

The Seven Most Common Mistakes Leaders Make

Why Effective Leadership Is Important

According to Research:

- Only 31% of employees in the U.S. are engaged, and disengaged employees cost organizations between \$450 and \$550 billion annually. (Gallup's 2017 State of the Global Workplace Report)

Employee engagement in the U.S. fell to the lowest level in a decade at the end of 2024, with only 31% of employees being engaged and 17% of employees being actively disengaged, [according to a Jan. 14 report](#) from Gallup. Levels this low were last seen in 2014.

The financial impact of disengaged employees is substantial. Globally, disengaged employees cost organizations approximately \$8.8 trillion annually in lost productivity. [forbes.com](#)

In the United States, disengaged employees are estimated to cost companies between \$450 billion and \$550 billion each year due to decreased productivity. [threewill.com](#)

- Companies in the top third for financial performance are twice as likely to have high quality leaders than those in the bottom third. This translates to millions of dollars for any single company. (Global Leadership Forecast 2018)
- According to the Ken Blanchard Companies, the average organization is 50% as productive as it should be due to less than optimal leadership practices.
- 23% of workers surveyed said they would offer more ideas and solutions, and 21% reported they would be willing to work longer hours if they trusted their leaders. (2018 Trust Outlook, Trust Edge Leadership Institute)

Companies with high-quality leadership are significantly more likely to achieve superior financial performance compared to those with weaker leadership. Analysts often assign a 15.7% premium to companies with strong leadership and a 19.8% discount to those with weak leadership. [deloitte.wsj.com](#)

Conversely, organizations with poor leadership incur substantial costs. Studies indicate that ineffective leadership can drain a company's resources, with bad managers costing U.S. companies up to \$360 billion annually due to turnover, productivity loss, and decreased engagement. [blog.hoopshr.com](#)

Additionally, poor leadership practices can lead to increased employee turnover, reduced customer satisfaction, and diminished overall productivity, all of which negatively impact a company's bottom line. johnspence.com

Organizations lacking optimal leadership practices often experience significant productivity losses. Studies indicate that poor leadership can result in a productivity decline of 5% to 10% within an organization. icehrm.com

Additionally, ineffective leadership contributes to high employee turnover, which further diminishes productivity. A Gallup poll reveals that employee turnover due to poor leadership practices costs American companies approximately \$630 billion annually, encompassing losses in productivity, recruitment, and other hiring expenses. unicornlabs.ca

A study by Slack found that employees who feel trusted by their employers report:

- **2.1 times better focus**
- **2 times higher productivity**
- **4.3 times greater overall satisfaction with work**

Additionally, these trusted employees are **1.3 times more likely** to say they put in more effort at work and **1.2 times more likely** to go above and beyond compared to those who don't feel trusted. slack.com

Furthermore, employees who trust their managers are **5 times more likely** to be engaged. peoplebox.ai

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- **One of the top five reasons employees leave an organization is lack of trust and confidence in leadership.**
(2016 Towers Watson Global Workforce Study)

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These statistics are about the same.

This still holds true, and another top reason is feeling disrespected at work. The other four are:

1. According to Google, employees want psychological safety which refers to an individual's perception of the consequences of taking an interpersonal risk or a belief that a team is safe for risk-taking in the face of being seen as ignorant, incompetent, negative or disruptive.
2. Employees are looking for mentorship and/or coaching opportunities. They want to be mentored and coached.
3. Employees want more flexible work options.
4. 74% of employees feel left in the dark as to how they are performing. They do not receive any feedback. Only 21% of Millennials meet with their boss on a consistent basis.

One of the top reasons employees leave an organization is due to **poor management**. A study by BambooHR found that 56% of employees cited bad managers as a primary reason for seeking new employment. bamboohr.com

Additionally, a Forbes article highlights that 62% of employees leave because of a toxic company culture, and 59% due to low salary. forbes.com

These findings underscore the critical importance of effective management and a positive organizational culture in retaining talent.

- In a 2016 learning blog, it was reported by Inc. Magazine that three out of four employees report their boss is the worst and most stressful part of their job. Inc. Magazine further reported that 65% of employees say they'd take a new boss over a pay raise.

Still true. According to Fortune, Millennials will take a \$7,600 pay cut in order to be in a better working environment. They specifically want better relationships where they work.

A significant number of employees report that their boss is the most challenging and stressful aspect of their job. Studies indicate that approximately 75% of employees feel this way. ryangottfredson.com

Additionally, a substantial portion of employees would prioritize a better boss over higher pay. Specifically, 65% of employees state they would choose a new boss over more pay. ryangottfredson.com

These findings highlight the critical role that effective leadership plays in employee satisfaction and retention.

Create a Culture of Employee Engagement

Build a Case for Employee Engagement

- **Disengaged employees cost organizations \$450-\$550 billion annually.**
(The Conference Board, 2017)

These statistics are updated annually. The interesting thing is they don't vary much. As of the latest data from Gallup's 2024 report, U.S. employee engagement has experienced a slight decline, with only 31% of employees reporting being engaged in their work. [gallup.com](https://www.gallup.com)

This marks a decrease from the 36% engagement rate observed in 2020. [gallup.com](https://www.gallup.com)

The percentage of actively disengaged employees stands at 17%, matching the figure from 2014. [gallup.com](https://www.gallup.com)

- **Highly engaged organizations realize a 41% reduction in absenteeism and a 17% increase in productivity.**
(Gallup, 2017)

Recent studies have highlighted the significant impact of employee engagement on organizational outcomes. Companies with highly engaged teams experience:

- **78% less absenteeism**
- **17% greater productivity in sales**
- **23% greater profitability**
- **68% higher well-being**

[holaspirit.com](https://www.holaspirit.com)

- **70% of the variance in team engagement is determined solely by the manager.**
(Clifton and Harter, 2019)

Gallup reports the same number 70% in 2024.

- **Customer retention rates are 18% higher on average when employees are engaged.**
(Office Vibe, 2016)
- **Organizations with engaged employees outperform those without by 202%.**
(Forbes, 2017)

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joinblink.com

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forbes.com

Support Yourself and Others Through Change

The Business Case for Managing Change

It was reported in June 2019, that the average organization has undergone five enterprise changes in the past three years. Only one-third of the change efforts are clear successes, 16% show mixed results and half are clear failures.
(Gartner, 2019)

These stats still stand true. No updates since 2019 from Gartner.

Change management has become an embedded leadership requirement.
(Meliorate, 2017)

Effective change management has become a critical leadership competency, with recent statistics highlighting its importance:

- **Leadership Training:** Only 27% of employees agree that their leadership is trained to lead teams through change.

changing-point.com

- **Change Management Strength:** Only 25% of organizations have employees who say managing change is a major strength of senior leaders.

changing-point.com

- **Change Initiative Success:** Organizations with excellent change management programs have an 88% success rate in meeting or exceeding objectives, compared to 39% for those with fair programs.

prosci.com

- **Organizational Transformation:** 96% of firms are currently undergoing some form of transformation.

walkme.com

**Change-stressed employees perform 5% worse than the average employee. This performance decline translates to a \$32.5 million dollar cost to the bottom line per \$1 billion in revenue.
(Gartner, 2019)**

Recent studies have highlighted the significant impact of workplace stress on employee well-being and organizational performance. In 2022, 81% of workers reported that workplace stress affects their mental health, an increase from 78% in 2021. mhanational.org

Additionally, 73% of workers indicated that workplace stress negatively impacts their relationships with family, friends, or co-workers. mhanational.org

The consequences of stress include:

- **Low employee engagement**
- **Lack of focus and productivity**
- **Poor employee performance**
- **Tense company culture**
- **Increased absences and tardiness**
- **Injuries and illness**

The financial impact of work-related stress is substantial. Job stress is estimated to cost American companies more than \$300 billion annually due to health costs, absenteeism, and poor performance. uml.edu

Furthermore, workplace stress has been reported to cause 120,000 deaths in the U.S. each year. osha.gov

These findings underscore the critical importance of effective stress management strategies to enhance employee well-being and organizational performance.

In the September 2018 Talent Development Research Report Change Enablement: Skills for Addressing Change, 92% of respondents reported that their organization underwent a change in the past three years and only 19% indicated their organization was highly effective at addressing the change.

Prevalence of Change Initiatives

According to the Association for Talent Development's (ATD) 2023 State of the Industry report, organizations are experiencing a growing number of change initiatives. While specific figures for the past

year are not detailed, the report indicates that more than 65% of organizations anticipate an increase in the number of change initiatives over the next five years. [td.org](#)

Importance of Change Management Training

High-performing organizations recognize the value of equipping employees with change management skills. However, a recent ATD research report revealed that while two-thirds of organizations expect the number of change initiatives to increase over the next five years, only about half provide any change management training to their employees. This gap highlights the need for comprehensive training programs to prepare employees for effective participation in change processes. [td.org](#)

The primary reason change fails is that management behavior doesn't support the change and employees are resistant. In essence, people are the primary factor in the success or failure of any change effort.
(McKinsey and Company, 2015)

Organizational change initiatives often face significant challenges, with a substantial percentage failing to achieve their intended outcomes. Research indicates that approximately **70% of change initiatives fail**. [changing-point.com](#)

One of the primary reasons for this high failure rate is the **lack of a clear and compelling case for change**. When employees do not understand the necessity of change, it leads to increased anxiety, cynicism, and resistance. [imd.org](#)

Resolve Conflict

The Impact of Conflict in the Workplace

CPP, Inc., *Michael Segovia Webinar*, 2014

- Employers in the US pay \$1 billion each year due to workplace conflict
- Managers spend 20-40% of their time responding to employee conflict
- 2.8 hours per week are spent by individual employees in dealing with conflict
- Workplace conflict is a decisive factor in more than 50% of employee departures and in over 90% of cause related terminations

Workplace conflict can have significant negative consequences for both employees and organizations. Key statistics include:

- **Time Lost to Conflict:** Employees spend approximately **2.8 hours per week** dealing with workplace disputes and personality clashes, leading to a national cost of **\$359 billion annually** for U.S. businesses. peacefulleadersacademy.com
 - **Employee Stress and Absenteeism:** 53% of employees report feeling stressed due to workplace conflict, 45% take sick leave, and 77% become disengaged, negatively impacting productivity and morale. passivesecrets.com
 - **Productivity Decline:** Unresolved conflicts can lead to decreased productivity, decreased morale, increased stress and anxiety, high turnover, and poor communication and collaboration. personnelperspective.com
 - **Health Consequences:** Exposure to adverse conditions in the workplace, such as conflicts, can lead to critical problems like personal adversities, organizational dysfunctions, and devaluation or demotion. pmc.ncbi.nlm.nih.gov
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Robyn Short, *The Cost of Conflict in the Workplace*, 2016

- 85% of employees deal with conflict
- 34% of conflict occurs among front-line employees
- 49% of conflict is a result of personality clashes and “warring egos”
- 34% of conflict is caused by stress in the workplace
- 33% of conflict is caused by heavy workloads
- 27% of employees have witnessed conflicts lead to personal attacks
- 25% of employees have seen conflict result in sickness or absence
- 70% of employees believe managing conflict is a critically important leadership skill
- 54% of employees believe leaders could handle conflict more effectively by addressing underlying tensions immediately when they surface

Workplace conflict can have significant financial implications for organizations. Key statistics include:

- **Annual Costs to U.S. Businesses:** Workplace conflict costs U.S. businesses approximately **\$359 billion annually** due to lost productivity, absenteeism, and turnover. evolvethecom.com
- **Time Spent on Conflict:** Employees spend an average of **2.8 hours per week** dealing with workplace disputes and personality clashes, leading to a national cost of **\$359 billion annually** for U.S. businesses. law.com
- **Managerial Time Allocation:** Between **30% and 50%** of a manager's time is spent managing conflict within their teams, which can lead to disengaged employees and a toxic workplace environment. conflictmanagementacademy.com
- **Legal Costs:** The average cost to a company for defense and settlement in workplace conflict cases was **\$160,000**, with these matters taking an average of **318 days** to resolve. pollackpeacebuilding.com