

## The Hidden Value in Good Bosses

Good middle-management supervisors may create the most value when their role is to help good employees become great ones, rather than shoring up the weaknesses of the mediocre.

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### ANALYSIS

The movie “[Horrible Bosses](#)” takes the idea of a bad boss to its extreme. But is there any evidence about how much value good versus bad bosses (meaning middle-management supervisors) actually create? Are supervisors obsolete in an age when leaders and employees constantly connect through their phones, tablets, and computers? In an age of constant and virtual communication, is there still value in those middle-management layers in your organization? Or should you save money by cutting out useless layers?

It turns out that the savvy CFO will not rush to chase cost savings by cutting bosses, and the best bosses make their greatest contribution where you might not expect it.

“[The Value of Bosses](#),” a study from the U.S. National Bureau of Economic Research (NBER), suggests that “bosses” provide significant value and a vital pivot-point where performance differences have a large impact. Edward Lazear, Kathryn Shaw, and Christopher Stanton assert that bosses and supervisors affect front-line worker hiring, motivation, training, and task assignment – all well-known traditional roles. Yet data on the role of supervisors has been largely ignored in the rush to study top leaders and other more glamorous positions. So the researchers examined daily productivity measures from over 23,000 workers matched with 1,940 bosses over five years, 2006 through 2010. They examined jobs with computer-based monitoring, typical of retail sales clerks, in-house IT specialists, airline gate agents, call-center workers, etc.

The researchers rated the performance of bosses according to the output of workers under their supervision. The top 10% of bosses had worker output 1.3 units per hour greater than the lowest 10%. The research found that replacing a poor boss with a good boss raises productivity as much as adding one worker to a team of nine.

As per the research, the primary role that bosses played was to teach employees “skills that persist,” while motivating employees in the moment was notable but a secondary factor. Do you know which of your bosses are the best coaches and teachers? Organizations are pretty good at this. Bosses in the lowest 10% were 67% more likely to leave the firm than bosses in the top 90% of the performance distribution.

But organizations may be less adept at putting great bosses where they can have the greatest effect. The study found that higher-quality bosses improve the productivity of high-quality workers more than they improve lower-quality workers. The place for your best bosses may *not* be where you have the greatest problems, but where they can make good employees into great ones. The authors note that the most distinguished scientists teach Ph.D. students, not kindergarteners, because basic skills are easily taught by less skilled people. The data also suggest that bosses are rarely matched to workers in this way. Could your HR systems better place your great bosses where they have the biggest impact?

Companies pay great attention to teams and worker productivity, but this study found that “the only ‘peer’ who matters in this work environment is the boss.”

Leaders must “[Retool HR](#)” to better understand where improving performance is most “pivotal” to organization success.

Understanding where and how boss quality is pivotal shows how an evidence-based approach reveals untapped opportunities to deploy your best talent where it can make the biggest difference.

The harm to productivity from cutting supposedly bloated hierarchy may far outweigh the savings in costs. Movies are fun, but look carefully before assuming that all bosses are horrible – or inconsequential.

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