EXECUTIVE
SUMMARY

2019 STATE OF
WORKPLACE EMPATHY

businessolver

Empathy:
The Competitive Edge
Leaders Are Missing

As we reach the latest edition of the Businessolver® State of Workplace Empathy Study℠, it's abundantly clear that empathy is now part of the public lexicon — and not just for its role in personal interactions, but also as a foundational value in the workplace. Take a look at trends and challenges facing U.S. workplaces in the last year alone:

▶ Despite calls for change, gender diversity in top leadership at U.S. companies has barely budged. As of 2018, only 5% of CEOs at large publicly traded companies were women.

▶ The strong job market garnered attention, particularly as the unemployment rate reached 3.7 percent in late 2018, which was a 50-year low. The continued tightening of the labor market has forced organizations to look for differentiators that set them apart and support recruitment and retention. But while jobs have been plentiful, wages remained largely the same since the financial crash over a decade ago.

Empathy is now a foundational value in the workplace.

- Slow wage growth coupled with rising healthcare costs and increases in prescription drug prices affected employees' financial well-being, and by extension, their mental well-being and stress levels.

- A record-breaking four generations are present in the workforce, with a fifth still engaged through benefits and pensions. And that workforce is more mobile than ever — unafraid to change jobs and often required to accommodate the independence and uncertainty of the gig economy.

But the more things change, the more they stay the same. We've seen in our study over the past four years that no matter the societal pressures or changes, some things remain constant: the need for employers to find new ways to attract, engage, and retain employees and the need for employees to feel heard, understood, and valued by their employers. Empathy — the ability to understand and experience the feelings of another — continues to be not only a fundamental need at a human level, but a business imperative that leads to tangible bottom line impact. **This year's results demonstrate that leaders are in greater agreement than ever with their employees on the need for empathy in the workplace, but crucial gaps remain between intentions and implementation.** Many organizations still struggle to bring empathy to their workplaces and exhibit empathy to their employees.

After so many years of recognizing empathy as a critical workplace value...why aren't more organizations getting it?

Empathy:
the ability to understand and experience the feelings of another.

THE STATE OF
WORKPLACE EMPATHY

Empathy as a Driver of Change...and Business Performance

The discussion of empathy in the workplace goes far beyond a "soft skill" or any type of management fad. We've seen repeatedly how empathy leads to tangible business outcomes, most notably employee retention and engagement. With 93 percent of employees reporting they're likely to stay with an empathetic employer — a number that has risen steadily for four years — this is a value that cannot be underestimated by American employers.

In fact, the connection between empathy and positive business outcomes has never been stronger. In today's labor market where jobs outnumber employees, organizations must differentiate themselves to attract new talent and retain their current employees.

82%

of employees would consider **leaving their job for a more empathetic organization.**

Employees also continue to report that they're more engaged with an empathetic employer. By driving improved productivity and talent retention, empathy is more important than ever to achieving critical business goals such as greater profits and lower turnover.

That is why the year-over-year tracking of workplace empathy is so important: we see unequivocally how employees, HR professionals, and now CEOs are counting on empathy to make their working lives better and to provide the edge they need to succeed in their industry — whether it's tech, healthcare, manufacturing, hospitality, government, financial services, or any other.

The good news is that it does seem that leaders are getting the message. **The latest results in our State of Workplace Empathy Study reveal that CEOs are not only understanding the importance of empathy but are calling for change — essentially catching up to what employees have been saying for the past few years.** However, despite this improved awareness, crucial gaps persist between employees and leadership when it comes to how to exhibit workplace empathy.

78%

of employees would **work longer hours** for a more empathetic employer.

Leaders are talking the talk... but failing to walk the walk

Our 2019 State of Workplace Empathy Study clearly indicates that employers are finally understanding the value of empathy in their organizations. Case in point: In 2017 — just two years ago — our research showed 57 percent of CEOs thought empathy in the workplace needed to change. This year, that number grew to 72 percent of CEOs surveyed. CEOs believe that workplace empathy drives financial benefits in the form of better performance and even business growth. They understand that empathy is a mandate for sustainable business success in today's workplace.

The news about the C-suite is promising. Leaders are finally embracing the importance of workplace empathy and, for the first time, leading the call for change within their own organizations.

Yet, despite this positive trend, what we call the "Empathy Gap" (the difference between employees and employers in their perception of empathy in the workplace) is widening. **CEOs understand the value of empathy, but they consistently overstate themselves and their organization in exhibiting it.** While they believe things are getting better, employees aren't so positive: 92 percent of CEOs say their organization is empathetic, while 72 percent of employees say they work for an empathetic employer, down 6 percent from previous years.

The reason for this gap may be that CEOs don't necessarily know how to exhibit empathy to their employees. CEOs are enthusiastic about empathy in their organizations, but honest about not being able to demonstrate the skills required of them to exhibit empathy. This year, **58 percent of CEOs say they struggle with consistently exhibiting empathy in the workplace — and their employees agree:** employees consistently rate their peers as more empathetic than their CEO. Although our research shows that certain behaviors, benefits, and programs are the best ways to exhibit empathy to employees, CEOs are struggling to understand the connection between these actions and how they can improve their workplace. The disconnect between CEOs and a clear path towards empathetic behavior could be detrimental to morale and business performance.
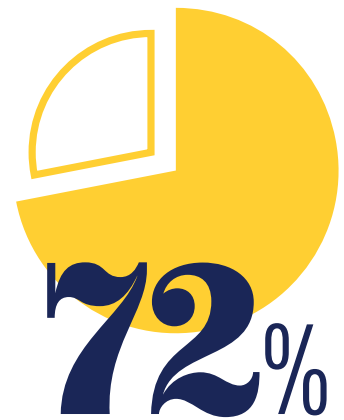
72%
of CEOs say the **state of empathy needs to evolve,** a 15 percent increase in 2019.

Whether leaders are ready or not, their employees are still demanding more empathy in the workplace

Employees, like HR professionals and CEOs, think there is a business impact from empathy in the workplace. But the way they view that impact is slightly different from their leadership. Employees see empathy as an indirect driver of business outcomes. They report that businesses benefit from empathy because it leads to a more motivated and engaged workforce. Empathy improves business measures through recruitment, engagement, and retention rather than as an immediate payoff.

Over the past four years, we've seen employees come to expect empathy in the workplace. But even employees' expectations about empathetic behaviors are evolving. And the increasingly diverse workforce — Baby Boomers reaching retirement, Gen X'ers and Millennials balancing family responsibilities of both children and parents, Gen Z grappling with education costs, to name only a few — requires organizations to be attuned to their different needs.

With so many competing and varied forces affecting American workers, it makes sense that empathy resonates as a foundational workplace value, and that as the workplace continues to change, people's expectations of seeing empathy in action would also change. This year's study reveals key tension points around the need for empathy in the workplace and the best way to execute against that charge. It also reinforces the message we've seen consistently for four years: empathy matters more than ever, and without it, you're falling behind.

Empathy matters more than ever, and without it, you're falling behind.

New areas influencing culture, productivity and business performance are clearly impacted by empathy – mental health, diversity, and inclusion

As employees are coping with the reality of work-life balance, particularly as the different generations have a multitude of responsibilities ranging from caring for elderly relatives to paying off student loans, we're seeing anxiety, depression, and other mental health issues play a larger role in people's working lives. **When asked what workplace impacts mental health issues can have, 60 percent of employees said it negatively affects attendance at work.** And absenteeism is indeed linked to stress, burnout, and the need to take time off to care for family members.

Empathizing with this situation makes a critical difference, and employers who realize that can have a positive impact on their workforce's quality of life. For example, in the last two years nearly 90 percent of employees have said mental health days are an empathetic practice. Flexible work hours, which support that often-vague concept of work-life balance for different generations, were rated as important for mental health by 92 percent of employees.

Similarly, diversity and inclusion are not theoretical concepts that organizations can pay lip service to; the workplace is increasingly diverse — in generations, genders, and more — and employers who don't value this diversity and foster an inclusive workplace will fail to demonstrate empathy and lose in this competitive economic environment.

We've consistently seen that organizations are perceived as empathetic when they have diverse leadership: for the past two years, three-quarters of employees have said companies are more empathetic when they have diversity in their leadership, and nearly 9 in 10 HR professionals and CEOs agree. Relatedly, 85 percent of employees said that empathy results from leadership implementing strategies to increase diversity and inclusion. So, not only must today's diverse population be reflected in leadership teams, but leaders themselves must demonstrate a true commitment to an inclusive workplace.

9 in 10

HR professionals and CEOs agree that companies are more empathetic when they have **diversity in their leadership.**
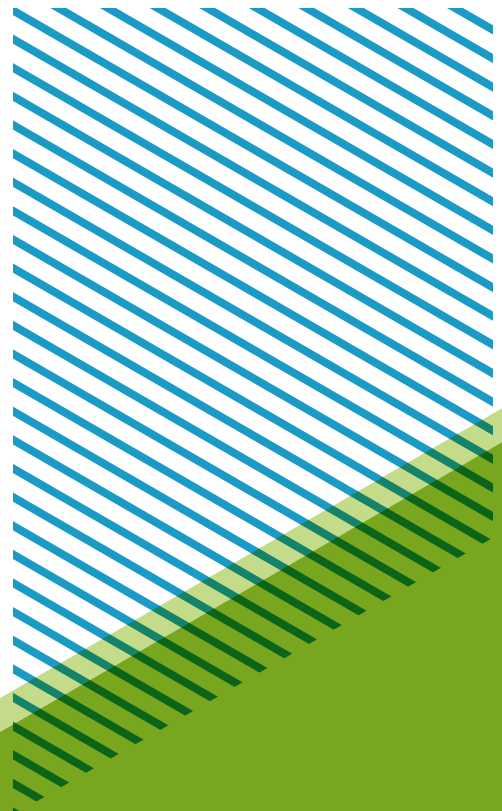
NEW
PERSPECTIVES
FROM THIS YEAR'S STUDY

The Lesson Is Clear: Employers Ignore Empathy at Their Own Risk

So, what specific actions can leaders take to make a difference?

To determine a path forward for empathy, employers should remember the top findings from the 2019 State of Workplace Empathy Study.

1

Empathy is not one size fits all.

Not only do employees and leaders have different ideas about the effects of empathy on the workplace, they want different populations — fellow employees, HR professionals, and CEOs — to demonstrate empathy through different behaviors. Employees believe that their fellow co-workers show empathy by helping one another, whether it's going the extra mile to help a colleague meet a deadline or making time to talk about challenges at work.

Employees say **HR professionals can demonstrate empathy by respecting employees' needs to take personal time off and have flexible working hours.** This makes sense since HR is often the department employees turn to when balancing schedules and personal commitments. **From CEOs, employees want to see a personal connection:** they view leaders as empathetic when they ask about an employee's family or their interests outside of work, and when they recognize an employee's professional milestones.

CEOs are realizing that demonstrating empathetic behaviors isn't always easy with 58 percent reporting difficulties in consistently exemplifying empathy in their daily work life, a 13-point increase from 2018. The year-over-year trends around this sentiment are particularly interesting: In 2017, 68 percent of CEOs said it was hard to demonstrate empathy in their daily work life, but in 2018 45 percent said the same — a 23-point decrease. Now in 2019 we're seeing a 13-point increase in the number of CEOs who say it's hard to show empathy on a regular basis. The back-and-forth in this data indicates that CEOs felt like demonstrating empathy at work was getting easier and may have taken their eye off the prize as cultural shifts changed perceptions of workplace empathy.

58%
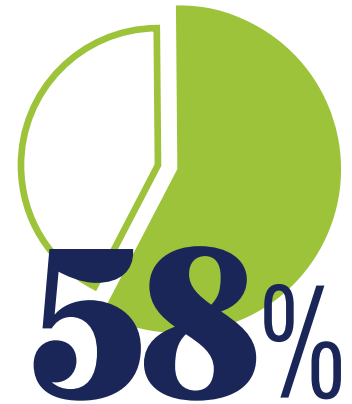
of CEOs believe **it's hard to demonstrate empathy,** a 13-point increase from 2018.

2

Employers play an instrumental role in impacting overall employee well-being.

In our 2019 research, 90 percent of employees indicated companies should do more to address overall well-being, and that companies that offer programs for mental health are more empathetic than those that do not. Large majorities of HR professionals (93 percent) and CEOs (95 percent) also agree. Employees view a variety of programs and benefits supporting mental health as important for well-being, ranging from an open-door policy that encourages face-to-face communication with leadership, to coverage for mental health services and programs for diagnosis and counseling.

And many of the benefits that employees emphasize as demonstrating empathy center around making sure that workers aren't overwhelmed in their day-to-day responsibilities. Assessing the workload of those who often work past normal hours, encouraging breaks, and providing mental health vacation days were noted as important for well-being by over 80 percent of employees. **At their core, employees want their employer to empathize with their everyday working lives and respect the need for balance and flexibility.**

Financial well-being factors into mental well-being and overall health as well, since concerns about money can negatively impact people's stress and anxiety levels. Employers who are attuned to the needs of employees for emergency savings, such as disaster relief or to cover an unexpected medical expense, are viewed as empathetic. With 40 percent of Americans saying they can't afford a sudden $400 expense, financial well-being and its role in an empathetic workplace will continue to be crucial.

92%

of employees said companies that offer **emergency financial assistance** are more empathetic.

3

Providing support for mental health is critical for exhibiting empathy.

An estimated 40 million Americans are coping with some form of anxiety, and this has a startling impact on our working lives, including absenteeism and lack of engagement. It also has significant economic impacts — for example, untreated depression symptoms cost employers an estimated $44 billion a year in lost productivity. Yet despite the prevalence of anxiety and other mental health issues in the workplace today, people at all levels of organizations believe that employers view someone suffering from a mental health issue as a burden. In fact, 80 percent of employees, HR professionals, and CEOs say companies portray people negatively if they have a mental health issue. This encompasses job security and job offers as well — 68 percent of employees say that reaching out about a mental health issue could negatively impact job security, and an even higher percentage (74 percent) think their employer would withhold a job offer if a candidate disclosed a mental health issue.

Based on this data, it's not surprising that **only a third of employees who experienced a mental health issue reached out for help at work.** But with nearly half of employees reporting a mental health issue within the last year — a figure that rises to nearly 60 percent of Millennials — this is an area of employee well-being that companies must address in a positive, proactive way.
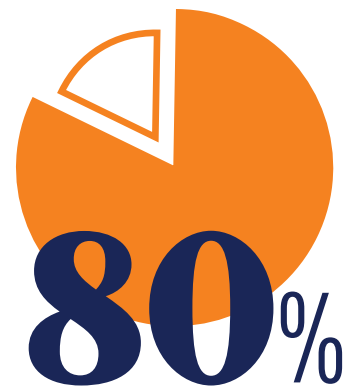
80%

of employees, HR professionals, and CEOs say companies **portray people negatively if they have a mental health issue.**

4

Employee benefits related to family are top of mind today.

American workers at all levels consistently report that employee benefits are tangible ways for employers to demonstrate empathy. In the 2019 study data, it's clear that benefits concerning family are viewed as extremely empathetic, and employees believe organizations that have robust family benefits empathize with their employees. In fact, 95 percent of employees say family benefits such as day care and flexible working hours are empathetic, and 94 percent say paid parental leave shows empathy.

But it's not just parents who care about family benefits — 93 percent of respondents say extended bereavement leave is empathetic, which shows that employees care about having time with their families, regardless of whether the life event is a birth, a death, or caring for a relative with an illness. And **employees at various life stages emphasize the value of flexibility — 9 out of 10 Boomers, Gen X'ers and Millennials say it's important for empathy** — demonstrating how "Sandwich Generation" employees need flexibility to care for younger and older relatives, and employees of all ages are balancing multiple priorities in their working and personal lives.

Whether they're helping employees find true work-life balance or supporting their personal and professional development, benefits are the connective tissue that can link employees, HR, and leaders with empathy.
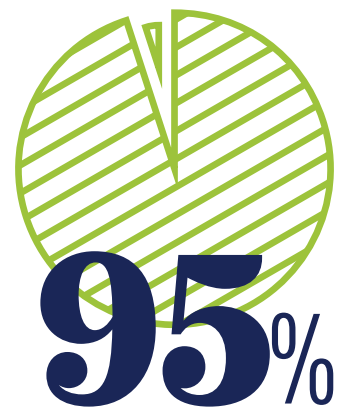
95%
of employees say **family benefits** such as day care and flexible working hours are empathetic.

5

An empathetic, diverse culture can help address disengagement and loneliness.

Just over three-quarters (76 percent) of employees say there is a true sense of belonging across their co-workers. It's a figure moving in the right direction, but it means that 24 percent of respondents do not feel true belonging in their workplace. And when asked if they can bring their authentic self to work, almost a quarter of respondents (22 percent) said no. **Feelings of disengagement can lead to loneliness and depression, which are increasingly problematic in today's workplace.** Diversity & Inclusion initiatives can address these issues by demonstrating empathy with all employees and embracing the qualities of everyone in the workforce.

A diverse leadership team is also an important factor in establishing an empathetic environment, particularly to younger and minority workers. In fact, 81 percent of Millennials and 88 percent of minorities responded that organizations would be more empathetic with greater diversity in leadership. By creating an inclusive environment where everyone feels welcome, organizations can foster the empathy that motivates and retains employees.

By creating an inclusive environment, organizations can foster the empathy that motivates and retains employees.

EMPATHY
IS A CORE COMPONENT OF ORGANIZATIONAL SUCCESS

Employees and employers agree that empathy is a core foundational component of organizational success. But as the empathy gap between the two groups widens, organizations are struggling to take concrete steps to bring more empathy to their workplaces. To succeed in today's highly competitive employment market, employers must make empathy not just a priority, but a foundational value that is infused throughout the entire organizational culture. Empathy can be expressed through many different tactics and practices; there is no one magic formula. **So how can organizations and leaders tangibly demonstrate empathy?**

Empathy must be in the fabric of an organization's culture.

There is no one program, no one benefit, and no one action that will create workplace empathy. It has to be a continual effort that draws together different levels within an organization, and that is valued by leadership as a signal to the rest of the organization that empathy matters. It must be cultivated over time through behaviors, such as emphasizing face-to-face communication and recognizing what different audiences need to do to show empathy to their colleagues. It's a result of benefits and practices that value each employee for who they are, and that lets them know their well-being and quality of life truly matter to the organization. There is no quick fix — for empathy to make an impact, it must be thorough and authentic.

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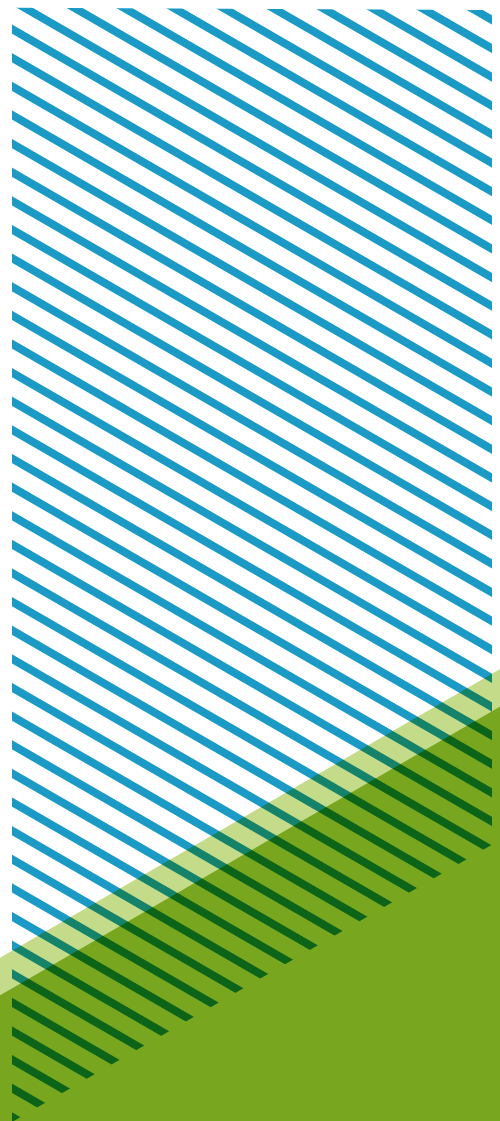
Pause, reflect, connect and listen.

Now that CEOs are attuned to the need for changes in workplace empathy, it's crucial that leaders themselves reflect on why the disconnect exists between employee perceptions and their own, and then develop strategies to bridge that difference. Executives and leaders need to make real connections with their employees so that they have the opportunity to listen — to the things that employees are concerned about, to the ways that employees want them to demonstrate empathy. They must take a hard look at their own recruitment, engagement, and retention policies and ask themselves: Am I making personal connections with individual employees? Does my organization provide programs and benefits packages that take employees' diverse needs into consideration? Honest answers to questions like these will start the process of incorporating empathy from the top of an organization.

Support holistic employee well-being.

As our "always-on" work culture becomes the norm, stress, anxiety, and depression are increasingly common. Encouraging total well-being is vital for organizations to not only attract but also to retain an engaged workforce. The ability to empathize with different generational life stages — through benefits, flexibility, and support for mental health — will make organizations stand out from the crowd and achieve their business goals by taking better care of their employees.

Check out our Empathy Overview E-Book

Benefits = Belonging.

Benefits that support a sense of belonging will drive recruitment, retention, and engagement. Giving employees the tools they need to balance their diverse priorities and feel valued will make the difference in showing empathy and driving tangible, positive outcomes. Valuing diversity, particularly diversity in leadership, remains extremely important for workplace empathy, and efforts such as these can help employees feel a sense of belonging and foster the ability to bring their true selves to work.

Whether through retaining loyal employees or increasing productivity, empathy is the key ingredient to fostering a positive workplace environment. The value of empathy is clear — how will you take up this mandate and translate words into actions?

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