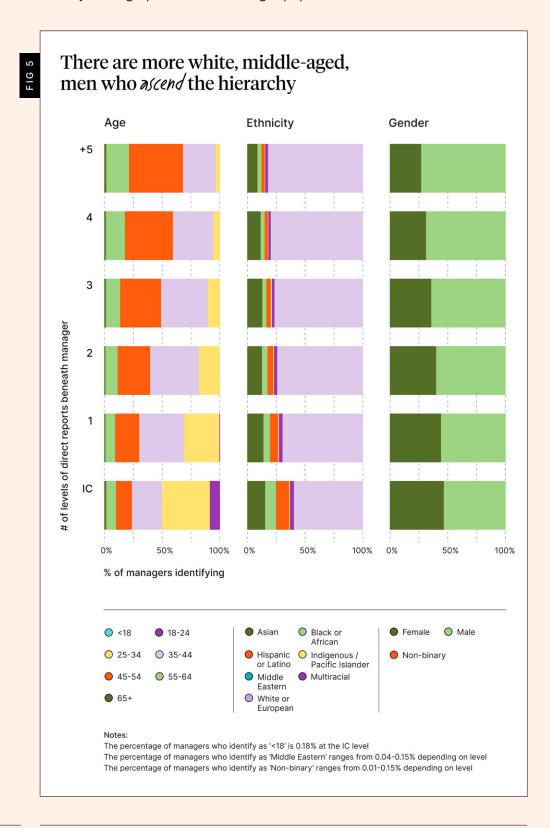
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Who are our managers?

Before we dig into how managers are doing, it's important to understand the key demographics of the manager population.



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Despite an increasing focus on DEI and development opportunities, <u>middle-aged white men still represent the majority of leaders</u>. While about 6 out of 10 individual contributors are white, that number jumps to 8 out of 10 for senior leaders. Further, in the jump from individual contributor to senior leader, the number of Hispanic and Black employees is more than halved.

While there's a relatively even split between women and men at the individual contributor level, the ratio is 27:73 in senior leader roles. Very few companies include non-binary as an option, but of those that do, non-binary people make up only 0.15% of individual contributors and 0.03% of senior leaders.

In terms of age, the number of employees aged 45-54 triples when we compare individual contributor and senior leader roles (14% to 46%).

<u>Bias</u> likely plays some role in shaping this story. For example, similar-to-me bias causes people to disproportionately favor individuals who are similar to themselves, which can influence hiring decisions and cause people to hire, and more importantly promote, the same type of candidate over and over again. This bias stems from people's natural inclination to trust those who act and think like them, which contributes to the feeling that one is minimizing risk.

Consider the following resources to mitigate bias and build a more diverse and equitable workplace culture at every level of the organization:

- How to prioritize (and maintain) diversity in leadership
- HR's complete guide to diversity, equity, and inclusion
- Performance review calibrations: What you need to know
- How to empower diverse teams: A guide for new managers

Now that we have a better understanding of who our managers are, we can look more closely at the managers' experience at work.

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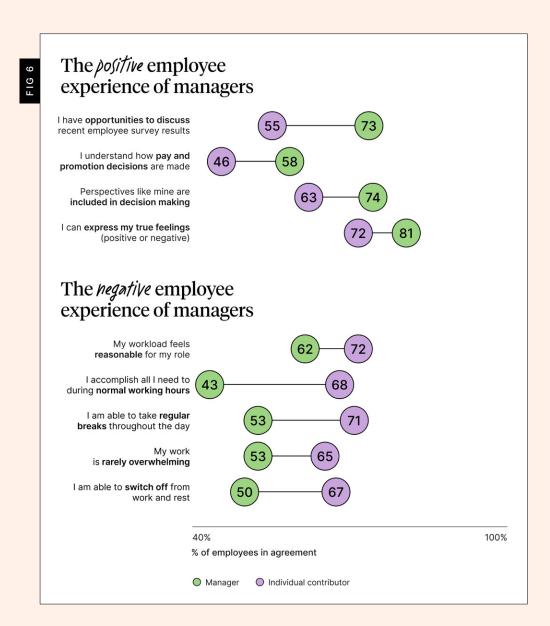
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How is the manager employee experience?

Before jumping into the feedback given to managers, we need to provide context on what it's like to be a manager. When comparing the survey results of managers versus individual contributors from over 2,000 companies, we found:

Becoming a manager comes with benefits

Unsurprisingly, managers have greater access to information, are more likely to be included in decisions, and have higher psychological safety than individual contributors.



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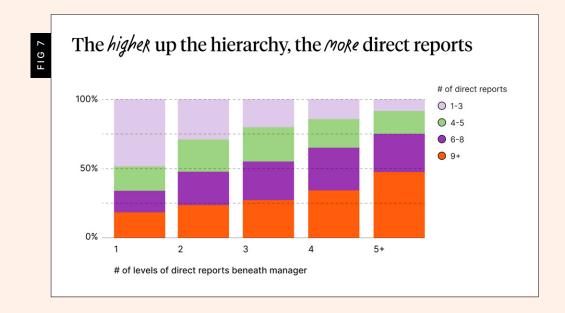
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Stress is a huge part of a manager's day-to-day

Although managers receive special privileges in the organization, their experience at work is far from rosy. In fact, we found that there are more questions where managers score below individual contributors than the other way around. The resounding finding? Managers are extremely stressed.

Our findings indicate that managers have a huge workload that they can't finish within their normal working hours, and they are unable to take breaks during the day (likely since they're in back-to-back meetings). The amount of work is often so overwhelming they can't effectively switch off from work at the end of the day.

Leaders are overloaded with direct reports



The higher managers move up in an organization, the greater the number of direct reports they likely have underneath them. Only 18% of frontline managers have 9+ direct reports, while 47% of senior leaders with more than five levels of direct reports do. Although the optimal number of direct reports depends on many factors like the experience level of the manager and how structured and repetitive the role and environment are, the data reveals that generally, the more direct reports a manager has, the worse the direct report's experience with their manager as well as overall within the organization.

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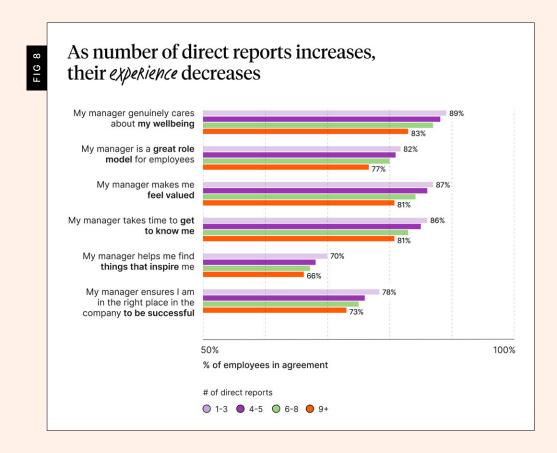
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This is particularly pronounced when it comes to how the manager makes the direct report feel in terms of caring about their personal wellbeing, being a role model, and taking time to get to know them. Further, with more and more direct reports, it becomes increasingly difficult for a manager to focus on their direct reports' development or support their team as much as they'd like to. They simply don't have the time or energy to nurture so many people.

While there is no magic number of direct reports, these findings emphasize the importance of taking the direct report experience into account when determining how many individuals should report into managers in your organization.



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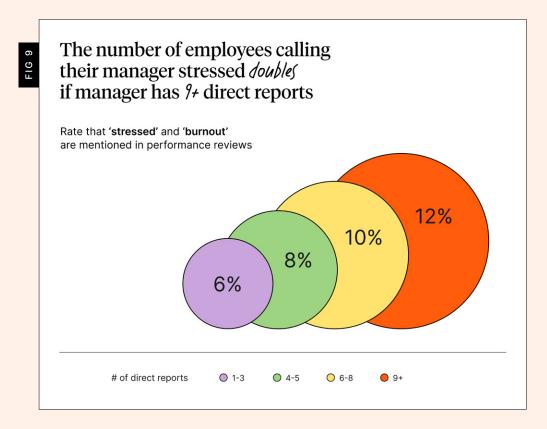
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The number of direct reports also appears to contribute to the amount of stress managers are under. We looked at the <u>upward feedback</u> employees give to their managers during performance reviews and counted the number of employees mentioning the words "stressed" and "burnout" when asked about their manager's areas of opportunity. The number of mentions nearly doubles when a manager has 9+ direct reports, compared to just 1-3.



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What feedback managers Receive from those around them

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What feedback do direct reports give to their managers?

In order to understand how organizations can better support managers and managers can better support their direct reports, it's important to understand where managers are succeeding and where there is opportunity for improvement. Using manager effectiveness survey results from 257,234 managers with feedback from 1,035,223 direct reports, we surfaced the following insights into the current state of manager effectiveness:

Managers excel at being resilient and providing autonomy

On the bright side, while managers have a lot to contend with in our hybrid world of work, the vast majority of direct reports (almost 9 in 10) feel their manager is coping well and remaining calm and productive.

The data indicates that most employees feel like their managers are providing them with autonomy in how they get their job done. While there is a chance that managers don't have the bandwidth to closely monitor or manage their direct reports, it does seem that managers have faith in their direct reports' ability to navigate change and produce quality work.

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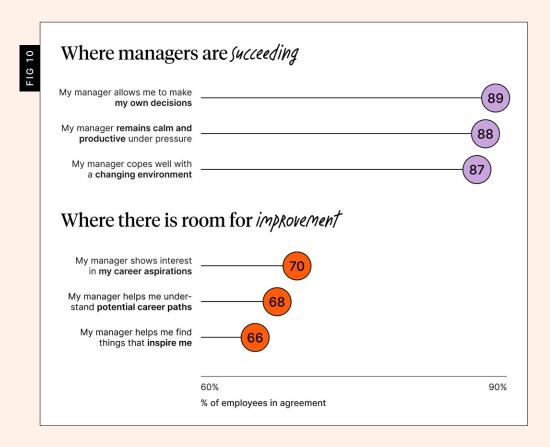
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Managers aren't providing their direct reports with the development they crave

A staggering 3 in 10 employees say that their manager doesn't show an interest in their career aspirations, and therefore, also doesn't help them understand what growth opportunities exist within the company.



Many individual contributors don't have visibility into what career growth and development options are available to them. Managers, already burdened with their day-to-day work, likely also struggle to know what opportunities exist outside of their team and how to help their direct reports access them.

People teams can fill this need by creating growth and <u>career</u> <u>pathing</u> strategies that give managers the tools and knowledge they need to provide their teams with better growth opportunities. *Here are some resources to help you get started:*

- A guide to creating a successful individual development plan
- How development supercharges engagement & performance
- A manager's guide to successful development conversations

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How do managers' skills change over time?

When transitioning from individual contributor to manager, employees need to develop new skills. In this section, we assess the effect of tenure on manager effectiveness.

New managers experience a growth spurt in their first two years

Becoming a first-time manager comes with a steep learning curve. Many new managers were superstar individual contributors in their previous role and quickly realize that management requires an entirely different skill set. But most new managers, as seen below, put a lot of effort into getting it right.



Our people scientists found that new managers generally experience significant growth in their first two years as they try to get up to speed. In particular, they improve significantly in the following three areas:

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- Understanding of the team's work both from a technical perspective and in terms of the challenges their team may face
- Comfort with change and confrontation such as their ability to cope with changing environments, ensure performance standards are maintained, and act decisively
- Ability to make sure their team members feel supported, valued, and motivated

New managers are likely motivated to excel and prove they earned the promotion. They want to make improvements in processes that they now oversee and earn the respect of their teams and leaders.

Managers' effectiveness plateaus after the first two years

Unfortunately, this upward trend of improvement doesn't last forever. After an initial spurt of growth, our data shows that manager ratings plateau after two years of tenure.



What causes this decline? One contributing factor could be that the initial excitement of becoming a manager and the motivation to perform well in the new role has worn off.

Another factor could be that most manager trainings focus primarily on new managers. As a result, the company may be unintentionally limiting manager

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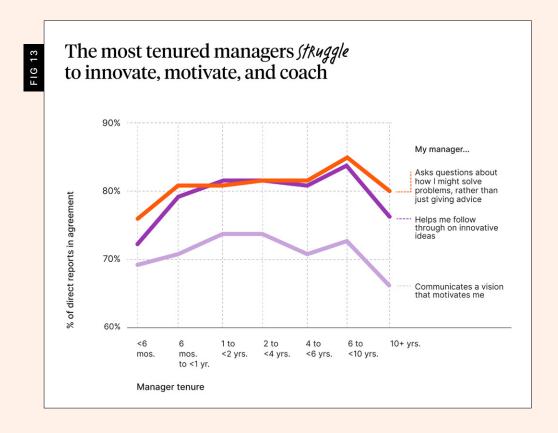
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growth. This scenario is especially prevalent within organizational structures that use middle management to enable senior leaders to expand their zone of control. Over time, managers may become increasingly aware of these limitations and decide to stop investing in developing their skill set if they feel their efforts aren't leading to meaningful growth or recognition.

Having a more tenured manager is not always better

Having more management experience does not always mean that employees have a better experience.



Specifically, we found that after about 10 years of tenure, managers had the largest declines in the following three areas:

- Helping their direct reports follow through on innovative ideas
- Communicating a motivating vision to their teams
- Asking direct reports questions about problems, as opposed to unilaterally giving advice

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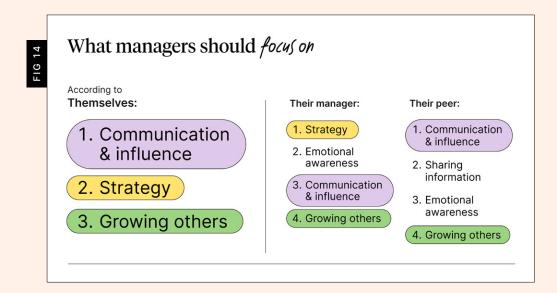
One theory for why this is the case is that managers with 10+ years of experience may be a bit more stuck in their ways. They've likely found success with their current approaches, which potentially makes them more likely to reject new ideas and dole out advice based on their previous experiences. Alternatively, they might be personally open to new ideas but know that certain ideas won't fly with the executive team.

This data reveals an important opportunity for long-tenured managers, who are equipped with the expertise and historical context necessary to help their teams learn from past mistakes. Encouraging these managers to embrace a more coaching-centric approach with better communication around the strengths and flaws in new ideas prepares them to better guide their direct reports and drive business impact.

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Where do managers think they should focus?

Do managers know what their direct reports want? Do they know what their managers want? Our research revealed that managers are stuck in a bind, with contradicting messages coming from above and below. We looked at the 360° results of **789 companies** with **126,922 responses** to explore how managers are navigating the conflicting expectations of their managers, direct reports, and peers.



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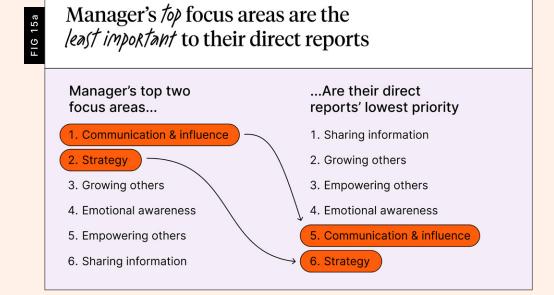
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According to our findings, the top things managers think they need to focus on are communication and strategy, followed by growing others. These responses align fairly well with what their managers and their peers say they should focus on – meaning these are likely also areas that lead to promotion.

However, our results indicate that managers and their direct reports are not on the same page. When we look at what their direct reports say their managers should be focusing on, we see an interesting crossover pattern where the manager's top focus areas are the *least* important to their direct reports and vice versa.





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For example, direct reports couldn't care less about strategy, and what they actually want is more accessibility to information. This puts managers in a tight spot, especially when leaders above the manager are asking them to keep something under wraps, making it hard to find the balance between company confidentiality and transparency.

Although managers do agree with their direct reports' recommendation to focus on "growing others," they don't rank it as highly as their direct reports do, and the managers' managers and peers don't see it as a useful focus area.

Ultimately, this puts managers in an uncomfortable bind between what their manager tells them to do and what their direct reports desire. Managers are told they need to focus on leadership skills and productivity, but their direct reports are saying they need more development and growth.

INSIGHT

Choosing to cater to their own manager can be rewarding – we found 1 out of 13 managers received a glowing performance review despite being rated in the bottom quartile of manager effectiveness by their direct reports.

PRO TIP

Make sure to include direct report feedback in performance reviews to get a holistic picture.

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What actions managers can take

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How are managers balancing their conflicting priorities?

As managers ascend the hierarchy, this bind gets tighter, with more people relying on them below and more pressure from above. It's possible that focusing on strategy gives managers less capacity to provide the meaningful development and coaching opportunities that their direct reports crave.

As their leadership obligations increase, managers have limited support to offer their direct reports. For example, the ideal process for managing a direct report's performance and development consists of the following steps:

- 1. Setting a **goal** for the employee
- Creating a development plan of what the employee needs to focus on to improve
- 3. Providing continuous feedback along the way
- 4. Checking in on progress during **1-on-1s**
- 5. Sharing their formal performance review
- 6. Publicly recognizing achievements

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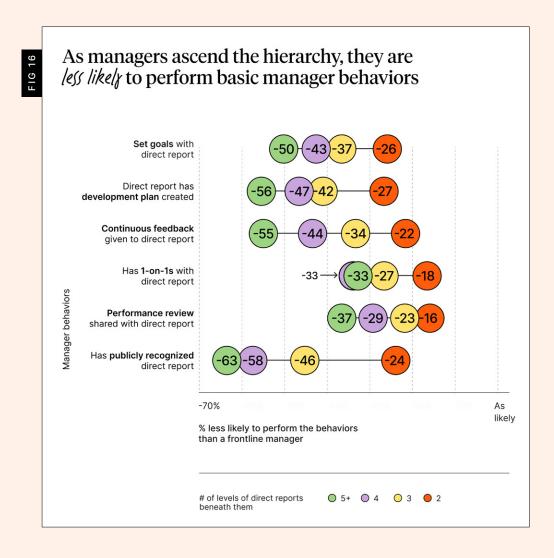
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All of these steps are captured in the Culture Amp platform, which makes it possible for us to see whether managers are fulfilling these actions (i.e., using the corresponding tool). By looking at the behavior of **275,791** managers at **4,163 companies** that use Culture Amp, we found that each level up the ladder is less likely to perform these basic and effective manager behaviors than the level before them.



For example, when it comes to 1-on-1s, one of the key places managers can share the information their direct reports want, managers with 2 levels of direct reports beneath them are 18% less likely to have 1-on-1s than frontline managers. Senior leaders are 33% less likely.

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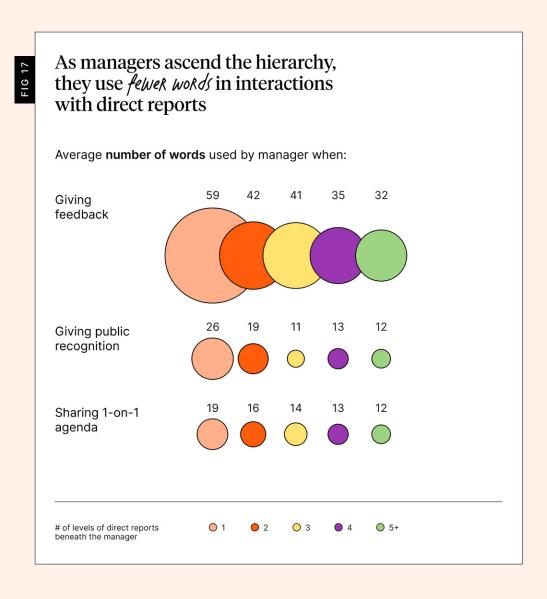
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When it comes to development, we see the same trend. Managers are less likely to leverage continuous feedback, help their direct reports create development plans, and share performance reviews as they ascend the hierarchy.

Furthermore, we found that this isn't only a frequency issue (ie. having fewer 1-on-1s or giving fewer pieces of feedback) – it's also a quality of feedback issue. We found that frontline managers average 59 words when they give feedback to an individual on their team, compared to 32 words from a senior leader.



This issue only compounds the more direct reports a manager has to support. As you would expect, managers with more direct reports have less time to dedicate to their direct reports' performance and development,

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and they are less likely to perform these basic behaviors. But what's surprising is that those with the most direct reports are also the *least likely* to be supported by their own manager:



It's important to remember that managers are also direct reports themselves – meaning that the individuals who are responsible for supporting the most people aren't getting the support they need themselves.

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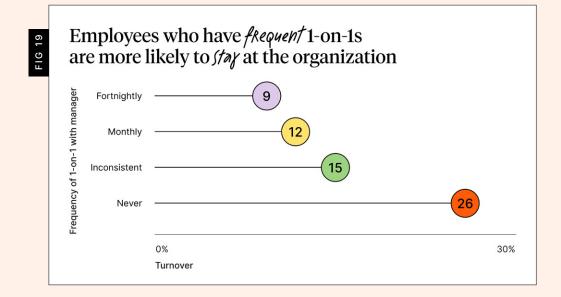
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If managers and leaders had the time and support, what could they achieve?

We know that direct reports need support to thrive at work, but we also know that managers are hardpressed to find the time and bandwidth necessary to provide that support. In this section, we explore the extent to which effective manager behaviors could benefit both their teams and the wider organization.

1-on-1s



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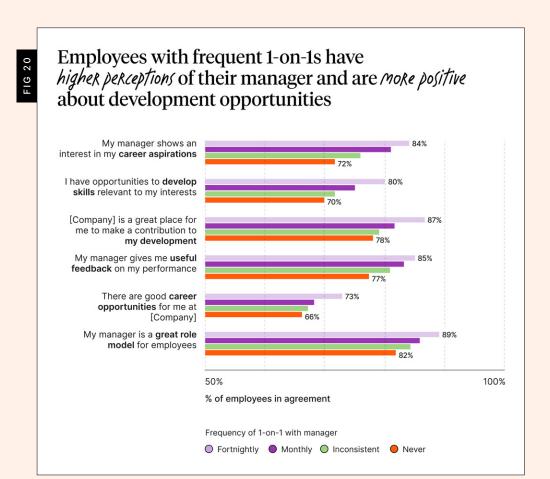
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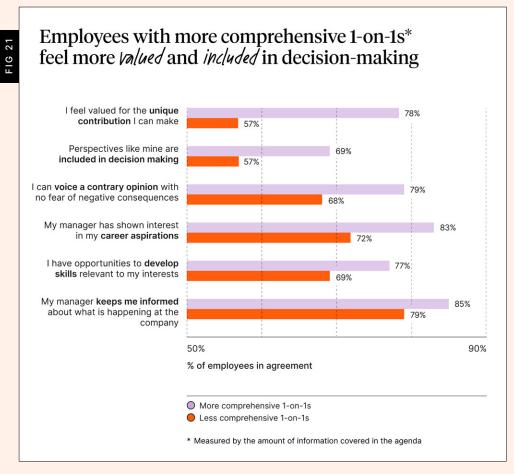
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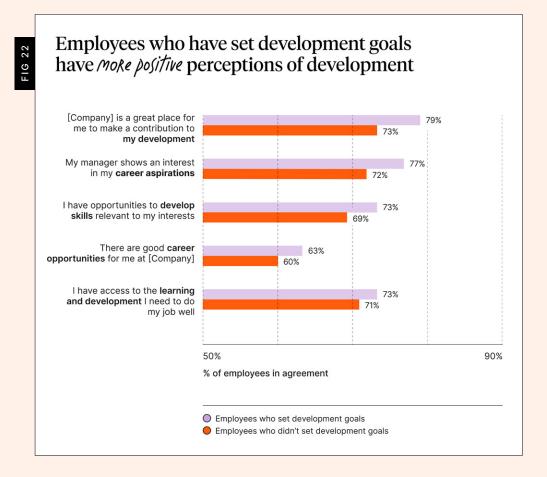
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Goal setting



Shoutouts

Relative to peers at the same organization, employees who have received a <u>Shoutout</u> since the last survey feel 9% more positive on getting appropriate recognition.

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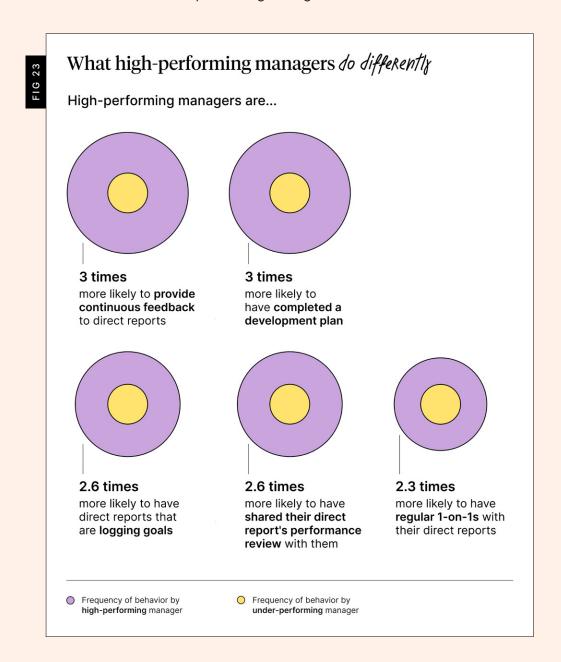
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What behaviors should managers focus on?

It's helpful to know that each of these behaviors can have a positive impact, but we know that managers are strapped for time. If they have to pick just one to focus on, which should it be?

First, we tried to answer this question by seeing what managers rated as high performers do differently. It turns out the highest performing managers (based on their own performance rating) do *all* of these behaviors at 2-3 times the rate of under-performing managers.



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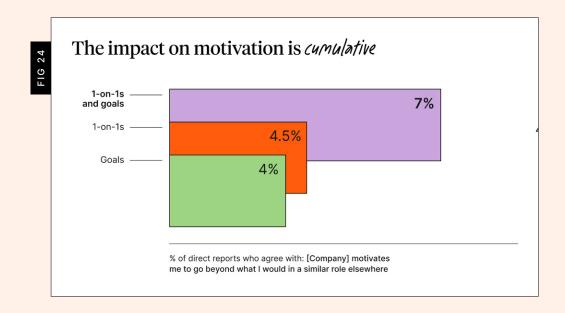
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Since performance is determined by the manager and not their direct report, we wanted to take the direct reports' experience into account, too. We found that each of these behaviors resulted in a significant increase in the direct report's motivation – and this impact is cumulative. When comparing direct reports within the same organization (since different companies have different baseline levels of motivation), we see that 1-on-1s create a modest difference of about 4% and goals are similar at 4.5% – but doing them together creates a more than 7% difference in motivation.



So, the answer is that managers can't go wrong with whatever behavior they choose to work on.

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How can HR support managers to drive business impact?

Investing in managers impacts both employee engagement and motivation, which in turn leads to improvements in employee performance and retention.

As an HR practitioner, it's important to begin by acknowledging that there is an enormous tension between what a manager's direct reports desire and what's being asked of that manager from above – and that this tension is likely causing them immense stress. This bind only tightens as they go up the ladder, with more people relying on them from below and more pressure being applied from above.

MANAGERS NEED MORE SUPPORT, AND HR CAN PROVIDE IT.

WONDERING WHERE TO START?

- The key is to use the multiplier effect to your advantage.
- Choose one new behavior you want to instill, focus on your senior leaders, and watch it cascade.
- While you can't give managers more time, you can provide them with more structure, tools, and resources to empower more impactful management.
- Whether you choose to hone in on 1-on-1s, goal setting, development planning, recognition, or continuous feedback, the only wrong action you can take is no action at all.

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