

Organization Practice

The boss factor

How you get along with your manager can shape your health, happiness, and productivity.



In this episode of *The McKinsey Podcast*, Diane Brady speaks with McKinsey's Tera Allas about the impact that your relationship with your boss has on satisfaction on the job and in life. An edited version of their conversation follows.

Diane Brady: Hello, and welcome to *The McKinsey Podcast*. I'm Diane Brady. Every business wants to do well, both in society and, of course, in its bottom line. And one of the most important factors, it turns out, is the boss factor. What is it? Tera Allas, the director of research and economics in McKinsey's UK and Ireland office, is here to tell us. Welcome, Tera.

Tera Allas: Hi, Diane.

Diane Brady: So what is the boss factor?

Tera Allas: The boss factor is the fact that bosses have an enormous influence on workers' well-being through their relationships. And it turns out that people's job satisfaction has an enormous influence on their overall life satisfaction. Things like health and mental health are obviously important for whether somebody's happy in their lives. After that, the second most important thing is whether they're happy in their job. And there, the most important factor is their relationship with their boss. Bosses have a huge influence—not just on the financial performance of businesses but also on the well-being of the workers, and hence, the business's societal impact.

Diane Brady: What prompted you to look at this right now?

Tera Allas: We started looking at measures beyond shareholder value and GDP [gross domestic product, a measure of the economic output of a country] a while back. When you look at those factors, you come across measurements of life satisfaction. And when you look at the data, you quickly realize that bosses are very important.

There's this paradox. On one hand, your relationship with your boss is by far the most important thing in terms of your job satisfaction. But more than 70 percent of people say that spending time with their boss is the most stressful time of the entire working week. There is clearly room for improvement here.

The greater good of being good

Diane Brady: I'm surprised at how high the number is in terms of the dissatisfaction.

Tera Allas: There are a lot of very good bosses, and then there are a lot of very bad bosses. And even the very good bosses don't necessarily realize that their impact on the people who work with them goes well beyond the business. The impact [bosses have] inside the workplace actually bleeds into a person's overall life satisfaction. And there are organizations in which you tend to see some concentrations of good and bad bosses.

For example, if you have good bosses, then you're more likely to be a good boss yourself. That's because you see that as the role model and recognize that that's what is expected and appreciated in your firm. You also personally feel the effects of having a nice boss, a boss who empathizes with you and cares about you as a person.

Diane Brady: Do you think that the pandemic has exacerbated the tensions that we have with our boss?

Tera Allas: That's a really interesting question. The evidence to date is mixed. In some ways it depends both on the employee and the boss, and the boss's style. Before I even get into that, we should remember that around 60 percent of all people—in the US and also in most developed economies—can't actually work remotely.

So it's really only the 40 percent who could even, in theory, work from home—office workers and knowledge workers. The 60 percent who can't work from home are people like dentists, or bus drivers, or beauticians, or similar.

We shouldn't leave anyone out of the equation, but just among office workers, there seem to be a lot of different segments. Certain individuals seem to take to remote working really well; it improves their well-being and their productivity. Others find it a struggle, whether for personal reasons or because their environment is not ideal.

Certain bosses are very good at maintaining and building relationships even when that relationship is remote, when you can only communicate by phone or by videoconferencing. Other bosses are really bad at maintaining relationships in general, which is probably made worse by trying to manage remotely. So I don't think there's a universal, single experience that people are having.

Some recent research that is quite intriguing indicates that many people who've started to work from home are finding it somewhat liberating. They feel that they have a little bit more autonomy. We know from previous research that autonomy is an incredibly important part of feeling satisfied with your own job—feeling that you have some say over how things get done, when they get done, and that you're trusted and empowered to get it done. So I suspect there will be people who are actually feeling quite good about their current situation.

A foundation of trust

Diane Brady: So if your boss is not quite as powerful in your life as before, that would make you happier?

Tera Allas: I think it's not necessarily about how powerful they are but also what their attitude is. Obviously, for a remote-working relationship to work well, there needs to be trust. The employee needs to do the work.

Perhaps more bosses have realized that, in this pandemic, the only way they're going to have an effective team that still continues to deliver, despite enormous pressures from inside and outside of the business, is by building trust and by putting extra effort into spending time with people to really connect with them. Otherwise, there would be real concerns about burnout and people not being able to draw boundaries between work and home when they're working from home.

Really good bosses listen to all that information and change the way they behave, perhaps enabling a much more independent way of working. You can't just tell people to work independently; you also have to change processes, such as how you're meeting, how you're communicating, to make that possible. For the boss, that can mean quite a bit of effort. But many bosses who have made those changes find that it's worth the investment because the team is not only happier with how they're working but also more effective. And it's less work for the boss if they're not micromanaging.

Diane Brady: When I hear the term "servant leader," it strikes me that the qualities that propel one to be a leader are not necessarily the qualities that make for a good boss.

Tera Allas: That's exactly right. The research that we looked at suggests that the characteristics that tend

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to get you promoted are not necessarily the kind of characteristics that might go with being a good servant leader. Now, of course, there's a middle way. And there are people who have both. But generally speaking, people who tend to get promoted are quite self-centered and very focused on their individual performance. They are also very good at articulating their own point of view and, therefore, perhaps not what servant leaders really do. Servant leaders provide a platform for their employees to provide their best work—really praising them and supporting them, rather than elevating themselves. Now, there are organizations which are starting to really look at those promotion and cultural issues to make sure that it is the servant leaders that get promoted. But those organizations are still few and far between.

How to be a better boss

Diane Brady: What can one do to be a better boss?

Tera Allas: The first thing is just caring—caring about your employees, asking them how they're doing, and actually wanting to know what they say. Then engaging with them on that level. And if they're feeling terrible, trying to understand why.

It's a bit like being a parent. There isn't the right or wrong way to respond. But you do want to be nonjudgmental and empathetic to understand what's going on with that person, and how you might be able to help or how, together, you might be able to solve that problem.

That is enormously important for building trust and building this concept of psychological safety—where people feel safe to be innovative, to raise issues when the business is not going great, to come up with new ideas, to be change-ready. Empathy is really critical. The other thing that I've practiced myself is just thanking people for everything all the time. Even if it's something quite small that they did, they deserve thanks for it—even if it's something that's part of their job.

Why not thank them? First of all, I am thankful. Second of all, it costs me absolutely nothing. Third, it makes that person feel better. There's a lot of research suggesting that celebrating really small steps is critical to people reaching big goals. I think it is an important way of buoying and enhancing well-being, satisfaction, and happiness in the team.

To do these things well, to do them from the heart rather than from just the head, requires that the leader have some self-knowledge as well. They recognize the importance of that emotional connection with their workers.

That's not easy for everyone. I think managers and leaders can do a lot of things just in terms of building their self-awareness, whether it's signing up with a coach, taking some time for reflection, or asking for feedback. All those things will help them in their role as a leader. It might make them a bit more humble, and therefore allow them to better observe what impact they have on the people around them.

The influence of bosses cuts across borders

Diane Brady: Did you notice any particular differences in terms of demographics or geographic differences?

Tera Allas: Once you correct for basic features like income levels and so on, there are surprisingly few differences—whether it is between different ages, different geographies, or different genders. To me, this speaks to the universality of the boss factor.

In some ways, it doesn't surprise me. The world is ultimately made up of people, and people ultimately thrive on relationships. That's really important for how they feel about themselves and how well they're then able to perform. And so, in some ways, you would expect this to be the case across all kinds of businesses.

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Where we did see some differences was by sector. I talked earlier on about this idea that the more autonomous people feel and the more trusted they feel to get on with their work, the more empowered and happier they are not only in their jobs but also in their lives.

There are many sectors—particularly professional services and creative industries—where people can have those kinds of roles. But there are also quite a few sectors where people do not feel that they can do their jobs autonomously, where the culture is a little bit more top-down command and control. I suspect that if we were able to dig deeper into that, we would find that, even in those sectors, there’s some businesses that are able to bring much more of that kind of autonomy to bear.

It doesn’t really take much. Even if you’re, say, in a manufacturing setting, one of the things you can do is have a five-minute meeting at the beginning of every shift to say, “How is everybody? Do you have any ideas about how we could improve what we’re doing today?”

Obviously, you can always start doing that once you’ve already built some trust with your workers, but if you create that culture and environment of soliciting ideas bottom-up, and giving people a sense that they own a lot of what happens in the team and in the factory or in the workplace that you’re talking about, then you can do it in pretty much any sector.

Diane Brady: I’m intrigued by how this ties back to success.

Tera Allas: There’s now a lot of research showing that happier employees are more productive, more engaged, and more loyal. They generate better customer loyalty and are less likely to leave. All of these positive feedback loops mean that it’s a win-win. And then looking at the data, it was just so stark, this impact that the bosses have: that the vast majority of somebody’s job satisfaction is really about how they perceive their relationship with their boss. You would think that it could be things like pay or how exciting or interesting or important their job is. But actually, the biggest impact is from their relationship with their boss, even if what they’re doing is a pretty mundane job.

So that got us thinking that there’s something missing in the ESG [environmental, social, and governance] debate. People are looking outside. They’re looking to how you can help the community, or how you can help your supply chains, or how you can reduce your environmental footprint. But the truth is that by looking inside, and looking at the often thousands of people that large companies employ, you could actually make a huge contribution to society by just making sure that those people are better off from a well-being perspective, that they’re more satisfied with their lives because they’re more satisfied with their jobs.

Promote people on values— and performance

Diane Brady: Should this alter how we think about promoting people?

Tera Allas: Definitely. Promotion and other kinds of recognition send a powerful signal to everybody who works at an organization. It's a powerful way of essentially changing behaviors. If you don't change who you promote, then you might be saying with your words that you would like your organization to be an inclusive one that looks after the well-being of employees. But if that's not backed up by actual actions when it comes to other promoting people—if you promote people who are superstars in terms of delivering, say, customer accounts and sales but who actually treat their people badly—then you're sending a very conflicting signal.

Actions speak louder than words. You have to change how you praise and promote people, how you appraise them. When everybody has their performance reviews, what gets looked at and emphasized?

You also need the bosses at the very top—the executive cadre—in their day-to-day experience with the people who they work with, to be showing and exhibiting these traits. Then the people who are looking up to the role models at the top of the organization can recognize that this is important, that they mean it when they say it.

Diane Brady: What is the advice you have for leaders to get to a place where they can even start to be better bosses?

Tera Allas: That's an incredibly important question, and even though it sounds easy, it's not necessarily easy. And part of that is because an awful lot of us haven't gotten used to, or haven't been taught to, bring our emotions and our whole self to work. And if you've done something that's made you fairly successful, that has excluded that [emotional] dimension of you, then relearning and reopening up to that dimension takes a bit of time.

I would say there are two different approaches, and you may want to do both in parallel. The first one, of course, is that there are many training courses and coaches that can help you with that kind of unfreezing of how you think about yourself in the workplace, and how you think about your success, and how you think about the value you create. An enormous amount of value that you can create is by just being really nice to the people you work with because that makes their lives better. And what is more important than making people's lives better? And as a bottom-line impact, as a bonus, you'll also get better performance from the team. So there's that kind of unfreezing, opening up, maybe by using coaching or training or, in some cases, even things like meditation or self-exploration.

Fake it until you feel it

But the other thing I have found is that, in some cases, just fake it till you make it. So, with something like thanking everybody, I would basically challenge everyone to ask, "Do you really *not* want to thank them?" I think everybody could find one or two things to thank everybody on their team about every day in a way that is sincere. The beauty of the fake-it-till-you-make-it approach is that, when you start seeing the positive effects that it has on people and their energy levels and their joy at work, you want to do more of it. Then suddenly it's not faking anymore. You're actually just doing it because you want to do it, because you can see and feel the benefits yourself. So I think every leader and every boss will perhaps want to take their own approach to this.

Think about what makes you feel safe, or in a place of psychological safety, so you feel able to take those steps. And then think also about what are some of the really small things you could start doing today that can build up to a workplace where people feel appreciated, and they feel trusted, and they feel that their boss is in their corner.

Diane Brady: Do you see a different kind of role for the boss going forward?

Tera Allas: I think COVID-19, and automation, and the future of work, all of these are pressures that are piling up on top of existing pressures. And in that sense, I see the importance of the role of the boss growing. So, yes, there's going to be more change in the workplace.

That change is going to need to be handled by bosses who are sensitive to how they can support their workers to move into a different set of tasks or learn a new set of skills. Also, more and more of the jobs that we're going to see humans do in the future, as opposed to machines—that can do lots of calculations and lots of automated tasks really well—are going to increasingly involve working with other humans, for example, in the customer interface or in the healthcare sector or public sector. The boss of the future will need to have excellent emotional intelligence to be able to not just command and control a team but actually support them to do what they, as the frontline workers, know is the best thing to do for any particular customer or any particular patient, say, in a hospital.

I think that's going to be a bit of a revelation for certain types of leaders or managers, who've maybe grown up in a slightly more command-and-control environment. Once they move into a situation where they're managing large groups of people—and not just people in a technocratic way but people in a people occupation—there will be many aspects that will come through, which will reinforce the things that we suggest around psychological safety, trust, and building those relationships, and really just helping people to have meaningful jobs that they look forward to coming to.

Diane Brady: We've talked a lot about the boss and what they can do to be better. How can we, as individual team members, help our bosses be

better? Since we seem to be unhappy according to the research that you've done, how can we basically make this situation more palatable?

Tera Allas: Not everybody's unhappy, but there's definitely room for improvement in most cases, in most organizations, and in most teams. It's kind of the same thing in some ways but in reverse. It's all about relationships. And how you build a good relationship with your employees is pretty much the same as how you would build a good relationship with your boss: accepting that they're human. Understanding that they will occasionally be stressed out. Recognizing and empathizing with the pressures they're under. And building that kind of trust-based communication that allows you to understand what's going on with them, and perhaps invites them to ask what's going on with you.

If you want to be empowered and you want to be given a role that's autonomous, then you do need to show that you can be trusted. You need to be reliable. You need to do what you promised you would do and create a mutual recognition—and that, I think, would be a win-win, both for the boss and the employee.

Diane Brady: Very good advice. Thank you very much for joining us, Tera.

Tera Allas: Thank you, Diane. My pleasure.

Diane Brady: And thank you, all of you, who have tuned in. To read more about the boss factor, please see, "The boss factor: Making the world a better place through workplace relationships," by Tera Allas and Bill Schaninger, on McKinsey.com. That was Tera Allas, who is the director of research and economics in McKinsey's UK and Ireland office. I'm Diane Brady. Thanks for listening.

Tera Allas is director of research and economics in McKinsey's London office. **Diane Brady** is a senior editor based in the New York office.

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