



2017 BUSINESSOLVER WORKPLACE EMPATHY MONITOR EXECUTIVE SUMMARY

The Solution to America's \$600 Billion Productivity Drain

May 2017

INTRODUCTION

All it takes is a quick look at current news headlines to see the troubled state of the American workforce. From political uncertainty and a rise in populism to market instability and overall cost increases, U.S. companies are facing big challenges that affect not only their employees, but also their bottom line.

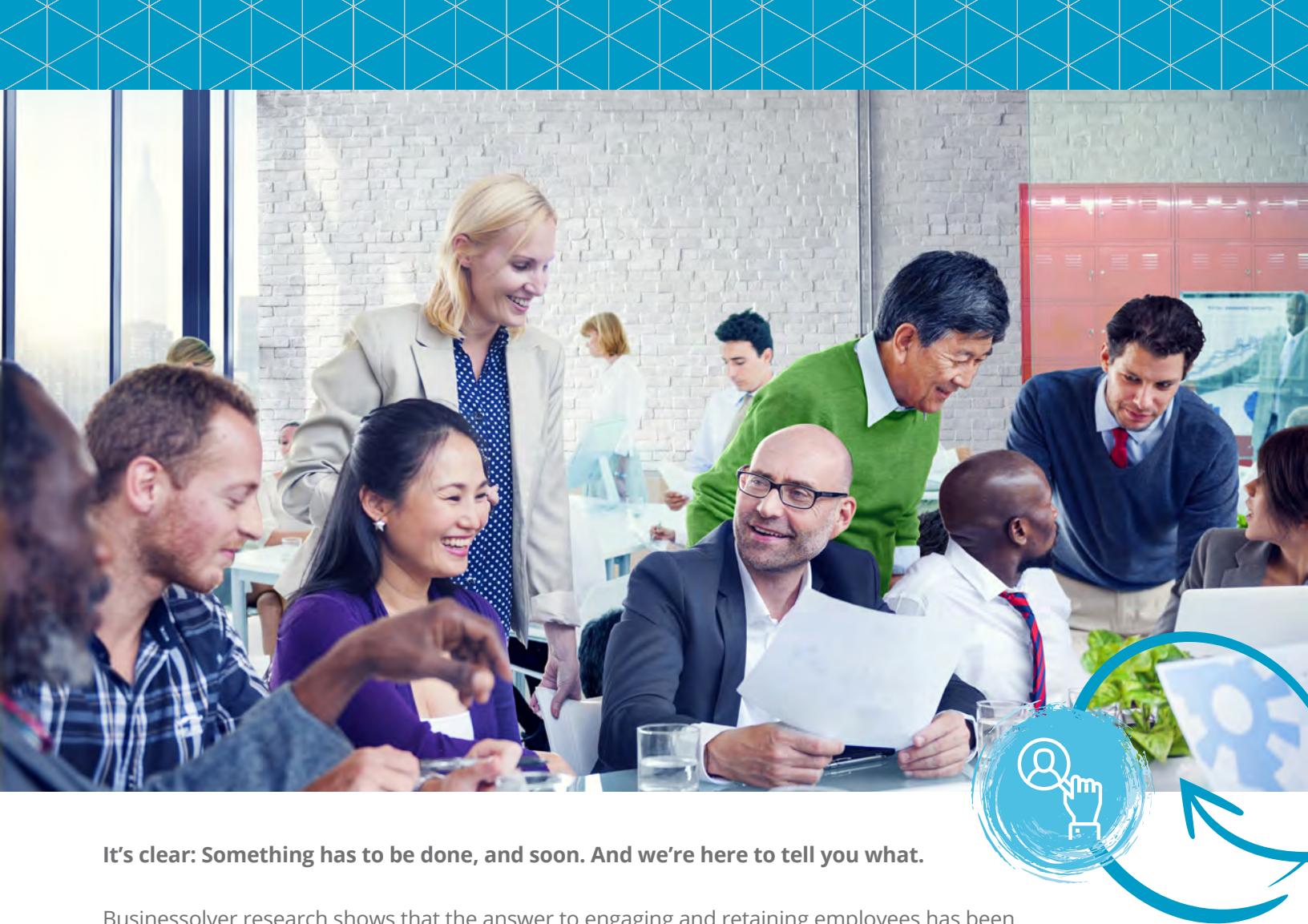
The makeup of the American employee population itself is also changing – as workers retire later and a new generation enters the workforce, there are sometimes five separate generations in the average workplace with an age span of more than 60 years.

Amidst all of these external forces, there's a growing discontent among American workers. According to Gallup Research, the typical American worker is not only unengaged at work, but trying to find a way to leave their job:



This lack of engagement at work isn't only affecting personnel, it's also affecting profits. Research shows disengaged employees are more likely to steal from their company, miss work, and negatively influence their peers. And even if you haven't noticed, your customers have: Disengaged employees lead to a higher likelihood of *driving customers away*.

**THE TOTAL COST TO AMERICAN BUSINESSES DUE TO DISENGAGEMENT?
SOME \$600 BILLION IN LOST PRODUCTIVITY.**



It's clear: Something has to be done, and soon. And we're here to tell you what.

Businessolver research shows that the answer to engaging and retaining employees has been within us – literally – all along: **Empathy**.

Empathy – the ability to put yourself in another's shoes and see the world as they do – has been a popular buzzword in media and corporate circles lately, and for good reason. It turns out, empathy isn't just a feel-good part of a successful friendship or relationship – it's a cornerstone of good business and a driver of employee performance.

However, employees and business leaders have hugely different ideas about:

- **What empathy is (and isn't).**
- **Why empathy is important.**
- **How to show empathy effectively.**

We call this difference the "empathy gap."

Peeling back the layers on why the empathy gap exists – and more importantly, how to close it – was our focus in initiating the Businessolver Workplace Empathy Monitor in 2016. It marked the first time the HR industry dug into what empathy is and why it matters in the workplace. The 2017 data is richer, and offers even more clear insights for employers on how to understand empathy, take concrete steps to close the empathy gap, and spark a nationwide empathy revolution in the workplace.

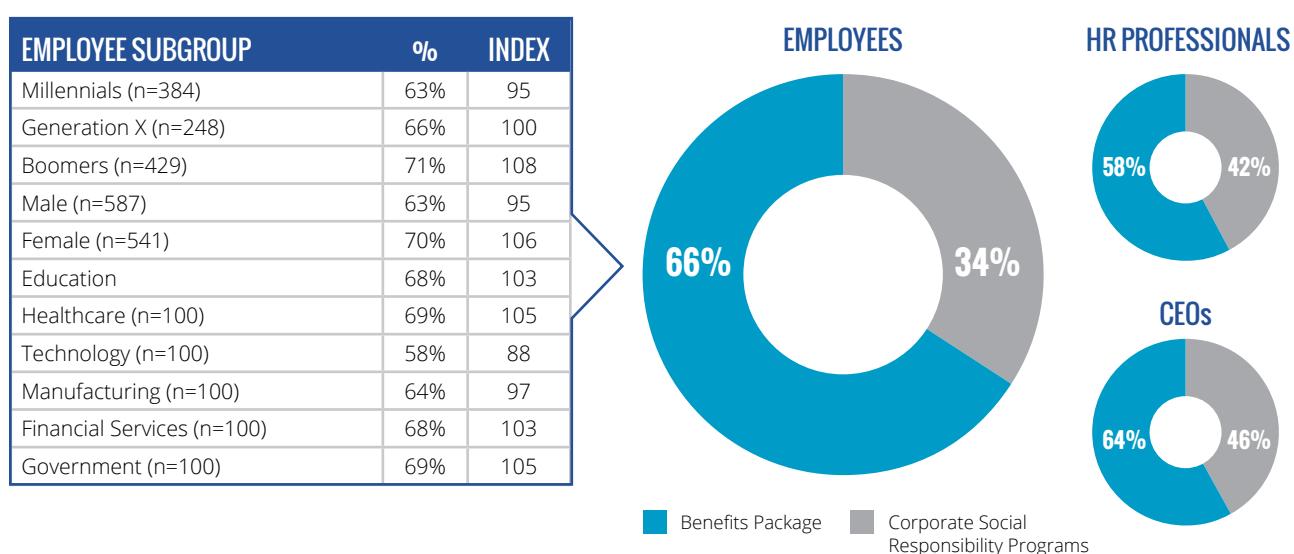
WHAT EMPATHY IS (AND ISN'T)

Plainly defined, empathy is the ability to see the world through someone else's eyes. However, our research – and personal experience – tell us this is much easier said than done, especially in the workplace. The 2017 Workplace Empathy Monitor has helped us get more granular about defining empathy, down the employee – and even generational – level. From the 2017 results, we've learned:

Empathy is flexibility – not freebies. The vast majority of employees (95%) believe flexible work hours and location are some of the best ways to show empathy. "Soft benefits" like free happy hours, free food, and spa services are "nice to have," but just don't cut it in terms of exhibiting empathy to employees, our data show. Instead, employees want to be able to choose their work schedules, and have some flexibility in work location. Unfortunately, only 38% of employees report having benefits related to flex hours or location available to them.

Overall, solid benefits packages are better equipped to show empathy than corporate social responsibility programs

Program better equipped to show company empathy (Employees)



R2: For each of the following pairs, please select the one you think is better equipped to show that a company is empathetic.
Base size: Employees (n=1,128); HR Professionals (n=105); CEOs (n=152)

Empathy is benefits. More than 60% of employees say that a strong benefits package exhibits empathy in a workplace – even more than a corporate social responsibility program does. Employees also believe treating employees well and caring for mental/physical health demonstrate an employer has empathy.

Employers and leaders say, empathy is “hard work” – especially for CEOs. More than two-thirds of employees recognize that exhibiting empathy is “hard work” for most people, similar to 2016. CEOs in particular have trouble appearing empathetic: CEOs widely admit that not only is empathy a weakness, but that they struggle to adopt it in themselves and maintain it in their organizations. CEOs rank only higher than corporate America on their ability to exhibit empathy, and more than two-thirds of CEOs agree that empathy is a weakness and something they struggle to exhibit. Employees and HR are noticing: 82% of employees and HR professionals think they would personally do better at exhibiting and implementing empathy than their CEOs do.

Empathy isn’t one-size-fits-all. Given the modern workforce now contains representatives from the silent generation, Boomers, Generation X, Millennials, and in some cases, Generation Z, it’s no surprise that today’s leadership is struggling to find the right ways to engage their employees and exhibit empathy.

- Millennials and Gen Xers are more likely than Boomers to believe that empathy is undervalued in U.S. businesses.
- Millennials are more likely than Gen Xers or Boomers to think that employers should consider terminating employees who don’t demonstrate empathy at work.
- Boomers, more than Millennials or Gen Xers, feel that benefits programs show empathy better than do corporate social responsibility programs.
- Boomers and Gen Xers place a lower value on social engagement outside of work, one-on-one meetings or discussing coworkers’ personal lives than Millennials do.

And unfortunately, empathy is (still) lacking in the workplace. According to our 2017 data, only half of employees and HR pros rate companies in general as being empathetic – yet only 57% of CEOs think empathy among leadership needs to evolve. A whopping 76% of CEOs think their organization is on the right track when it comes to exhibiting empathy compared to 63% of employees, showing a huge disconnect between leadership and the employee population.

WHY IS EMPATHY IMPORTANT?

In the year since the last Workplace Empathy Monitor, so much has changed in our country, world, and business landscape. What hasn't changed: The need for empathy and the perceived gap between employees and CEOs in exhibiting and prioritizing empathy in the workplace. More than 90% of employees surveyed across generation, gender, industry, and business type say empathy is important in the workplace. Also:

85%

of employees surveyed believe that empathy is undervalued by US organizations - **a 5% increase from 2016.**

82%

of employees view empathy as a **key way to have influence** in business.

However,

fewer than half

of employees rate their companies in general as **empathetic**.



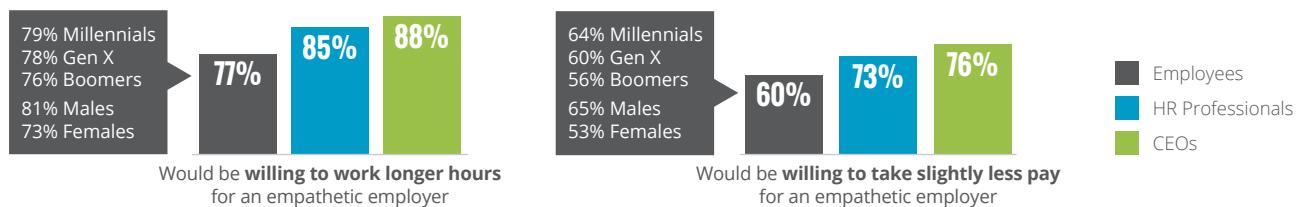
Why it's important for you to care - and do something about - empathy in the workplace

An empathetic employer drives retention among all audiences

Perceptions around empathy in the workplace
Shown: % that agree (Top 2 box on a 4-pt scale)



Empathy prompts employees to make tradeoffs on hours and pay



T3. How much do you agree or disagree with the following statements?
Base size: Employees (n=1,128); HR Professionals (n=105); CEOs (n=152)

So, what's the big deal? It's that in both the 2016 and 2017 Workplace Empathy Monitor, employees have said on no uncertain terms that empathy isn't just a feel-good employee engagement concern: It's a key driver in what keeps them engaged and loyal to their jobs, even when working longer hours. In 2017, we discovered 92% of employees and 98% of HR professionals say that an empathetic employer drives retention. Specifically, 72% of employees (and nearly 80% of Millennials) saying they would leave their organization if it became less empathetic.

Plus, almost 80% of employees would be willing to work longer hours for an employer they perceived as empathetic. What's more, 60% of employees would take a pay cut to work for a more empathetic employer.

So, not only will employees work longer for less money in exchange for empathy, embracing empathy in the workplace could also mean employers can spend less on costly training programs. In 2017, 69% of employees believe that being empathetic can help quickly advance their career, and 79% think being empathetic makes an individual influential.

HOW TO SHOW EMPATHY EFFECTIVELY

In the 2017 Workplace Empathy Monitor, we learned that although empathy doesn't come naturally to many leaders, there are four key areas that most executives are more accustomed to that can help boost a culture of empathy in the workplace. Companies that are newer to the empathy revolution can use these four practices as the cornerstones of their empathy efforts:



HIRING:

Empathy is viewed as a learned behavior, but also one that is exhibited by certain people more than others. Characteristics like listening more than talking, treating others with respect, and focusing on one-on-one conversation are all markers of empathetic individuals. Recruiting and hiring candidates with these traits during the hiring process can organically create a more empathetic workforce.



TRAINING:

Make empathy a part of employee education and training, focusing on what empathy is and the behaviors that demonstrate it. For those in managerial/leadership positions, this type of training is particularly critical.



PERSONALIZING:

We've already covered what empathy looks like to employees, even among different generations. You can use those insights to inform your benefits strategy to more truly engage and address the needs of your workforce.



MEASURING:

Empathy and empathetic behaviors can be included in employee performance reviews – and employees want it that way. Our 2017 data show that 79% of employees say empathy should be assessed in performance discussions. Discussing empathy traits and the need for more empathy with employees one-on-one can ensure that it is top of mind and prioritized by managers and employees alike.



CONCLUSION

The state of empathy in U.S. businesses isn't going to change overnight. Disengagement is a massive problem among U.S. employers – a \$600 billion one – and one that can't be easily solved by a halfhearted effort. To re-engage employees, solve the talent drain, and retain the best and brightest, company leaders need to shake up the status quo.

They have to recognize the shortcomings in their own leadership and organization, and join employees in a rallying cry for more empathy – in action and in policy. While 80% of employees say that the current state of empathy in U.S. organizations must evolve, CEOs are behind the curve: only 57% of CEOs say there needs to be an empathy evolution. Leaders are the ones who must drive empathy across their organizations, with employees and HR believing that empathy starts at the top of an organization.

This is a nationwide call to action for CEOs and HR pros: For empathy to flow through an organization, leaders have to be “all in” on adopting empathy and championing it in their organization’s policies, hiring practices, and benefits. With that pledge of dedication and deeds to back it up, there’s no stopping #EmpathyAtWork. **Are you ready to join the empathy revolution?**

ABOUT THE 2017 WORKPLACE EMPATHY MONITOR

Now in its second year, the Businessolver Workplace Empathy Monitor is a study of 2,000 CEOs, industry leaders, HR professionals, and employees around the United States in a variety of industries including education, healthcare, technology, manufacturing, financial services, and government. Conducted in an online survey between February 2017 and March 2017, the study asked respondents a variety of questions about their perception of empathy in general and in their workplaces, the behaviors and actions that they believe exemplify empathy, and how empathy affects their engagement in the workforce.

AUDIENCE	SAMPLE SIZE	MARGIN OF ERROR	METHOD	TIMING
Employees	N=1128	±2.92% at the 95% confidence level	20-minute online survey	Survey fielded from February 21-March 3, 2017
HR Professionals	N=105	±9.56% at the 95% confidence level		
CEOs	N=152	±7.95% at the 95% confidence level		
Industry Leaders (6 industries)	N=600 (100 per industry)	±9.8% per industry at the 95% confidence level		

To learn more about the study, visit www.businessolver.com/empathy or join the empathy conversation with #EmpathyatWork.



ABOUT BUSINESSOLVER

Since 1998, Businessolver has delivered market-changing benefits administration technology supported by an intrinsic responsiveness to client needs. It creates client programs that maximize benefit program investment, minimize risk exposure, and engage employees with easy-to-use solutions and communication tools to assist them in making wise and cost-efficient benefit selections. Founded by HR professionals, Businessolver's unwavering service-oriented culture and secure SaaS platform provide measurable success in its mission to provide complete client delight.