2023 Manager Effectiveness Report

Helping HR Solve the Manager-Employee Disconnect to Fuel Productivity
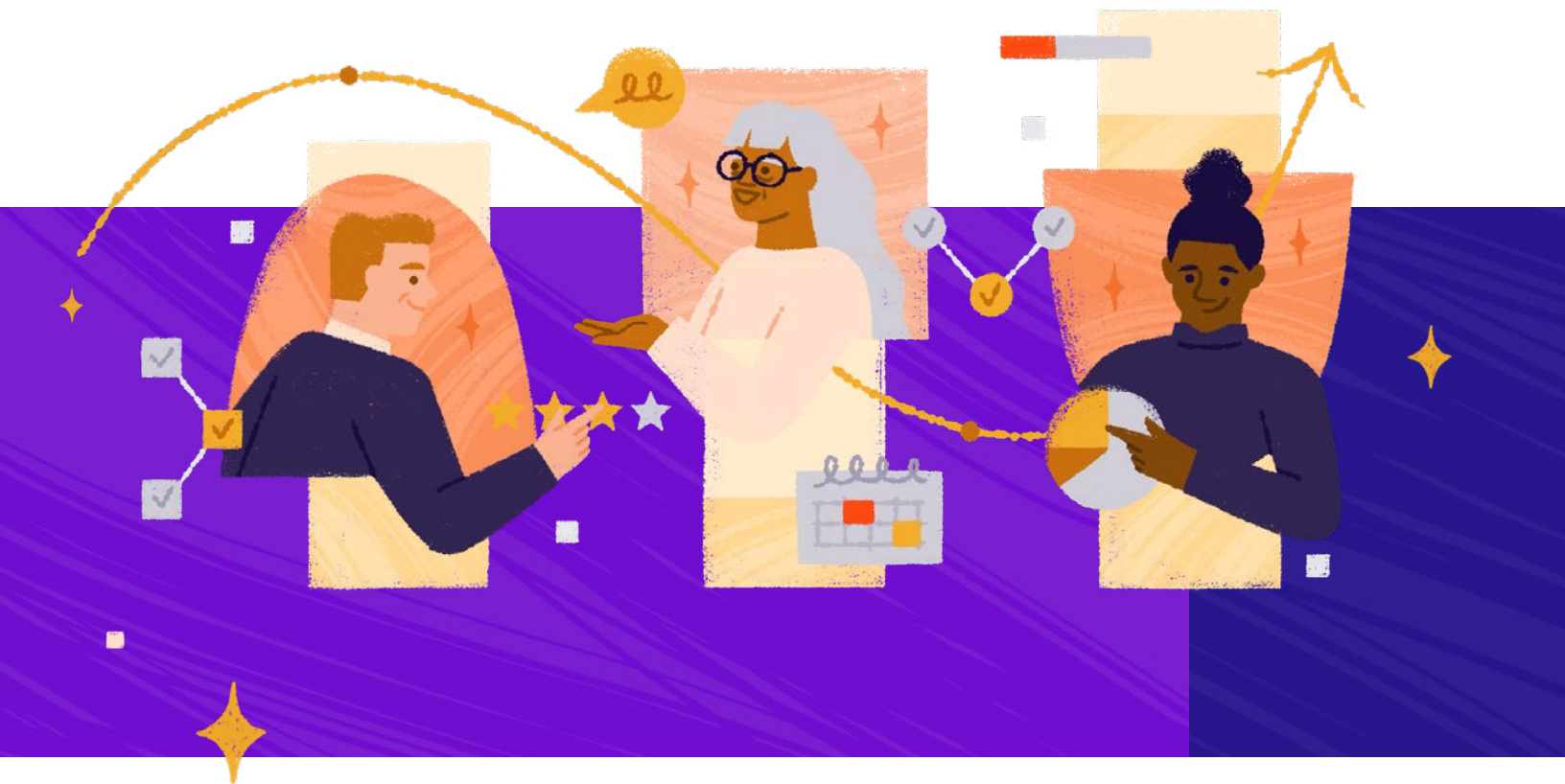
Table of Contents

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Executive Summary

HR continues to face unprecedented challenges in the digitally transformed remote world, where managers are struggling to drive business forward with little to no employee face-time. Economic uncertainty has settled in, accompanied by contradictory realities of mass layoffs and persistent workforce shortages.

Workplaces continue to experience upheaval as employees resist a return to the pre-pandemic environment, while many leaders push for the traditional five-day-a-week in-office model.

Fortunately, we have also seen a shift in the past few years, where HR leaders have ascended to full strategic business partners, with other company leaders fully seeing how HR outcomes inform business results.

Against this backdrop, we surveyed 1,000 managers and 1,000 employees across the United States on productivity tracking, manager effectiveness and training, and career growth and development.

The survey's findings reveal a significant challenge for HR—the severe disconnect between managers and employees—how each group views one another, what is most important to them, and what are their disparate expectations around leadership, productivity, and growth and development. Employee **productivity is falling** at an alarming rate, but the data clearly shows that **remote work is not to blame**. In fact, **productivity actually improves** without long commutes or the distractions of the workplace. So, what is happening here?

One of the exciting things that emerged is that the greatest disconnect is the perception by company leaders around how to best manage people and drive business outcomes forwards. The positive relationship between every manager and employee is the most essential element to fuel productivity and increase engagement and retention.

**Positive relationships between managers and employees are the sparks that fuel productivity, retention, and engagement.
So why are companies tracking employees instead of investing in managers to know how to drive business outcomes on their teams?**

At a time when HR leadership is being asked to do more with less, we uncovered solid data to support greater investment in managers, including training them on how to keep morale high and ensure engagement and productivity, and providing the right software tools to track and influence key talent metrics.

WE SEE THIS (NOT SO) GREAT DISCONNECT PLAYING OUT IN THE THREE AREAS WE SURVEYED:

Productivity tracking

With the shift to remote and hybrid work came new discomfort around workforce productivity. The absence of on-site observation has management experiencing **"productivity paranoia,"** despite numerous reports noting that **productivity actually increases** with a flexible work schedule. Some organizations are turning to surveillance tools, which employees experience as a lack of trust.

Manager effectiveness

Effective managers are the key playmakers in determining an employee's engagement—and, therefore, an organization's success. But managers often struggle to lead because they don't have the necessary skills to drive engagement and performance in the evolving workplace. The result? Employees don't see their managers as strong leaders.

Career development

Too many organizations still need to invest in career advancement opportunities for employees. Roles need to be clearly defined and there needs to be more professional training and an understood path for advancement. Adding more cause for concern: managers report having meaningful career goal discussions with employees, but employees disagree significantly.

Our research affirms the pressing need for greater communication and transparency between managers and employees, which leads to greater trust between the two groups. The right software tools and leadership training can help facilitate that practice.
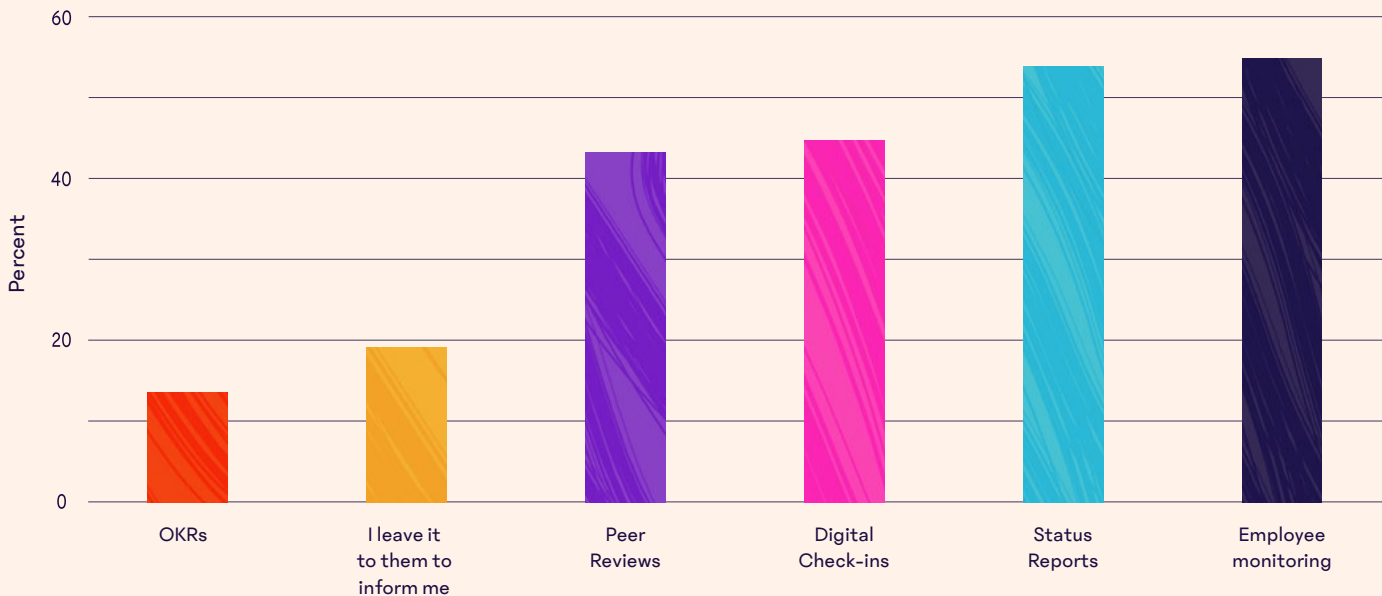
I. Tracking Productivity

The fluidity of the modern workplace, where remote, hybrid, and in-office options may all be in play, has left many managers scratching their heads about how to maintain productivity.

Many organizations are turning to monitoring software to track their employees' productivity. The top three types used are digital timesheets, camera/webcam surveillance, and data from Microsoft Teams, Zoom, Google Workspace, or Slack. While timesheets are certainly legitimate and historically used in a variety of industries to track hours for accurate pay and client billing, the other two top methods are concerning. Employee monitoring software is the top method (54%) that managers use to find out how productive employees are, followed by status reports (53%), digital check-ins (44%), and peer reviews (42%).

MANAGER RESPONSES

HOW DO YOU FIND OUT HOW PRODUCTIVE EMPLOYEES ARE BEING? (SELECT ALL THAT APPLY)

EMPLOYEE RESPONSES

WHAT EMPLOYEES THINK ABOUT TRACKING SOFTWARE

Improves performance

No impact

28%

40%

32%

Diminishes Performance

While most managers (68%) think productivity software improves performance, nearly three-quarters of employees (72%) think productivity tracking software either diminishes performance or has no impact. Slightly less than a quarter, 24% of employees, said it improves well-being compared to 45% of managers.
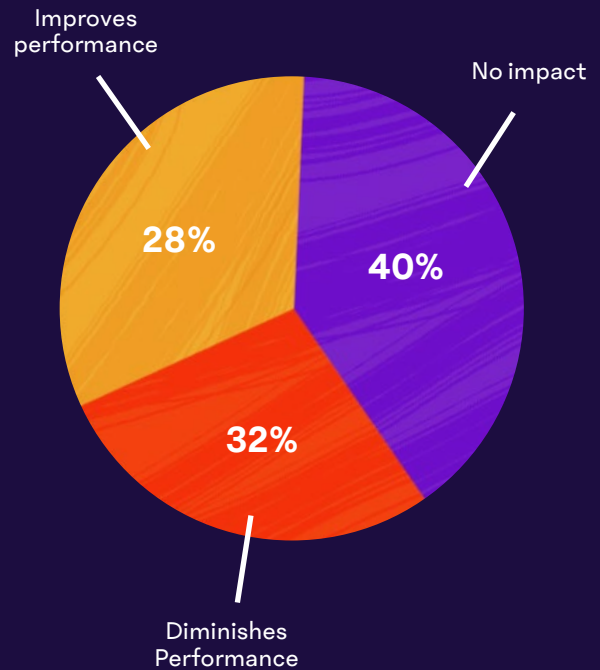
The data shows that relying on productivity software that monitors browser/email activity or taking timed screenshots is useless at best and counterproductive at worst. Spying on employees doesn't have the intended impact on productivity and retention, providing false comfort to managers, HR departments, and company leadership.

Perhaps most striking is that nearly three-quarters (72%) of managers said they use productivity tracking software to monitor employees; however, only 35% of employees report their organization is using it. In other words, employees don't know their organizations are using this surveillance software.

THE DISCONNECT

While most employees said that using productivity tracking software would not impact their behavior, 40% said it would cause them to react, with over 20% acknowledging it would cause them to look for a new job as a result. Keep in mind that most employees weren't even aware that the software was being used.
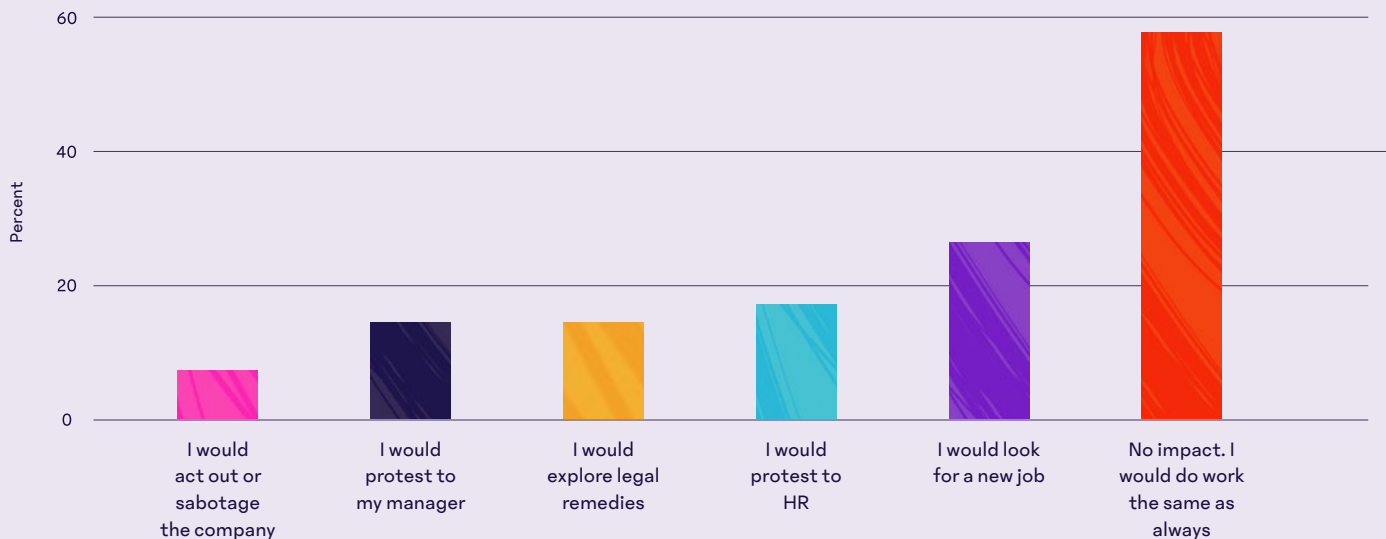
According to managers, the use of productivity tracking had serious consequences: only 36% of managers said it had no impact, while a third said employees complained to their manager or to HR, 25% said employees looked for a new job, 20% said employees acted out or sabotaged the company, and 29% said employees explored legal remedies.

Meaning, when employees knew their organization was using productivity tracking software, about two-thirds made some effort to push back.

Due to the uncertain economy, troubling labor market, and the relative novelty of hybrid work, managers and leaders are anxious. In the absence of information, they are assuming the worst and falsely using data to determine an employee's productivity – in lieu of being able to "see" what the employee is doing. Relying on that data is a leap in the wrong direction. It destroys trust and contributes to disengagement and turnover.

EMPLOYEE RESPONSES
IF YOU KNEW THAT YOUR COMPANY USED SOFTWARE TO MONITOR EMPLOYEES, WHAT WOULD THE IMPACT BE? (SELECT ALL THAT APPLY)

Percent

60

40

20

0

I would act out or sabotage the company | I would protest to my manager | I would explore legal remedies | I would protest to HR | I would look for a new job | No impact. I would do work the same as always

We can't fault leaders for wanting data about their employees' productivity. Software is the answer, but not when it's used for spying. Instead, we can use software toward positive ends: for connecting, aligning, communicating, and collecting accurate data on engagement, performance, and productivity.

Digital micromanagement in the form of creepy surveillance software sends the message, "I don't trust you." The alternative is to have the right amount of touchpoints and skilled communication to coach performance forward. Managers might be afraid that they will be taken advantage of if they get too close to employees, but this level of direct connection is precisely what is needed. They just have to balance it with conversations around clear performance expectations.

Instead of micromanaging people, HR and company leaders can create an organization-wide imperative to "macromanage" to outcomes and have the right structures in place so that there is visibility, transparency, and that people are set up for success.

When people don't know what is expected of them, they get anxious and it's hard for managers to coach or have an objective benchmark for progress. Clear role and performance agreements and quarterly objectives align everyone on expectations. Weekly check-in's and regular 1-on-1s keep people on track, and fair and objective performance assessments let people know how they are doing. Conversely, removing autonomy and essentially saying "I don't trust you" breaks down the system and obliterates every talent metric for engagement and productivity.

"Micromanagement often happens because people are not properly coached and enabled to be great managers. **Micromanagement doesn't give people the autonomy and freedom to accomplish the things that an organization needs them to accomplish. Meanwhile, employees feel like they need to be available 24/7, and if they're not, they'll get into trouble.** This leads to employees downloading programs that make them appear active instead of just living their life, adding to the cycle of mistrust between the employee, the manager, and the organization."

– Jeff Smith, PhD, Head of Product & Design at 15Five

II. Manager Effectiveness & Training

Manager effectiveness is essential to productivity. However, only half of managers receive soft skills training in key management areas. Managers want more training, and—as indicated below— employees believe their managers need that additional training and could be much more effective as a result. We also learned that manager training or coaching being offered impacts whether a manager will join your company in the first place. This was true for more than three-quarters (76%) of prospective candidates for manager roles.

Despite acknowledging the need for training, a majority (64%) of managers are highly confident about their leadership ability. Employees don't share that confidence. Only slightly more than a third (37%) are impressed with their manager's leadership skills. Just under a third believe managers need training to intrinsically motivate employees (32%) and give effective feedback (31%). More than 20% report managers need training to set and track goals.

Poorly trained and ineffective managers contribute to a retention issue as well. The old adage that people don't leave jobs, they leave managers, seems to hold true. More than half of employees (56%) cite supportive management or a good boss as one of the most critical factors for remaining at a company. This is second only to fair pay (76%) and good coworkers (59%). Close to one-fifth of employees said they do not trust their managers.

EMPLOYEE RESPONSES
WHICH OF THE FOLLOWING SKILLS DOES YOUR MANAGER NEED TRAINING IN?
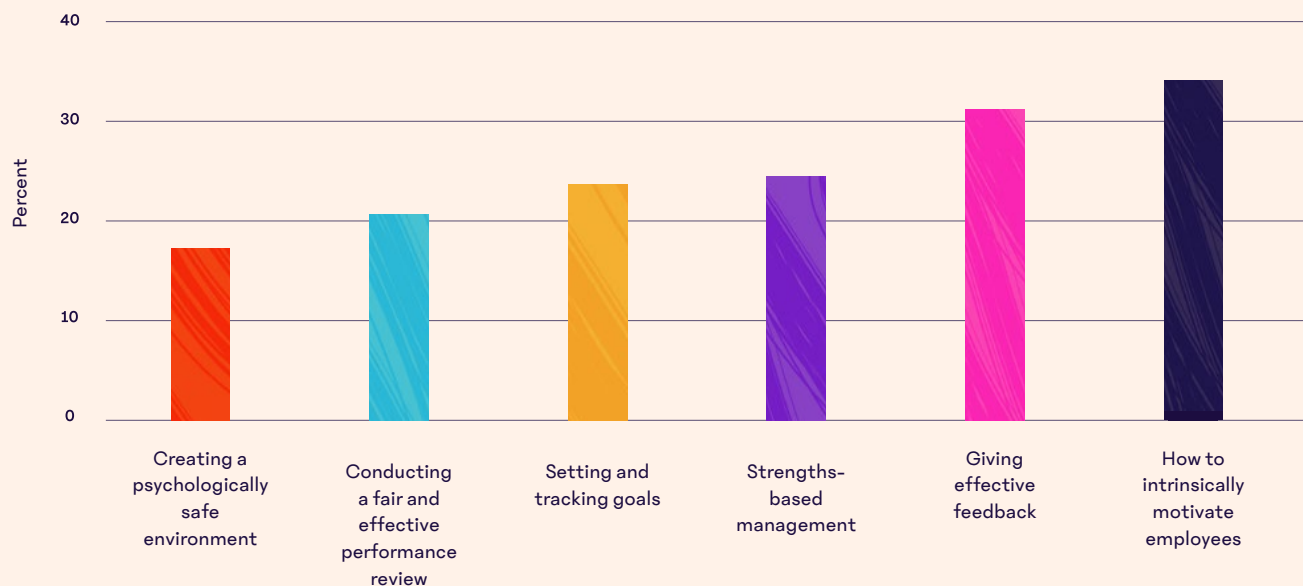
There is a significant discrepancy between how each group views what drives employee attrition, with managers downplaying a lack of managerial support and negative workplace culture and placing too much emphasis on workload. The top reasons that employees leave, as cited by managers, are work-life balance (50%), followed by too much workload (45%) and unsupportive managers (39%). But employees disagree. Their top reason for leaving is a negative workplace culture (57%), while only 38% of managers cited this as a top reason for employee attrition. Employees' #2 reason for leaving is unsupportive management (52%), followed by work-life balance (48%). Too much workload was cited by only 37% of employees.
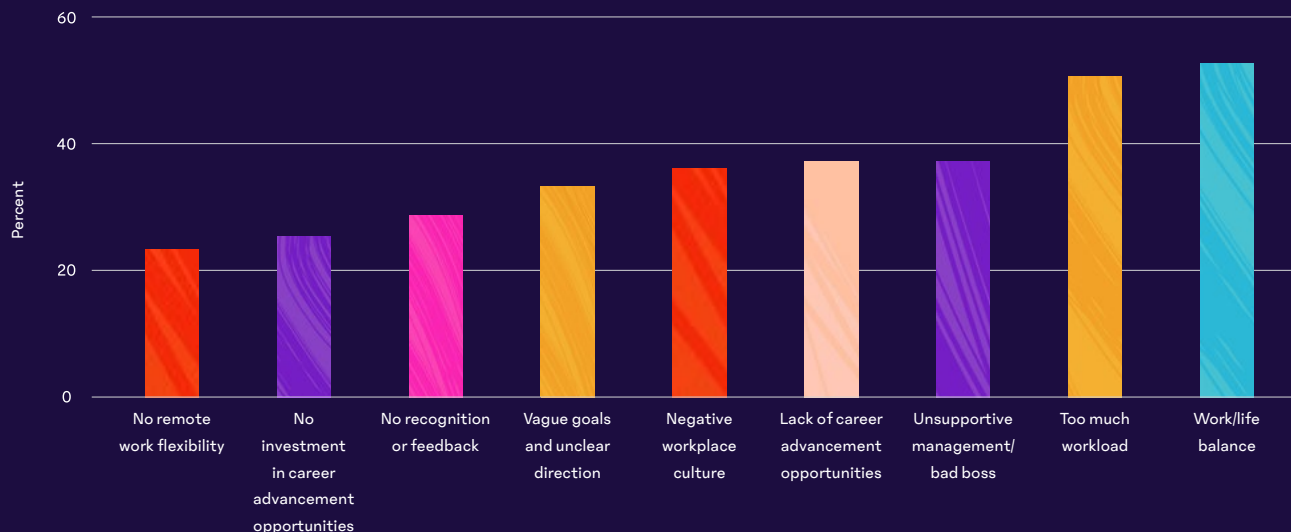
EMPLOYEE RESPONSES
WHAT ARE THE TOP REASONS FOR EMPLOYEES LEAVING THE COMPANY?
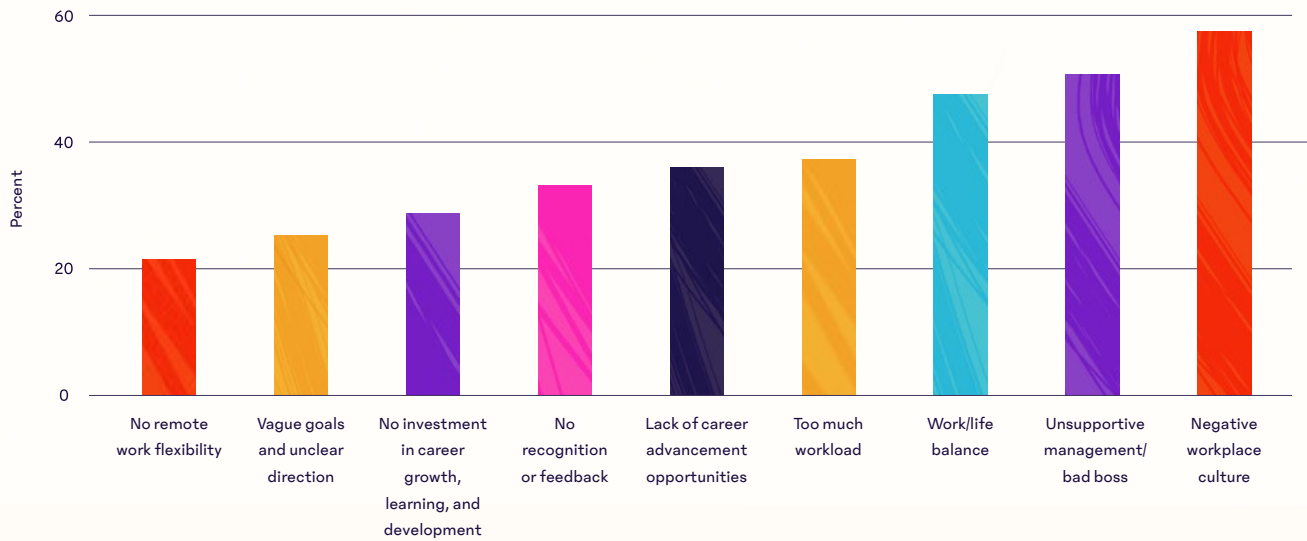
MANAGER RESPONSES
WHAT ARE THE TOP REASONS FOR EMPLOYEES LEAVING THE COMPANY?

Comparing 2019 to 2022, there is some improvement in employees' perceptions regarding their managers. But clearly we have a long way to go.

	2022	2019
Impressed with their manager's ability to lead	37%	40%
Would be relieved if their manager was leaving	27%	32%
Can do their manager's job better	40%	48%

Managers' responses to why employees leave may reflect their own challenges and may also be why they over-exaggerate the number of employees planning to leave the company.

Managers think that 65% of employees are looking for a new job, but that's true for only 22%. Only 7% of employees planned to leave in the next six months, and only 14% in the next year. We can trace the disparity between reality and managers' perceptions about their employees' plans directly back to the breakdown in communication between the two parties, causing managers to be paranoid about their employees' future plans. Managers may also be projecting their fears, based on current market conditions or because of burnout (which managers are experiencing as well). This data point highlights the importance of transparency and communication, the disconnect between managers' and employers' perceptions and experiences in the workplace, and that managers need help.

THE DISCONNECT

Are organizations offering their managers relevant training? An overwhelming majority of managers (83%) report that their companies provide leadership and manager training opportunities, but about one-half of managers have received no training at their current job in each of the following critical areas:

- CREATING A PSYCHOLOGICALLY SAFE WORKPLACE

- STRENGTHS-BASED MANAGEMENT

- INTRINSICALLY MOTIVATING EMPLOYEES

- GIVING EFFECTIVE FEEDBACK

- SETTING AND TRACKING GOALS

- CONDUCTING A FAIR AND EFFECTIVE PERFORMANCE REVIEW

"In 2023, manager training and coaching will be paramount, as many organizations will be faced with the challenge of having to simultaneously reduce their workforces while also hiring, retaining, and getting the most from people in crucial roles. **According to our research, managers continue to lack the management skills to drive high levels of engagement and performance in the new world of work.** This will only become more acute during an economic downturn as employees look to stay put and are asked to do more with less resources".

– Jon Greenwalt, SVP, Customer Transformation at 15Five

## WHICH OF THE FOLLOWING SKILLS DO YOU NEED TRAINING IN?
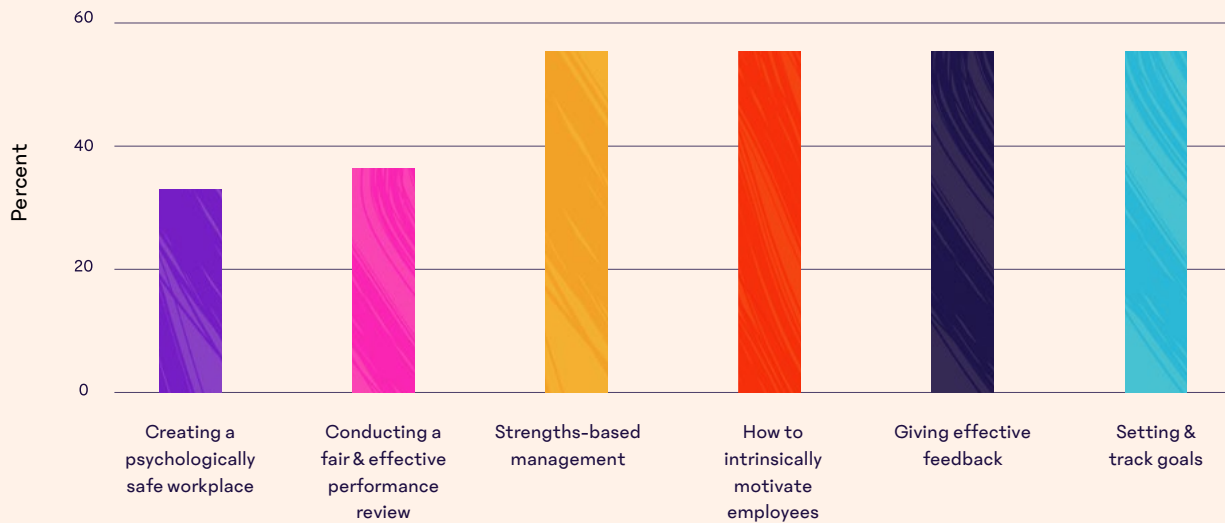
One-third of managers said they need training in each of these skills.

The onus is on leadership and HR departments to make the formation of manager-employee relationships a priority. Instead, we are seeing strong evidence that managers are burnt out, with too many direct reports and not enough downtime. Over half are managing 10 or more people and a whopping 28% have more than 15 direct reports. Almost three-quarters (73%) of managers often or very often think about work when off the clock, compared to 42% of employees.

Can managers help reduce burnout on their teams when they are overworked and burnt out themselves? It's not likely. Can they be effective managers when they have too much on their plates, from their own projects and the number of employees in their care? When we are overworked, we search constantly for ways to gain more calendar space in our day. How many managers skip 1-on-1 meetings and delay career and performance conversations, just so they can get their heads above water?

MANAGER RESPONSES

HOW MANY EMPLOYEES, IF ANY, DIRECTLY REPORT TO YOU?
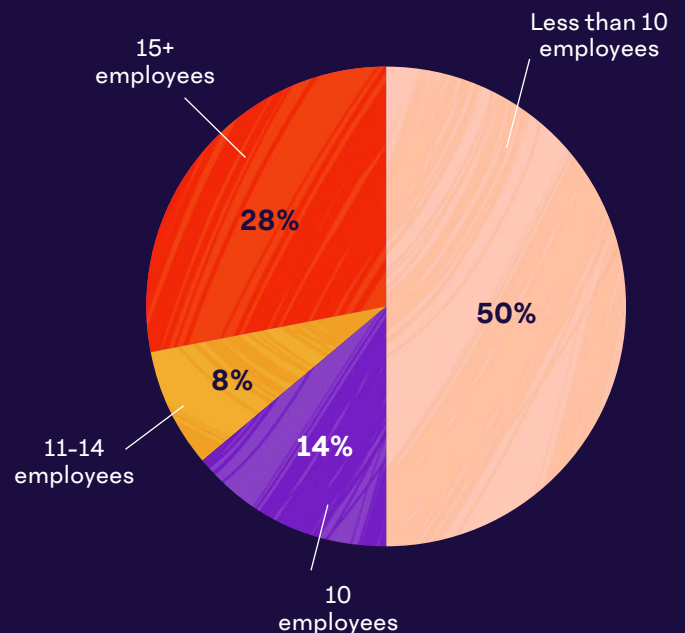
III. Career Growth & Development ⭐

Employee professional development is elemental to the long-term health of the organization, supporting individual performance goals and creating a strong employer brand as one that promotes from within. Growth and development responds to the needs and desires of all employees, but especially those of this next generation to contribute their gifts to a mission they believe in and to learn and grow professionally along the way. Unfortunately there is a disconnect here too— between leaders' commitment to development and employee desires.

While a majority (57%) of managers said that their organization offers clear tracks for advancement, only 36% of employees agree. Nearly half of employees (47%) said their organizations didn't provide clear advancement tracks or were unsure if they did. Just because the career path is clear to managers doesn't mean it's clear to employees.

More than a third of employees (40%) report that their organization doesn't offer learning and growth

opportunities (such as subject matter training, seminars, guest speakers, leadership training, and online courses).

Our survey confirms the importance of career and professional development: 67% of employees report working harder for a manager who cares about their growth as a professional. However, 48% said they had yet to have at least one conversation about their career vision.

While career growth dropped a bit as a main driver of retention over the last two years, it is still vital. In 2021, we found that one of the top reasons for leaving a company is lack of career advancement opportunities. Career growth, learning, and development were among the most important factors (cited by 50%) for remaining at a company. In this more recent survey, that number dropped to 41%, indicating that HR should continue to prioritize career growth.

EMPLOYEE RESPONSES

DOES YOUR ORGANIZATION OFFER LEARNING & GROWTH OPPORTUNITIES? (SUCH AS SUBJECT MATTER TRAINING, SEMINARS, GUEST SPEAKERS, LEADERSHIP TRAINING, AND ONLINE COURSES)

No — 40%

Yes — 60%
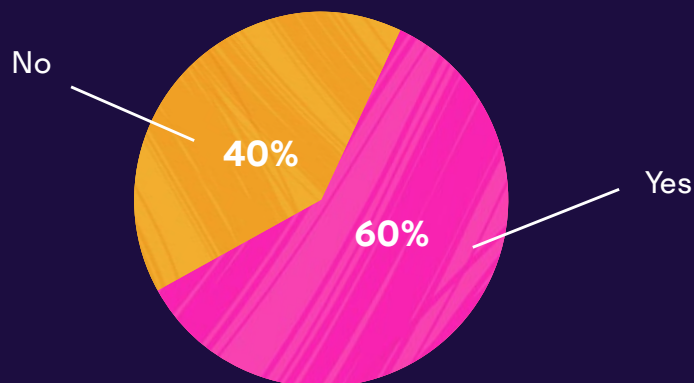
THE DISCONNECT

Asked whether managers have at least one conversation with each employee about their career vision, 85% of managers said yes. However, when employees were asked the same question, only half (52%) reported having those conversations.

Over the last few years, we've asked people about their organizations' role in helping them realize their career goals. For all the talk about how companies need to step it up to retain talent, the results show little, if any progress. In our 2022 Workplace Survey, 70% acknowledged their company provides tools to navigate their career toward professional growth goals. Nearly a third (32%) said their manager doesn't help guide them down their chosen career path. In 2021, respondents acknowledged that most businesses (56%) don't offer a clear path for

advancement. And of those companies that do offer a clear path? Survey respondents between the ages of 18 and 44 reported that more than a third (34.%) only offered it to individuals in management roles.

The questions for HR leaders are, how can we become more active champions for our employees' career goals? How can we empower and equip managers to have meaningful conversations with their teams? Right now, it seems like managers are slipping it into forgettable conversations with their direct reports, instead of planning discussions to talk about their career vision. To ensure these conversations are meaningful, they need to be documented and include follow-up conversations, to track the visions and goals shared by employees.

"To promote career and professional development, organizations need solutions that unlock the potential of every employee. The right tools help provide a consistent experience around career pathing, fostering job satisfaction and retention and demonstrating to employees and managers that you are investing in their future."

– Jennie Yang, VP of People & Culture at 15Five

IV. Tools That Drive Employee Engagement & Manager Success

Productivity tracking that relies on surveillance prevents managers from organically building trust and has the opposite effect—causing strife between employees and managers.

However, software can be beneficial when it facilitates transparent dialogue, and is used by skilled managers, trained in how to give and receive feedback and how to create psychological safety on their teams. Inside that atmosphere managers and employees can use digital tools to set and track Objectives and Key Results (OKRs), and pull regular performance data from those OKRs to inform digital check-ins and reviews.

15Five offers a unique combination of subscription software, training, and coaching that enables strategic HR leaders to measure engagement and performance in the flow of work, then empower their managers to drive change from the bottom up.

Perform is 15Five's holistic, flexible, and data-driven performance management platform that gives HR leaders the tools to run a robust performance program and make talent decisions based on a 360-degree view of the employee. Perform has been designed from the ground up to be easy to use HR software layered on top of manager enablement tools that are beneficial for both managers and employees. HR leaders can run an end-to-end performance management cycle, through employee compensation and career development conversations, including back-end administrative demands for companies of any size. The product features facilitate ongoing, growth-oriented performance conversations seamlessly integrated into the performance review process for greater accuracy and ease of use.

The result? Visibility into performance metrics allows team leaders to focus on what's not working to dramatically increase employee engagement and performance and build deeper manager-employee relationships that help to decrease regrettable turnover.

Transform provides subscription training and coaching to help managers develop next-generation leadership capabilities through a blended learning model of customized coaching and online educational offerings.

Managers are empowered to harness their teams' strengths and capabilities while becoming better leaders through day-to-day practices that build transparency and accountability.
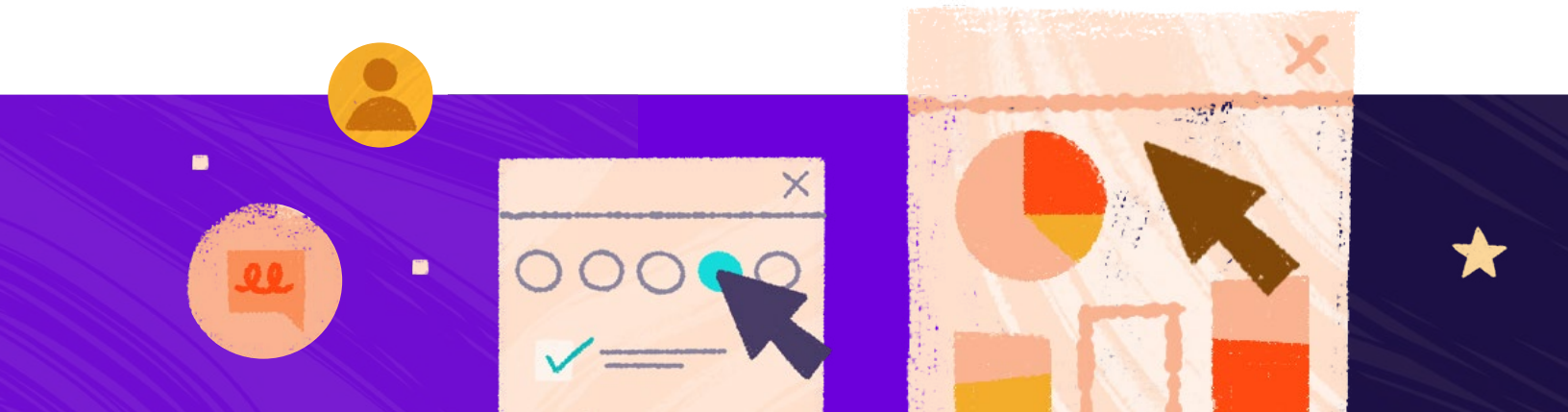
TRANSFORM INCLUDES

FIVE ESSENTIAL ELEMENTS TO INCREASE MANAGER EFFECTIVENESS

1 Coaching and development are tailored to the individual manager's needs and performance challenges.

2 A dedicated, trained and experienced in-house 15Five team partners with the client's organization to take action and move business metrics forward.

3 Positively impacts a client's higher-level business goals, including growth and customer satisfaction, while ensuring employee engagement and retention.

4 Real-time practice with a coach and a continuous feedback loop foster ongoing improvement.

5 Combines software with in-house, qualified expertise, enabling the manager to take action, solidify behavior change, and perform insight-generating activities such as tracking and reporting.

Congrats! You're on your way to growth

When do you want to accomplish this by?

Start Date

📅 3/1/2022

End Date

📅 6/30/2022

How often would you like to be reminded of this growth area?

Start Date

⏰ Every other week ⌄

Set Another Goal   Done

Want to see the 15Five platform in action?

Request a Demo