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Special Report

The Great Management Meltdown: Why 58% of Leaders Want Out and What It Means for Business

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Executive Summary

Organizations recognize that effective management drives business success, yet their substantial investments in leadership development are failing to deliver the expected returns. Despite millions spent on training programs, many managers lack the specific behaviors that foster employee engagement, productivity, and retention. The solution requires management intervention informed by the specific leadership behaviors that distinguish exceptional managers from all others. But it can't stop there. Organizations must also implement targeted development approaches that address the realities of today's workplace, and its unique pressures.

Our study reveals a costly management crisis: poor leadership is draining billions of dollars annually from the economy. For example, employees with ineffective managers are more likely to leave an organization or experience productivity losses due to stress. While overall management quality has slightly improved since our 2023 study, significant gaps persist between managers' self-perception and employees' reality. Simultaneously, managers face unprecedented pressure from both leadership demands and employee expectations, creating a squeeze that threatens organizational stability.

Through analysis of 17 leadership behaviors, our research identifies the specific competencies that separate great managers from the rest, while also revealing how management styles are becoming harsher across performance levels. The findings further demonstrate that personalized development approaches, rather than one-size-fits-all training, offer the most promising path forward for organizations seeking to build stronger leaders and improve business outcomes.

Some key findings from our study include:

Poor management costs the U.S. economy more than $500 billion annually. Employees working under poorly-rated managers are 4x more likely to leave, accounting for $323.5 billion in turnover costs alone.

The five behaviors that distinguish exceptional managers: inspiring others, developing others, communicating a clear vision, valuing people, and driving innovation — have changed somewhat from prior years.

Management styles are hardening across all leadership levels, with 40% of employees reporting tougher managers. Even so, excellent leaders remain people-first while poor ones drive talent away through authoritarian approaches.

Managers face a critical squeeze. As a result, 58% want to abandon people management roles altogether, and 64% feel pressure to take a harder performance stance despite receiving little relief from employee demands.

Three-quarters of employees managed with an "iron fist" are actively job seeking, and nearly half have taken concrete steps toward leaving in the past month alone.

Mature organizations are 1.8x as likely to personalize learning with EX or 360 feedback, because they know they will get superior results. Yet, nearly half of managers still receive identical development programs, regardless of individual needs.

Introduction

Great managers drive results, remove barriers, and unlock employee potential. They inspire their teams, build trust, and create the kind of workplace where people want to stay and grow. Poor management has the opposite effect: it drains productivity, accelerates turnover, and chips away at well-being. Too often, it's not because managers don't want to be excellent — it's because they're overwhelmed, under-resourced, and expected to accomplish things they haven't yet learned how to do effectively.

In the face of increased economic uncertainty, the pressure to do more with less, and political changes that favor "tough leadership," many leaders aren't sure what the right next step is. No one aspires to be a bad boss. Most managers want to lead well. But they're navigating heightened pressure, shifting expectations, and, in many cases, a lack of support. Managing today means delivering outcomes, guiding people through uncertainty, and staying human in the face of rising demands. That's a tall order.

It's also a costly one. Our latest research shows just how steep the price of poor management can be, from billions lost to turnover and diminished productivity to the quieter toll of stress and disengagement that spreads across teams.

The good news? We also know what great people management looks like. We know which behaviors help managers lead with both empathy and effectiveness, and what organizations can do to help those behaviors take root.

So, the real questions become: **How do we build workplaces where managers are set up to succeed? What behaviors can we strengthen that will keep even the least experienced leaders from slipping into bad habits under pressure? And what are the most high-impact ways to grow the kind of leadership that's good for business — and even better for people?**

The State of People Management

First, think about the best manager you've ever had. Is that your current manager? If you said yes, you're in good company, as 55% of employees we studied would say the same. Conversely, about 19% are currently working for their worst boss ever, accounting for a sizeable majority of managers receiving "poor" ratings. The percentage working for their worst boss ever is lower than this time last year, when it reached 24%. This provides hope that management is improving, at least slightly.

Managers are also largely happy with their own performance, with 61% giving themselves top marks. Employees however, are not quite so sure, with just 51% able to rate their managers as highly, providing a reason for managers and the Human Resources leaders who support them to get curious and investigate the "why" behind some employees' lack of confidence.

The $500 Billion Leadership Crisis

Poor management isn't just frustrating or disengaging, it's financially devastating. Analysis from our study shows just how costly poor people management can be, with an estimated price tag of more than **$500 billion annually** to the U.S. economy alone. Similar losses are emerging in other markets, including the UK.

One of the most visible and measurable consequences of poor management is turnover. It's also one of the most quantifiable. Much study has been done to estimate the direct and indirect costs of replacing a single employee, and it typically ranges from .4x yearly salary to 4x yearly salary, depending on the complexity of the role. Many companies have done extensive work to quantify these costs using their own internal measures. Most literature agrees that because of this range, a conservative estimate is about half an employee's annual salary. Using the current U.S. median salary to estimate the cost of a single replacement at $20,000, total turnover costs in the U.S. reach **$898.6 billion annually**.

Turnover costs: **$323.5B**

Productivity losses: **$101.3B - $204.9B**

Potential savings from 5-point improvement: **$32B**

How costly poor people management can be

$500B

annually to the U.S. economy alone

Employees in our study who rate their managers as “fair” or “poor” are 5x more likely to leave their organizations than those with “excellent” managers and account for 36% of all those planning to leave. Because of this, we can attribute **$323.5 billion** directly to poor management. Even a modest 5-point improvement in manager effectiveness could save the U.S. economy approximately **$32 billion each year.**

But employee turnover is only one part of the story. Poor management also has a significant impact on productivity. This manifests in a variety of ways, but one clear impact can be seen through the lens of employee well-being. Sixty-five percent of employees say stress from work made it hard to be productive at least one day in the past week, and 40% say it affected them for three or more days. The Bureau of Labor Statistics estimates that typical worker output is $90 per hour. Even assuming just one hour of lost productivity per week, the cost to the U.S. economy reaches **$482.6 billion annually**. At three hours per week, that figure climbs to **$891 billion**. Workers with “fair” or “poor” managers represent 21% of those with at least one day of diminished productivity, amounting to **$101.3 billion** in lost output. Among those losing productivity three or more days per week, that number increases to 23%, resulting in **$204.9 billion** in losses.

This pattern isn’t limited to the U.S. In the UK, the economic burden of poor management is similarly significant. Using an estimate of £18,000 per turnover (half the median UK salary), total turnover costs in the UK amount to **£206.9 billion**. Of that, **£74.5 billion** is directly attributable to poor management. A 5-point increase in average manager effectiveness could save the UK economy **£7.5 billion annually.**

The takeaway is clear: poor management isn’t just a team-level issue — it’s a signficant organizational risk and a macroeconomic problem. Its impact also extends far beyond the two outcomes mentioned here, as research shows that a better employee experience, largely influenced by leadership quality, affects everything from employee theft and manufacturing quality to customer experience and innovation. In these two examples, even small improvements in leadership effectiveness could save tens of billions and lead to dramatically better outcomes for organizations and their people.

The Behavioral Blueprint for Leadership Success

While the macroeconomic impact of poor management is quite high, organizations themselves have a more immediate and local need: How might they create organizations filled with excellent leaders that deliver on business goals and influence the personal well-being of their employees? It begins by understanding — and then developing — the specific behaviors that differentiate the best managers from the rest. To identify what distinguishes a great manager, Perceptyx measured a set of 17 unique behaviors. These behaviors include inspiring others, effective collaboration, customer focus, and taking decisive action to name a few.

The findings were clear: Employees working for their best boss ever gave high marks across all 17 desired behaviors. Alternatively, employees currently working for their worst manager rated their boss lower for all these same behaviors.

The management behaviors that separate the best from the rest:

- Building Commitment
- Effective Collaboration
- Customer Focus
- Developing Others
- Effectively Managing Change
- Valuing Diversity
- Valuing People
- Effective Communication
- Expertise
- Integrity
- Driving Innovation
- Inspiring Others
- Effective Decision-Making
- Effective Planning
- Focus on Results
- Communication of Vision
- Taking Action

Cultivating the Behaviors That Matter

Among all the behaviors where the best managers excelled, five stood out as particularly important:

- **Inspiring Others:** The ability to inspire and motivate employees is a hallmark of great leadership. Inspirational managers create a sense of purpose and drive that encourages their teams to strive for excellence.
- **Developing Others:** Effective managers invest in the career development of their team members. They provide opportunities for learning and skills growth, fostering an environment where employees are always moving forward.
- **Communication of a Clear Vision:** Successful managers communicate a clear and compelling vision for the future. This helps align the team's efforts with the organization's goals and provides a sense of direction and purpose.
- **Valuing People:** The best leaders display genuine care for their teams. They know and appreciate the individual needs of each team member, from recognition to well-being to creating psychological safety.
- **Driving Innovation:** The most valuable leaders develop innovative solutions to complex problems, but perhaps more importantly, they challenge team members closest to the action to come up with new ideas that will improve business results.

Two of the key behaviors that separated the best managers from all others in 2024 — effective change management and effective planning — have dropped a bit in our ranking. This signals a change, not to the importance of the behaviors themselves, but to the skills needed in a world of rapid AI adoption, where changes are marked by innovation. Now, perhaps more than ever, employees need to know they still make important contributions. This mirrors important **2025 Trends in the Employee Experience**, and analysis of more than 20 million respondents across **Perceptyx's Benchmark Database**. For organizations that already have successful leaders, specific development and coaching aimed at these behaviors can push those leaders from good to great.

Conversely, the key behaviors preventing managers from joining the ranks of “worst boss ever” are slightly different. Organizations who have managers struggling to adopt these behaviors, must intervene immediately to ensure they aren’t doing more harm than good. Across the board, we again find that employees with the worst manager ever rate their manager lower on each one of the core management behaviors. In this case, the defined skills are the minimum an individual needs to start their management journey. In other words, without these in place, it’s nearly impossible to be seen as an effective leader. The most significant fall into these five areas:

Integrity. Managers lacking integrity can damage trust and morale within the team. Ensuring that managers uphold high ethical standards is crucial for maintaining a healthy work environment.

Valuing People. When employees feel that their manager exhibits a one-size-fits-all approach to leadership, they often feel less important to the manager and to the organization. Instead, give managers the time and space to care about each employee as an individual.

Expertise. Managers must possess the necessary knowledge and skills to lead their teams effectively. Without expertise, they cannot inspire confidence that they will be able to remove barriers to performance.

Focus On Results. Managers who spend too much time focused on the “how,” instead of the “what,” run the risk of limiting their teams’ creativity and discretionary effort. The most successful organizations coach their leaders to manage the outcomes, rather than the steps.

Taking Action. Inaction or indecisiveness can stall progress and frustrate employees. The best managers take decisive action to move projects and goals forward. While building commitment (one of the additional skills managers need to be effective) is important, once that’s established, the work must move forward.

Interestingly, we see some shifts in this list of key behaviors when comparing the results from 2024. Most notably, “Valuing People” has emerged as a core behavior not only for becoming an excellent boss, but for avoiding becoming a bad one. That’s a powerful insight. For managers struggling with foundational behaviors, targeted coaching and behavioral development can provide a fast, effective path to improvement. Taking a proactive and growth-based approach to manager development enables leaders to course-correct quickly, which leads to better outcomes for individuals, teams, and the business.

Iron Fist, Brittle Leadership

Something is shifting in the employee-manager relationship. Between well-publicized return-to-office mandates and Elon Musk's "fork in the road" memo, manager crackdowns are making news. In 2025, even the best managers — ones employees trust, respect, and say they want to work for — are becoming more demanding. Four in 10 employees say their manager has adopted a tougher leadership style over the past year. And that number holds steady regardless of whether the manager is perceived as excellent or poor.

But here's where it gets interesting: what employees say next does vary with an employee's rating of their manager.

The truth is, demanding doesn't always mean damaging. The best managers ask more of their teams, but do so in ways that reflect care, clarity, and a commitment to employee success. These leaders are more likely to track how employees are spending their time (1.4x), and they expect them to step up to new challenges. But their version of accountability doesn't involve intimidation. Employees with excellent managers are 2.4x as likely to strongly disagree that their manager "rules with an iron fist." And they're 2.5x as likely to disagree that their organization believes using soft skills signals weakness.

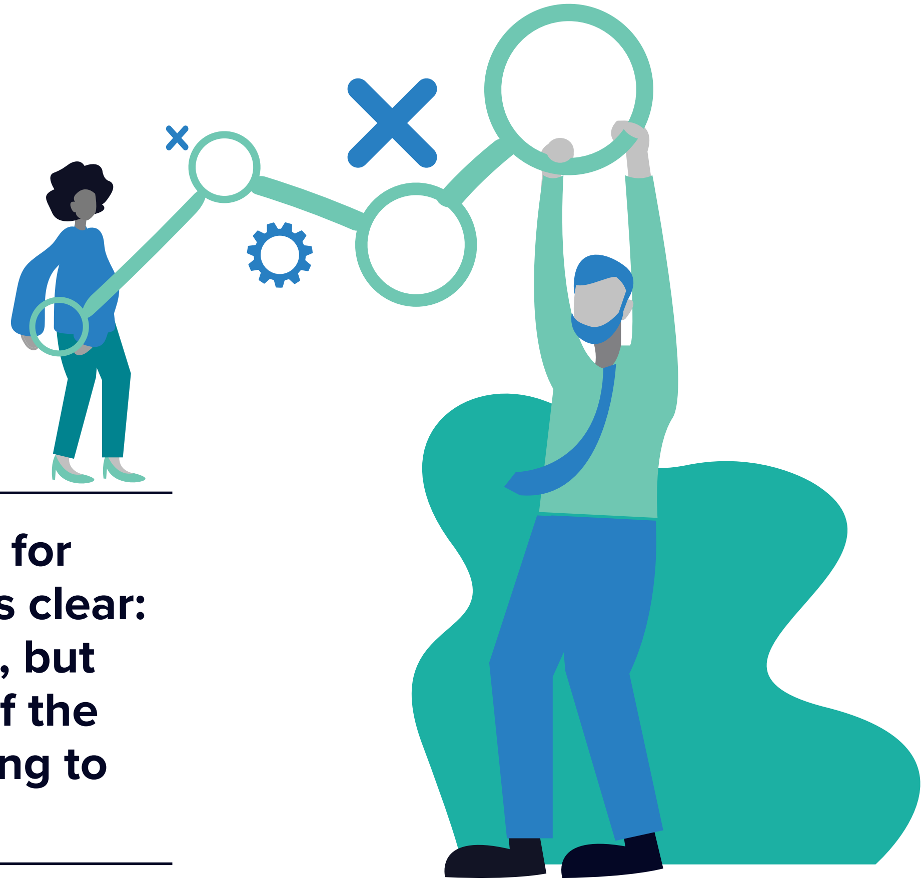
Employees with excellent managers are

2.4x as likely

to strongly disagree that their manager "rules with an iron fist."

That matters. Because as organizations push harder for results, employees are paying close attention to how those expectations are delivered.

When employees are led by someone they perceive as excellent — someone who inspires them and values them as individuals — performance expectations are received differently. In fact, those with the best managers are nearly 4x as likely to say new demands aren't performative. They're grounded in real support for success. But when managers get tougher without bringing their people along with them, the impact is tangible.



The call to action for leaders in 2025 is clear: hold the bar high, but don't lose sight of the human being trying to reach it.

Take job-seeking: three out of four employees now being ruled with an "iron fist" are actively looking for new roles, and nearly half have already taken two or more steps toward leaving in just the last month. Among employees whose managers haven't taken a hardline turn, those numbers are markedly lower.

The data also suggests that tracking time too tightly may backfire. While it's reasonable and necessary for managers to have visibility into the projects employees are working on, managing to outcomes, rather than a minute-by-minute accounting, improves the employee experience. Nearly three in four employees whose managers demand a detailed accounting of how time is spent report that stress made it hard to be productive at least once last week, **1.4x** the rate of those with more trust-based managers. And over half experienced that disruption on three or more days, almost **double** the rate of peers with more empowering leadership.

This shift is especially disorienting for employees accustomed to excellent management. They joined — and stayed — because they felt supported, inspired, and challenged in the right ways. When that shifts to command-and-control, they're 1.7x as likely to be on the job hunt than if their manager had not made that switch, considerably higher than for employees reporting to weaker managers.

Even high engagement doesn't buffer the effects. Engaged employees, too, show signs of strain when subjected to overly authoritarian leadership, reinforcing a critical truth: accountability doesn't require aggression.

Employees led by managers who demonstrate strong people-centric leadership are more likely to stay, advocate for their organization, go the extra mile, maintain higher productivity, and report better well-being.

The call to action for leaders in 2025 is clear: hold the bar high, but don't lose sight of the human being trying to reach it. When managers lead with the key behaviors of inspiration and clarity, and demonstrate that employees are valued, even high expectations feel like opportunity, not oppression.

Revisiting "The Manager Squeeze"

Managers are far more likely than other employees to be actively job-seeking — and they're twice as likely to quit without another job lined up.

If you're wondering why managers in your organization seem on edge, it's because many of them are. Since we first reported on the increasing pressure managers experience today – from both the senior leaders above them and their direct reports – relief from this "squeeze" has been elusive. Nearly half of the managers we studied say their jobs are more challenging today than they were at this time last year.

And it's taking a serious toll. **About 6 in 10 managers say they'd give up managing people if they could.** This should serve as a major warning sign to organizations that rely on managers to translate strategy into day-to-day priorities, maintain company culture, and deliver on important organizational outcomes.

The role of the manager has always been a balancing act between individual work demands and the demands of people management. Only about 1 in 3 managers say their role is primarily that of a people manager, down from 4 in 10 in **2024**. The rest are also responsible as individual producers.

Nearly two-thirds (64%) of managers say they've felt increased pressure to take a harder stance on performance in the past year. They're being asked to drive higher output, faster decisions, and greater accountability — often with fewer resources and under intense scrutiny themselves.

At the same time, today's employees expect more empathy, more flexibility, and more support from their leaders, with just 1 in 6 managers citing reduced demands from their people. Navigating this space — where top-down pressure meets bottom-up demand — is difficult for even the most skilled people leaders. It's no wonder they may be ready to look for a different opportunity. Managers are far more likely than other employees to be actively job-seeking — and they're twice as likely to quit without another job lined up. Even in a tight job market, top talent has somewhere to go. Organizations must act — and soon — to ensure their top talent has somewhere they want to stay.

Start by recognizing that managers need as much support as they're expected to give. That means they need:

Strong Leadership From the Top

Managers are employees too. If their leaders demonstrate empathy, consistency, accountability, and care for employee experience, managers will have more to give to their own teams. Great management cascades downward.

Clarity About What Great Management Looks Like

Too often, managers lack clarity about what great leadership looks like at their organization, which can result in counterproductive behaviors if they believe that's what leadership wants. Organizations should clearly define what is — and isn't — expected of its leaders.

Personalized Development Using All Available Data

Managers need more than generic training modules. They need coaching and development that meets them where they are — tailored to their role, job level, strengths and opportunities, and the sentiment of their teams. The best development plans support both skill-building and well-being, helping managers grow without burning out.

Organizations that do these things well will help managers ease the squeeze, not just endure it, building strong, more resilient leadership for the long term.

Building Better Leaders Requires Personalized Support

The best way to understand whether managers are regularly displaying the desired behaviors and leaning into them to improve the experience of your employees is to ask. Previous Perceptyx **research** has shown that large enterprises are listening in more ways and amassing more data than ever before. Employees today provide valuable insights into a manager's effectiveness through multiple listening methodologies, including engagement surveys, exit interviews, crowdsourcing ideas for improvement, and importantly, through listening events such as 360 feedback that allow direct reports, peers, and leaders to provide structured observations about the behaviors that matter most for driving desired organizational outcomes.

More than three in four managers remember participating in at least one employee experience or 360 feedback survey (for themselves or someone else) in the past year, so managers have access to crucial feedback that is unique to them. And while around 80% of these managers receive some kind of management training or development, nearly half say that development is exactly the same for every person in their role. This means that a manager who has been rated excellent at communication by their leaders, peers, and direct reports, and a manager who struggles with authentic and open communication, may both be enrolled in the same communication basics course, regardless of the relevant information the organization has about what each manager actually needs.

But there's hope for those managers in the half without a personalized development experience: 75% of HR leaders say they'll be doing more learning and development personalization over the next 12 months. The most mature organizations already are, and are using employee listening data to do so. Instead of collecting feedback and expecting the managers to act on it in isolation, they are uniting listening and learning for a more impactful and individually-relevant development program. These organizations are 1.8x as likely to use employee experience and 360 feedback data as are less mature organizations.

Case Study:

Transforming Manager Effectiveness Through Personalized Development at Scale

A real-world example from a Perceptyx customer illustrates the impact of personalized development and demonstrates how it can be achieved at scale. Recognizing that poor management was contributing to elevated turnover costs and declining employee engagement, this organization used **Grow from Perceptyx** to discover the underlying issues and deliver targeted development to address them.

Identifying Behavioral Gaps

The company conducted comprehensive 360 feedback assessments for more than 800 managers. The aggregate results revealed deficiencies in three of the critical leadership behaviors:

- **Developing Others:** Managers struggled to provide timely, constructive feedback to fuel employee growth.
- **Valuing Diversity:** Employees felt their unique backgrounds and perspectives weren't acknowledged.
- **Valuing People:** Acts of recognition and appreciation were inconsistent across teams.

Rather than implementing costly, generic training programs with historically low engagement rates (often below 10%), the organization deployed Perceptyx's Grow solution aimed at the three identified leadership competencies.

The Intelligent Nudges Approach

Through Grow, managers received personalized, weekly nudges delivered directly within their daily flow of work to accelerate adoption of behaviors associated with their identified competency gaps. These small, practical suggestions are backed by behavioral science research. And, critically, they are tailored to each manager's specific development needs and role context, so they resonate on an individual level.

Measurable Results

After six months, follow-up 360 feedback assessments showed remarkable improvements, including:

- **Double-digit score increases** in two of the three targeted behavioral areas,
- **A 7-point improvement** in the third focus area,
- A significant **overall improvement** compared with managers who did not receive nudges and showed only a 1-2 point increase.

Business Impact

Within just six months, this organization significantly improved manager behavior in three of the most critical areas. As our research shows, this turnaround can translate to dramatic results over time, including decreased employee turnover and increased productivity to the tune of millions of dollars. Grow's combination of personalization and automation enables manager development at a scale that traditional approaches simply can't achieve.

Conclusion

The managers in your organization want to succeed. They don't aspire to drive away talent, but wanting to be great isn't enough without proper tools, support, and clarity.

Poor management isn't just an organizational problem — it's an economic crisis costing over $500 billion annually. With authoritarian management driving away talent at alarming rates, organizations need to step in to clarify what's acceptable and what isn't — and develop their managers accordingly, abandoning generic training programs in favor of development that's personalized to the unique needs of each manager. The most mature companies are already doing this, and reaping the associated benefits in higher engagement, higher productivity, and lower turnover.

Success also means addressing the "Manager Squeeze." With 60% of managers wishing they could leave people leadership entirely, it's past time for organizations to step in and relieve some of the pressures while continuing to hold them accountable for managing the right way. The five behaviors distinguishing exceptional managers: inspiring others, developing people, communicating a clear vision, valuing individuals, and driving innovation offer a concrete starting point. These aren't abstract concepts but qualities that can be measured and developed through targeted, behavior-based coaching.

The managers in your organization want to succeed. They don't aspire to drive away talent, but wanting to be great isn't enough without proper tools, support, and clarity. Our research shows exactly which behaviors matter most and how to develop them effectively. The question isn't whether your organization can afford to invest in better management — it's whether you can afford not to.

Methodology

The research conducted for this report utilized two distinct sources of data within the Perceptyx Workforce Panel, collected in the spring of 2025. The first was a study of more than 1,500 managers across the U.S. and Europe about their experiences managing people. These managers work in multiple industries and spanned multiple management levels. The second source was a study of the perceptions of more than 4,300 employees across the U.S. and Europe, working in a variety of industries, and focused on their experiences at work, as well as the relationships with their managers.

About the Author

Emily Killham, currently Senior Director and Head of The Center for Workforce Transformation at Perceptyx, has dedicated more than two decades to fostering better workplaces through data-driven insights. Her career, marked by a deep understanding of the links between employee experience and organizational success, has involved collaborating with some of the world's largest organizations, spanning all major industries and geographies.

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Centered on solving complex challenges through empirical analysis, Emily's expertise in quantifying the impacts of the worker experience on key business outcomes — such as profitability, productivity, turnover, customer loyalty, safety, and absenteeism — has made her a leading voice in the study of the employee experience.

She has authored numerous reports on the efficacy of employee listening and action and is a frequent contributor to discussions on the future of work within HR, tech, and business media outlets such as Forbes, SHRM, The Wall Street Journal, Fast Company, and the BBC.

Follow Emily on LinkedIn.

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Perceptyx is the Employee Experience (EX) transformation company helping enterprises turn insight into impact through continuous listening, advanced analytics, and behavioral science. Trusted by one-third of the Fortune 100, its purpose-built platform combines multi-channel listening, AI-powered nudges, and personalized coaching to go beyond surveys and drive meaningful action.

Backed by in-house industrial/organizational psychologists and behavioral scientists, Perceptyx empowers organizations to reinforce learning, build better habits, and fuel lasting performance aligned to both personal and business goals.

For more info, or to speak with a member of our team, visit www.perceptyx.com.