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Managers Account for 70% of Variance in Employee Engagement



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Story Highlights

- Great managers create the right environment for engagement
- Only 30% of U.S. employees, and 13% worldwide, are engaged
- Good news: management talents exists in every company

Great managers consistently engage their teams to achieve outstanding performance. They create environments where employees take responsibility for their own -- and their team's -- engagement and build workplaces that are engines of productivity and profitability.

But not every team is led by a great manager. That's why managers account for at least 70% of the variance in employee engagement scores across business units, Gallup estimates in the [State of the American Manager: Analytics and Advice for Leaders](#).

This variation is in turn responsible for severely low worldwide employee engagement. As Gallup has reported, only [30% of U.S. employees are engaged](#) at work, and a

staggeringly low [13% worldwide are engaged](#). Worse, over the past 12 years, these low numbers have [barely budged](#), meaning that the vast majority of employees worldwide are failing to develop and contribute at work.

Gallup has studied performance at hundreds of companies and measured the engagement of 27 million employees and more than 2.5 million work units over the past two decades. No matter the industry, size or location, companies are struggling to unlock the mystery of why performance varies from one workgroup to the next. Performance fluctuates widely and unnecessarily in most companies, in no small part from the lack of consistency in how people are managed.

Companies can attack this problem by measuring what matters most. Gallup has discovered links between [employee engagement](#) at the business-unit level and [vital performance indicators](#), including customer ratings; higher profitability, productivity and quality (fewer defects); lower turnover; less absenteeism and shrinkage (i.e., theft); and fewer safety incidents. When a company raises employee engagement levels consistently across every business unit, everything gets better.

To make this happen, companies must demand that every team in their workforce have a great manager. After all, the root of performance variability lies within human nature itself. Teams are composed of individuals with diverging needs related to morale, motivation and clarity -- all of which lead to varying degrees of performance. Nothing less than great managers can maximize them.

But first, companies have to find those great managers.

The Talent to Achieve Excellence

If great managers seem scarce, it's because the talent required to be one is rare. Talents are innate and are the building blocks of great performance. Knowledge, experience and skills develop our talents into strengths, but unless people possess the right innate talents for our job, no amount of training or experience will lead to exceptional performance.

Gallup's research reveals that about one in 10 people possess high talent to manage. Though many people are endowed with some of the necessary traits, few have the unique combination of talents needed to help a team achieve excellence in a way that significantly improves a company's performance. These 10%, when put in manager roles, naturally engage team members and customers, retain top performers and sustain a culture of high productivity.

Gallup has also found that another two in 10 people exhibit some characteristics of functioning managerial talent and can function at a high level if their company invests in coaching and developmental plans for them. In studying managerial talent in supervisory roles compared with the general population, Gallup finds that organizations have learned how to slightly improve the odds of finding talented managers. Nearly one in five (18%) of those currently in management roles demonstrate a high level of talent for managing others, while another two in 10 show a basic talent for it. Combined, they contribute about 48% higher profit to their companies than average managers do.

But companies miss the mark on high managerial talent in 82% of their hiring decisions. This is an alarming problem for employee engagement and the development of high-performing cultures in the U.S. and worldwide.

Yes, every manager can learn to engage a team somewhat. But without the raw natural talent to individualize, focus on each person's needs and strengths, boldly review his or her team members, rally people around a cause, and execute efficient processes, the day-to-day experience will burn out both the manager and his or her team. This basic inefficiency in identifying talent costs companies billions of dollars annually.

Conventional selection processes are a big contributor to inefficiency in management practices; they apply little science or research to find the right person for the managerial role. When Gallup asked U.S. managers why they believed they were hired for their current role, they commonly cited their success in a previous non-managerial role or their tenure in their company or field.

These reasons don't take into account whether the candidate has the [right talent to thrive](#) in the role. Being a successful programmer, salesperson or engineer, for example, is no guarantee that someone will be adept at managing others.

Most companies promote workers into managerial positions because of tenure or performance, rather than talent. This practice doesn't work. Experience and skills are important, but people's talents -- the naturally recurring patterns in the ways they think, feel and behave -- predict where they'll perform at their best.

Management Talent Exists in Every Company

It's important to note that finding great managers doesn't depend on market conditions or the current labor force. Large companies have approximately one manager for every 10 employees, and Gallup finds that one in 10 people possess the inherent talent to manage. When you do the math, it's likely that someone on each team has the talent to lead -- but chances are, it's not the manager. More than likely, it's an employee with high managerial potential waiting to be discovered.

The good news is that sufficient management talent exists in every company. Leaders should maximize this potential by choosing the right person for the next management role using predictive analytics to guide their identification of talent. Specific tools such as talent audits and talent assessments offer a systematic and scientific method for finding those employees who have the natural talent to be great managers.

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