

Leadership Matters



How Handling Stress Makes You a Better Leader

By Kenneth Matos



Executive Summary

Managers who aren't equipped to handle stress are costing organizations. Their employees are less engaged, less likely to plan on staying with the organization, and less interested in advancing within the organization.

Similarly, leaders who can't manage stress effectively are much more likely to be seen by their people as irrelevant or even actively harmful to employee and organization performance.

Conversely, leaders who can manage their stress effectively have employees who are more engaged with their work, have less stress overall, are more likely to want to advance within the organization, and are highly unlikely to seek a new job.

Despite the extensive popular research illustrating the effects that unchecked stress has on individuals and organizations overall, managing stress in the workplace remains a persistent problem. And, given this new data to show just how costly stressed-out leaders are to their employees and their organizations, effective solutions must be employed.

Train people leaders to better handle stress.

People leaders are key points for stress intervention in organizations. And mid-level leaders are the most likely to be highly stressed and depressed,¹ given the demands from above and the effort of implementing them on the ground.

Leaders are responsible for managing high-value client and employee relationships and directing and assessing the work of others. Yet, a stressed-out leader will struggle to manage these duties successfully. They're less capable of coaching employees or building effective teams. Without that deeper level of support, employees can fall into unproductive behaviors.

By failing to focus on stress management for leaders, organizations reap a double penalty of reduced leader performance and reduced effectiveness from the teams they guide.

Organizations can and must develop resilient leaders.

On the following pages, you'll find the data showing how leaders who can't manage stress can have far-reaching effects on their organizations. What's more, you'll find suggestions on how organizations can create better opportunities for leaders to master the skills to lead mindfully and well.



Research Methodology

We asked 1,000 college-educated employees, age 18-70, about their leader's ability to handle stress, contributions to the workplace, and their own working experience.²

Leaders were rated on their ability to:

- Manage stress,
- Tolerate frustration and ambiguity,
- Adapt to change, and
- Present as confident, enthusiastic, and optimistic.

Leaders rated in the top third were considered "Resilient Leaders." Resilient Leaders are able to work effectively through the cognitive and emotional distractions of stress.

Leaders in the bottom third were considered "Stressed Leaders." Stressed Leaders are distracted by their emotions and unable to maintain an inspiring presence for their teams.

We also acquired information on:

- Employee stress level
- Employee engagement
- Interest in advancing to a more senior position in the organization
- Intent to look for a new job in the next 12 months
- Team effectiveness
- Ratings of the leader's contribution to personal and organizational performance
- Willingness to recommend employment with the leader and organization to others

A series of analyses were conducted to determine whether employees working for Stressed Leaders had worse outcomes than those working for Resilient Leaders. These analyses also allowed us to control for a variety of factors including demographics of the leader (gender, generation and seniority) and employee (gender, age, income level, and years working for the leader) along with employee work-life conflict and stress level. This allowed us to ensure that the effects were consistent across a variety of circumstances. All findings presented are significant at the $p < .05$ level or better.



Stressed Leaders Create Disengaged Employees

More employees report high stress under Stressed Leaders and half as many report being in excellent health.

Whether actively managing workload or unconsciously serving as a work-life role model, leaders have significant opportunities to influence employee stress. It's not surprising, then, that employees with a Stressed Leader are more likely to report being highly stressed and less likely to report being in excellent health.

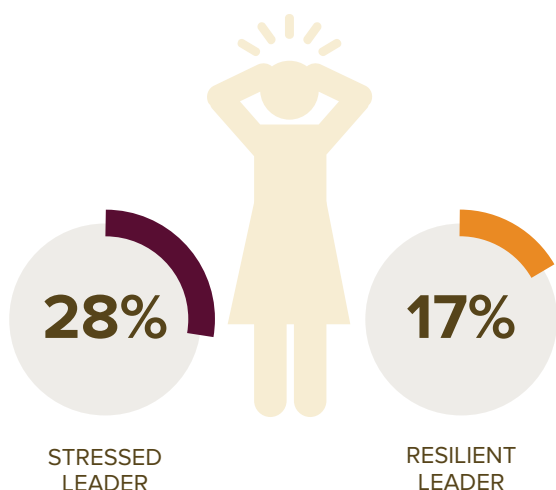


FIGURE 1
High Stress

Source: 15Be, Inc.

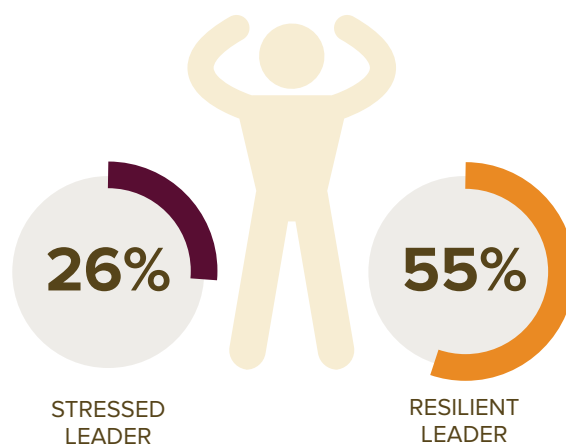


FIGURE 2
Excellent Health

Source: 15Be, Inc.



Employees with Stressed Leaders are almost six times less likely to be highly engaged at work.

The way in which a leader responds to stress may influence how that leader's employees experience their jobs. For example, a Stressed Leader may hoard work tasks to make sure they're done right. Or ignore employees, providing little to no positive feedback because they're too distracted by their own feelings of being overwhelmed. Thus, being denied the bolstering influences of a Resilient Leader may be more disengaging to employees than their own stress. In fact, in this study, employee perceptions of the leader's ability to manage stress is a stronger predictor of employee engagement than the employee's stress level.

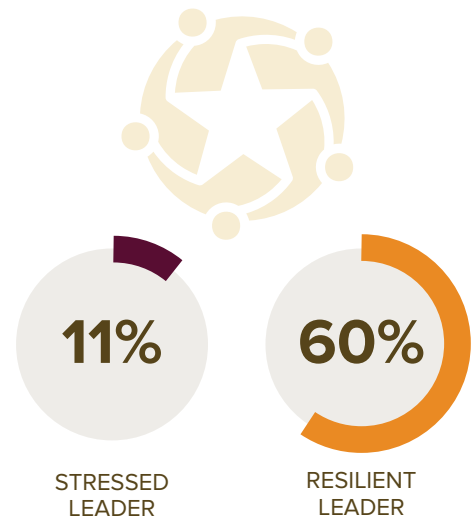


FIGURE 3
High Employee Engagement

Source: 15Be, Inc.

Employees whose leaders manage stress well are more likely to plan to stay.

Being denied the support of a Resilient Leader could do more than deny employees the vital feedback that fosters engagement. It could also reduce a person's deeper commitment to the organization. Half as many employees with a Stressed Leader were fully committed to staying at the organization compared with those following Resilient Leaders.

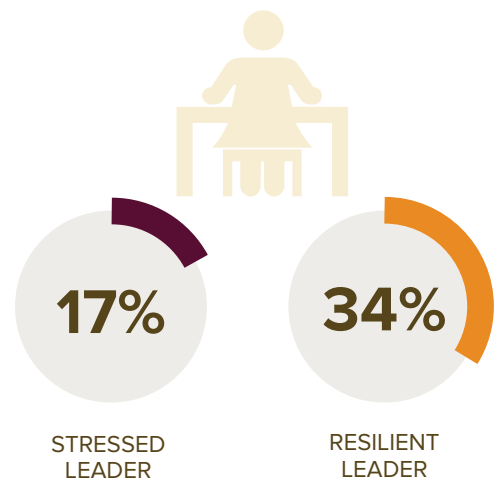


FIGURE 4
Extremely Unlikely to Look for a New Job in the Next 12 Months

Source: 15Be, Inc.



When leaders don't manage stress well, employees don't seek internal advancement.

Just over half of employees working for Stressed Leaders (55%) are interested in advancing to a more senior position in their organization. Compare that to nearly 80% of people with a Resilient Leader seeking to advance.

In the past, the promise of a promotion was one of the most powerful incentives to improve performance. And much has been said about Millennials' expectations for rapid advancement. However, when employees work for stressed-out leaders, the potential bonuses of internal advancement are diminished by the perceived drawbacks. For these people, the promise of higher pay, greater autonomy, and more prestige, may not seem as appealing when weighed against the kind of strain they see their leader under.

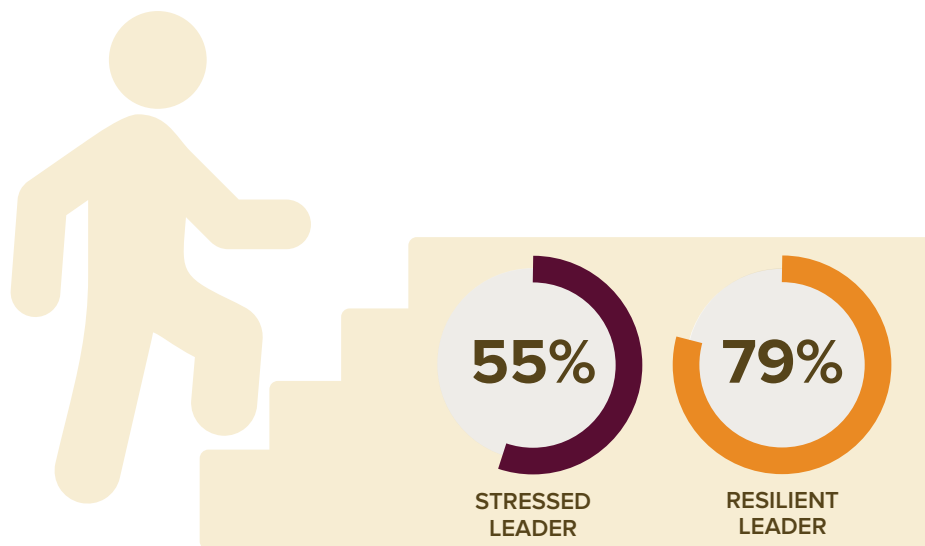


FIGURE 5
Desire to Advance to a More Senior Position in the Organization

Source: 15Be, Inc.



Stressed Leaders Deplete the Bottom Line

Stressed-out leaders lead ineffective teams.

Highly effective teams are able to communicate well, come to consensus on procedures and decisions, and resolve conflicts. The ability to lead a team is, in some sense, the primary reason for leaders to exist. Leaders who are compromised by stress struggle to build relationships with or among team members, likely because they're too overwhelmed to facilitate a collaborative culture.

That may be why fewer than 10% of employees working for Stressed Leaders are working on highly effective teams. And that's compared to more than 60% of people whose leaders can manage stress effectively.

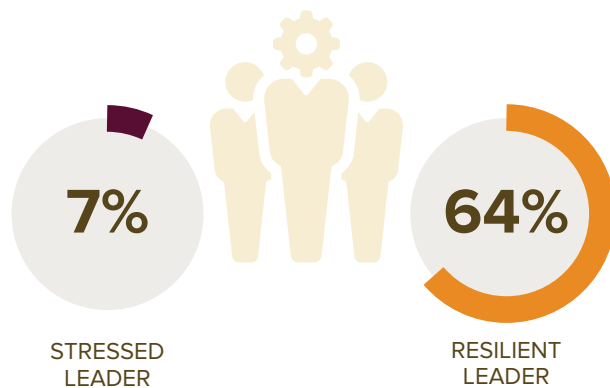


FIGURE 6
High Team Effectiveness

Source: 15Be, Inc.

Less than 20% of employees working under Stressed Leaders would recommend their boss or employer to friends or colleagues.

In the social media era, even the most glowing employer brand can be tarnished rapidly and enduringly by negative reviews. On the other hand, a good review might be what pushes key talent to take a chance on a new employer.

What's more, the employer brand now reaches far beyond the competition for talent. Consumers are increasingly demanding transparency, and purchasing decisions are being made in favor of brands with a reputation for treating employees well. Other research suggests that employers with a poor reputation need to pay a minimum of 10% more per hire than when they have a strong reputation.³



And so, we find ourselves in an era in which a positive employee experience, and the employee recommendations inspired by that experience, are an important metric of organizational success.

Fewer employees working for a Stressed Leader (17%) are very likely to recommend working for that leader to a friend or colleague. On the other hand, 79% of those working for a Resilient Leader would be very likely to recommend that leader.

Overall, nearly 80% of respondents consider their leader to be a typical example of leadership in their organizations. So it's reasonable to expect that employees' opinions of their leaders would transfer to the organization as a whole. In fact, fewer employees working for Stressed Leaders (19%) report that they are very likely to recommend their organization as a place to work for a friend or colleague looking for a similar job, whereas 72% of those working for a Resilient Leader are likely to recommend their organization.

Stressed Leaders not only discourage their teams from recommending them but also from recommending the organization.

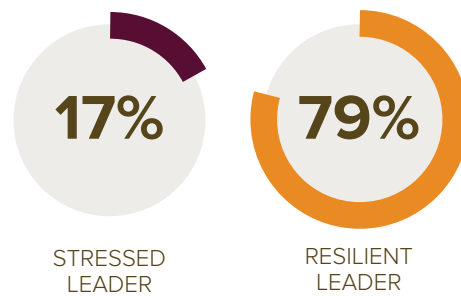


FIGURE 7
Very Likely to Recommend Working for your Leader

Source: 15Be, Inc.

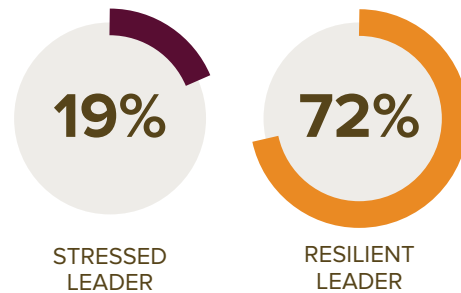


FIGURE 8
Very Likely to Recommend Working for the Organization

Source: 15Be, Inc.



Stressed Leaders: Harmful and Irrelevant

One-in-four people working for Stressed Leaders deem their leaders to be harmful (27%) or irrelevant (28%) to their *own job performance*.⁴ What's more, one-in-four employees deem such leaders to be harmful (25%) or irrelevant (24%) to *organizational performance*.

Compare this to a negligible number of employees who'd say the same about their Resilient Leaders. In both cases, stressed-out leaders are proving to be a waste of money and a drag on employee morale.

Leaders are charged with enhancing individual and organizational outcomes. Their role is to help employees improve their performance and contribute to the advancement of the organization. Yet, when leaders are unable to manage stress, they have the exact opposite impact on their people and their organizations.

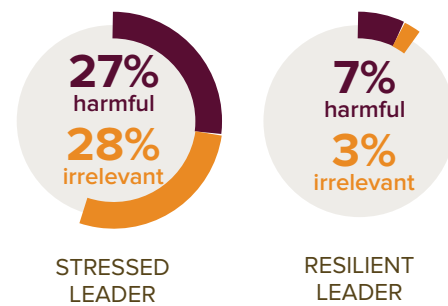
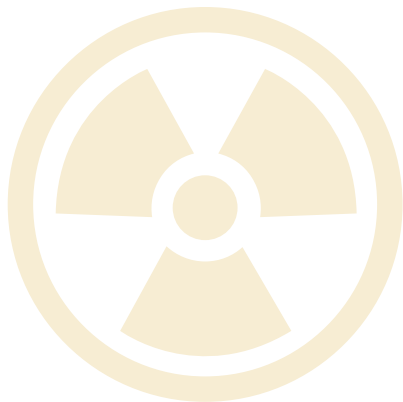


FIGURE 9
**Leader Contribution
to Employee Job
Performance**

Source: 15Be, Inc.

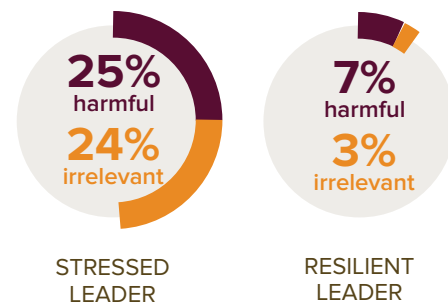


FIGURE 10
**Leader Contribution to
Organizational Performance**

Source: 15Be, Inc.



Create Resilient Leaders: Practices for Employers

Given these findings, organizations should reap greater benefits from leadership programs that include an emphasis on wellbeing and stress management.

Leaders who manage stress effectively will be more effective at their jobs of facilitating teams and coaching employees. More effective leaders in turn enhance employee engagement and interest in advancing up your company's ranks rather than going elsewhere all while lending their voices to your branding efforts. Actions that senior leaders can take to help leaders be more resilient include:

1. Celebrate self-care and recovery.

Ask leaders about their vacations, children and hobbies. Use newsletters and other tools to feature leaders and teams who unplug on vacation or engage in other activities outside of work, so everyone can see success and recovery are not mutually exclusive. Create a safe space for them to define themselves as more than just employees. Encourage them to share those experiences with their teams and each other. The more you normalize taking time for recovery, the more likely leaders are to invest in doing so.



2. End the culture of self sacrifice.

Don't let employees brag about sacrificing their health or wellbeing to get work done. If a leader says they are regularly up all night and working through vacations, thank them for their service and then ask how that can be avoided in the future. Be clear that if anyone, leaders included, is regularly working well beyond their expected hours, something is wrong. If the organization stops praising leaders for their sacrifices, those leaders will engage with solving the inefficiencies that necessitate those sacrifices in the first place.



3. Reward great leaders with better work, not more work.

The most frequent reward for great work is more work, hardly a motivator to be your best at anything, especially if there are no recovery opportunities. Instead of giving your talented leaders more to do, create opportunities for them to innovate. If a process isn't working well, don't rely on great leaders to weather it better than less-talented leaders. Instead, ask them to redesign it. This will create chains of innovation and mutual development which will keep leaders from being overwhelmed.



4. Define an experimental margin.

Organizations want leaders to innovate and improve results, but leaders are often afraid to try new things lest they fail to hit performance goals. So progress becomes stalled. To foster experimentation, define an experimental margin. As long as an experiment doesn't fall below a specified floor, the leader can use the entire trial period to try out a new idea. Once it goes below the floor, the trial stops and things go back to normal. The leader is not penalized for any dips in productivity but instead is praised for taking and managing a calculated risk. If the results exceed the ceiling, the leader is rewarded for coming up with a new, better process. This method will give leaders the space they need to create personalized strategies for ensuring their productivity and renewal.



About the Study

This study was previously launched under the Life Meets Work brand. Content and source data are owned by 15Be.

About the Author

Dr. Kenneth Matos conducts research on a wide range of workforce and workplace issues, including diversity, mentoring, work-life alignment, wellness, engagement, and workplace effectiveness. He has been frequently quoted in a variety of media, such as *The New York Times*, *The Wall Street Journal*, *The Today Show*, and NPR.

About 15Be

15Be is a technology and training firm focused on the transformative power of human connection. We improve wellbeing for companies, people, and teams. Visit www.15Be.com or contact 15Be to set up a discussion about how we can help you create sustainable cultures of collective success.

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Endnotes

1. Prins, S.J., Bates, L.M., Keyes, K.M., Muntaner, C. (2015). Anxious? Depressed? You might be suffering from capitalism: contradictory class locations and the prevalence of depression and anxiety in the USA. *Sociology of Health and Illness*, 37(8), 1352–1372.
2. A 21-minute online survey was administered to a sample of 1,000 employees, age 18-70, in the U.S. The questionnaire was developed by 15Be, and the participants were gathered from an SSI survey panel. All participants either had completed or were currently pursuing a bachelor's degree at the time of the survey. All respondents indicated that there was one specific person whom they see as their immediate manager and were directed to consider their immediate manager when answering questions about their leader. The survey was administered November 2-28, 2016. Quotas were established to ensure even proportions of men and women and each of four generations: Gen Z (born 1995-1998), Millennials (born 1981-1994), Gen X (born 1965-1980), and baby boomers (born 1946-1964).
3. Burgess, W. (2016, March 29). A Bad Reputation Costs a Company at Least 10% More Per Hire. *Harvard Business Review*. Retrieved from <https://hbr.org/2016/03/a-bad-reputation-costs-company-at-least-10-more-per-hire>.
4. Respondents were asked, "Overall, is your manager's leadership helpful or harmful to (your job/organizational) performance?" Respondents could answer using a 7 point scale ranging from very harmful to very helpful. They could also indicate that their leader was neither harmful nor helpful; in effect declaring that leader to be irrelevant to performance.

