



STATE OF
WORKPLACE
EMPATHY

Executive Summary





strengthening business for sustainable success

(Re-) Introducing the Revolution

In the three years that Businessolver® has issued its annual **State of Workplace Empathy**™ study, empathy has undergone a veritable renaissance. Empathy has entered today's cultural lexicon, capturing the current zeitgeist of social awareness. In fact, the word has been cited so often for making a difference at work and in society that it was one of Merriam-Webster's top four words of 2017.

We have to say, we're not surprised.

As an organization, we've taken a vested interest in empathy over the years. It's the cornerstone of our approach to how we design our products, engage our employees, and deliver delight to our clients. The long-term payoff of empathy, we've found, isn't just a happier employee or satisfied customer – it's a stronger, more engaged workforce and, ultimately, a healthier, more robust business.

We've also seen what can happen on the other side of the coin: When empathy isn't valued by corporate or management culture, it's not just individual employee interactions that suffer. The ramifications bleed into the very fiber of business impact and, much to the surprise of those in the corner offices, can create a dissatisfied workplace, a potentially disastrous earnings statement, and P.R. nightmare.

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Why is that? Empathy is the ability to understand and experience the feelings of another, so demonstrating empathy draws people together and creates a connection — connections that are more important than ever as trust in major institutions, such as government and the media, plummets to an all-time low.

In a business world where social and technological change is almost a full-time job in itself, empathy may fall by the wayside as a nice-to-have byproduct that harkens back to a frictionless workplace environment of yore. No wonder business leaders are left scratching their heads, thinking “We have work happy hours and recognize people’s birthdays. Job security is at an all-time high at our organization, and we have a competitive benefits package. Isn’t that enough?”

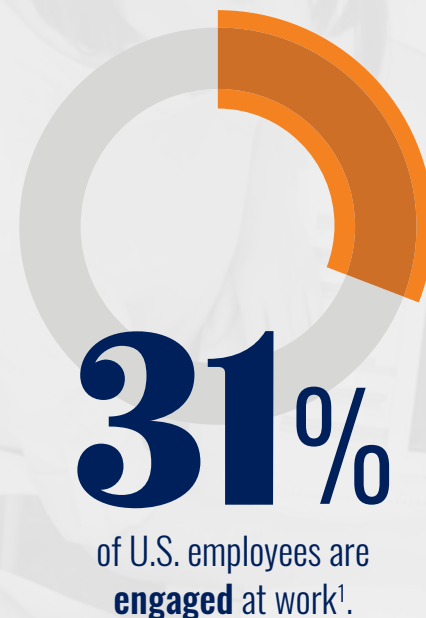
The reality is, even in times of economic stability, businesses are still at risk when empathy isn’t part of the organization’s corporate fiber. The Gallup State of the Global Workplace¹ shows that only 31 percent of U.S. employees are engaged at work, despite the fact that companies with more engaged employees are 21 percent more likely to be profitable than those that are not. Further, Gallup found that high performing employees who are not engaged are just as likely to leave an organization as those who have performance issues.

How can employers keep these overachievers, and subsequently their bottom line, engaged in their day-to-day work and the business overall? Put not-so simply: Provide a workplace that recognizes and helps them achieve their career needs, goals, and priorities while acknowledging, if not supporting, their lives outside of work.

Put simply, show them empathy.

There’s a silent majority in U.S. workplaces who believe that empathy is lacking in their organizations and they’re willing to take action — even leave their jobs — to seek out employers that are more empathetic.

The revolution is here. Why aren’t more businesses ready?



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¹<http://news.gallup.com/reports/220313/state-global-workplace-2017.aspx>



The state of workplace empathy

The latest **State of Workplace EmpathySM**, our third annual survey, captured the importance of empathy for businesses, showing that large majorities of survey respondents believe empathy in the workplace positively impacts business performance. This research also proved that employees and business leaders alike recognize the value of investing in and elevating empathy in the workplace.

Underscoring the increasing value of empathy at work, the 2018 **State of Workplace Empathy** reveals that 96 percent of respondents rate empathy as important for companies to demonstrate — up 4 percentage points from last year's survey — and CEOs overwhelmingly link their company's financial performance to empathy in the workplace. And with good reason: An empathy index published in the Harvard Business Review found that the 10 most empathetic companies increased in value more than twice as much as those at the bottom of the index, and they generated 50 percent more earnings defined by market capitalization, from one year to the next.ⁱ

Still, the latest research, which surveyed employees, HR professionals, and CEOs at companies across a variety of

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ⁱ <https://hbr.org/2016/12/the-most-and-least-empathetic-companies-2016>

industries, emphasizes that empathy in organizations must continue to evolve. Ninety-two percent of employees surveyed believe empathy remains undervalued, a 7 percent rise from the previous study. As employees increasingly look to their employers to reflect their own values, companies have the opportunity to make workplace empathy even more of a priority than it is today.

The clear takeaway from Businessolver's 2018 survey is that the time is now to elevate empathy in the workplace as a core value that impacts culture, innovation, productivity, and profit. People at all organizational levels — from the C-suite, to HR professionals, to employees — grasp the categorical and imperative business value of focusing on empathy. And, as a result, they're calling for empathy to move beyond its reputation as the buzzword du jour to a driving force in businesses today.

They're calling, in a word, for a revolution.



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7% Year-Over-Year Increase

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what we've learned ...and what businesses haven't

1. Empathy Has Never Been More Crucial as a Workplace Value Than it is Today.

Ninety-six percent of employees consider it important for their employers to demonstrate empathy — a 4 percent increase since 2017. But, 92 percent believe empathy remains undervalued, a 7 percentage point rise since last year. This reveals that empathy is essential for employers in their attempts to create a positive and productive workplace environment. It can be the differentiating factor that motivates, unites, and connects people within an organization.

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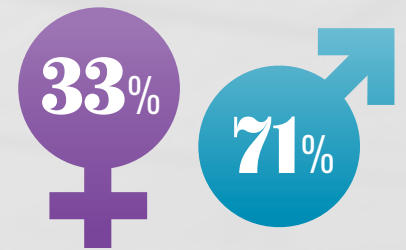
2. The Gender Gap Chasm Widens

Men are 15 percent more likely than women to agree that their organization is empathetic. Just 33 percent of women in 2018 view organizations as a whole as empathetic versus 71 percent of men. **Employers and organizations therefore need to understand gender perspectives on empathy and tailor their approaches accordingly, or they risk alienating top talent who increasingly seek workplaces that align with their values.**

This reflects women's growing dissatisfaction with institutions as women's issue have risen in prominence.

3. Executives Strongly Link Empathy to Business Performance.

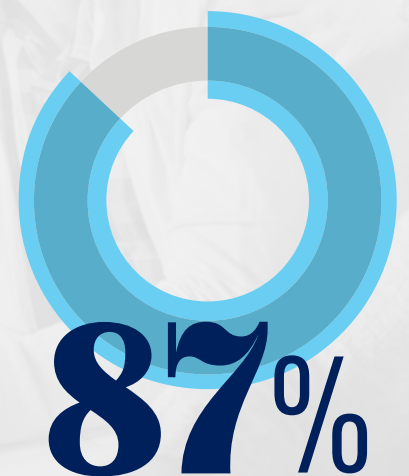
Eighty-seven percent of CEOs believe a company's financial performance is tied to empathy in the workplace, as do 79 percent of HR professionals. In fact, majorities in all demographics of employees responded that empathy motivates workers and increases productivity. Additionally, each year the **State of Workplace EmpathySM** study has found that large percentages of employees would be willing to work longer hours for an empathetic employer, and 2018 is no exception (81%). These trends prove there is a clear connection between empathy and strong business performance.



Only a third of women **view organizations as a whole as empathetic**, versus almost three-fourths of men.



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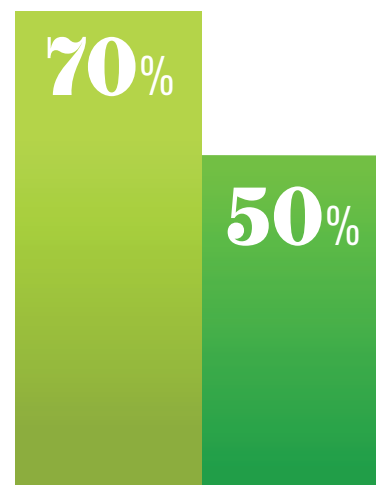


of CEOs believe a **company's financial performance** is tied to empathy in the workplace.

4. Employees Across Job Levels Agree That CEOs, While Becoming More Empathetic, Still Need Help.

Despite modest improvements in perception, CEOs still ranked lower on empathy when compared to employees and HR professionals. Just half of employees rate CEOs in general as empathetic, although 70 percent rated their own CEO as empathetic.

CEOs are, however, aware of the issue. In 2018, 68 percent of CEOs say the state of empathy in U.S. organizations needs to change — up 8 percentage points since 2017. But, it seems, CEOs aren't sure how to be part of the solution to that change — 45% of CEOs in 2018 reported they had difficulty demonstrating empathy in their day-to-day working life.



'My CEO' is Empathetic

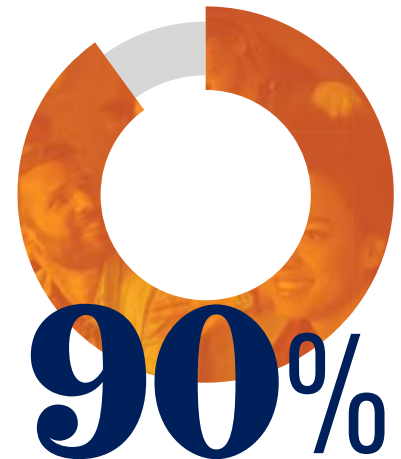
'CEOs in General' are Empathetic

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5. Empathy Wins in the War for Talent.

Empathetic employers recruit and retain top talent: Empathy has the ability to drive collaboration and innovation at organizations while reducing the costs associated with turnover. Ninety percent of employees are more likely to stay with an organization that empathizes with their needs and, as noted, 8 in 10 would be willing to work longer hours for an empathetic employer. More than two-thirds of employees in tech, healthcare, and financial services reported they would be willing to make tradeoffs on pay if it meant working for a more empathetic employer. By all measures, empathetic work environments are ideally placed to retain top candidates in today's labor market.



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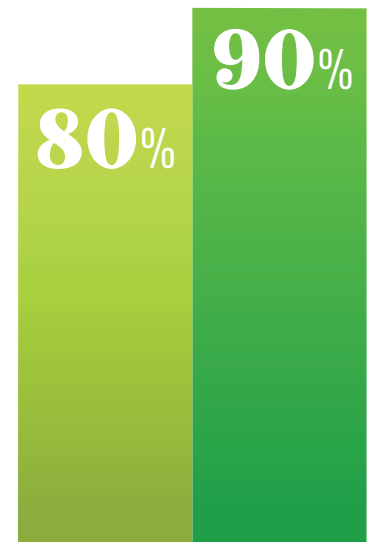


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6. There's Evidence of Strong Interest and Need for Empathy Skills Training.

Empathy is like a muscle: It has to be trained and exercised to become stronger — and employees and leaders agree that training might be the key way to make their workplaces more empathetic. A large percentage of those surveyed showed interest in empathy training. Further, about 80 percent of employees would be eager to participate in a variety of empathy skills training initiatives, including internal or external workshops, online courses, and one-on-one coaching. An even higher percentage of CEOs (90%) expressed the same level of interest.

Interest in empathy training dovetails with an expressed need from a large segment of employees, as over half say that they struggle to demonstrate empathy at work on a daily basis.



EMPLOYEES **CEOs**

**Eagerness to Participate
in Empathy Skills
Training Initiatives**



7. Employers Need to Acknowledge Employees' Personal Circumstances and Individual Professional Motivations.

Employees, HR professionals, and CEOs all agree that respecting the need for flexibility is crucial to demonstrating empathy, which could mean understanding when employees need time off for family/medical issues or offering flexible working hours. Respondents also agree that recognizing employee milestones contributes to an empathetic workplace. Despite commonly held beliefs about happy hours and team retreats, there is markedly less interest in initiating more team-bonding activities to exhibit empathy. Employers should use this information to take actionable steps to increase their flexibility and recognition of individual employees' circumstances and achievements.

There is some alignment between CEOs and their employees: CEOs, HR professionals, and employees agree on a few behaviors — namely, recognizing employee professional milestones and respecting the need for time off to deal with personal issues — as behaviors that exhibit empathy.

8. Despite the Pervasiveness of Technology, Personal Interactions Still Matter Most.

Technological advances will continue to provide more ways to communicate in the workplace, but 9 out of 10 employees, HR professionals, and CEOs view face-to-face conversations and team meetings as the most empathetic forms of communication.

Following in-person interactions, phone conversations were rated as highly empathetic. Video conferencing apps and virtual meetings, while better than email or text message, were rated as empathetic forms of communication by CEOs and HR professionals more than employees, suggesting the need for more personal and personalized communication from leaders.

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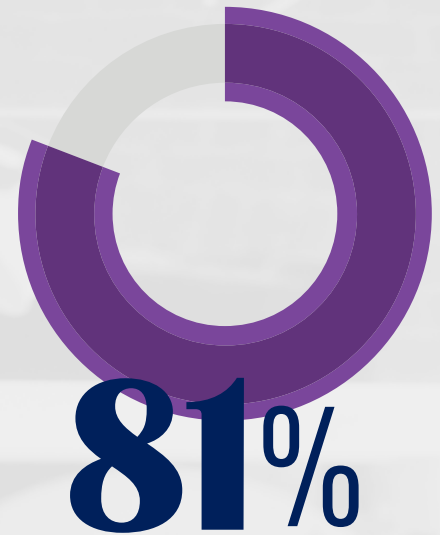
9. Increased Workplace Diversity, Particularly in Leadership, Signals Empathy.

Diversity — in gender, race, age, socioeconomic background, sexual orientation, and more — enriches a workforce through perspectives and experiences, and it results in a more empathetic work environment. Diversity in leadership is particularly important for increasing empathy. In fact, 81 percent of CEOs believe that having more women in leadership positions would increase an organization’s empathy, with strong majorities of employees and HR professionals agreeing. All audiences viewed female employees as the most empathetic, and 91 percent of minority respondents rated diversity in leadership as important for increasing an organization’s empathy. It is clear that businesses that desire to be empathetic must proactively pursue diverse leadership.

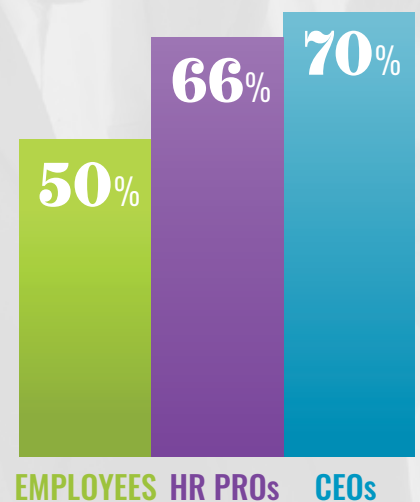
10. Decision-Makers and Employees Don’t See Eye to Eye on Technology.

Seventy percent of CEOs and 66 percent of HR professionals believe that “smart” and personalized tech tools, such as artificial intelligence (AI), make an organization more empathetic, but only about half of employees agree. Instead, 72 percent of employees worry that increased use of AI will take away the ability to interact with coworkers and/or customers, and 70 percent fear that its increased use will result in job losses at their organization. But technology also has the capability to unite and engage employees if it’s designed in an empathetic way.

Potentially given their exposure to and use of technology each day, employees in industries such as financial services, healthcare, and technology are more inclined to respond that AI can build a more empathetic work environment.



81% of CEOs believe that having more **women in leadership** positions would increase an organization’s empathy.



Belief That “**Smart**” and **Personalized Tech Tools** Make an Organization More Empathetic



conclusion

The “Reverse Golden Rule” tells people to “treat others how they want to be treated.” In our always-on society and workplaces, this clever adage might just be the key to connecting people through a shared workplace culture. Empathy impacts the way we experience the world around us and how we interact with others. At a time when empathy is at the forefront of conversations on a global scale, it’s more important than ever to understand the practical applications of empathy in daily life and how to reap the benefits of empathy in the workplace.

If there is an empathy revolution taking place, how do leaders, employees, and organizations as a whole, join — and lead — the charge?



The empathy manifesto

Empathy isn't just a soft, feel-good idea; it comes to life in specific actions that we can implement in our workplaces. Business leaders can harness the power of empathy in their organization by establishing an empathy manifesto with a few clear action items:

- 1. Mind the Gap**
Recognize the challenges facing job roles and levels, and how the gap between what employers think about workplace engagement versus what employees actually think could be causing problems.
- 2. Embrace Differences Across Your Organization**
Create more empathy in the workplace by embracing different backgrounds, genders, age groups, and working styles — the result can be a stronger patchwork of engagement.
- 3. Build Empathy Muscles — and Leadership Mindset**
Learn how to put empathy in practice through words, actions, and business policies/offerings. Even more importantly, learn how to practice it in day-to-day activities and interactions. Gain a clear understanding of where your organization currently stands in terms of empathy (seeking out professional assistance here may be a good idea to get an objective opinion), and then develop a plan to execute empathy training.

Interested in learning more about the Businessolver State of Workplace EmpathySM study?

- ▶ Explore the data in the [overview e-book](#).
- ▶ Learn what **steps you can take today** to increase empathy in your workplace.
- ▶ Join the conversation on social media with **#EmpathyatWork**.

4. Walk the Walk...Over to Your Coworker's Desk
Understand the ways to exhibit empathy — through 1:1 interactions and personalized communications, and practice what you preach through daily interactions with others.

5. Keep Your Eye on the Prize
The ultimate goal of an empathetic workplace is a more engaged employee and, therefore, a stronger bottom line. It's not an approach or process that happens overnight, but it has the power to transform a business.

Whether it's inspiring innovation from motivated, engaged employees or fueling profit and business performance through excellent productivity, empathy can positively impact all facets of our workplaces by making employees feel that their employers understand and care about their needs.

Everyone is talking about empathy. Smart people are calling for an empathy revolution. What will you do now?

Learn more at businessolver.com/empathy

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.

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methodology

The 2018 **State of Workplace EmpathySM** study was fielded as an online survey between Jan. 16-30, 2018, among U.S. employees, HR professionals, CEOs and employees within six industry sectors: education, healthcare, technology, manufacturing, financial services, and government.

To qualify for the survey, respondents needed to be 18+ years of age, live in the U.S., be employed full- or part-time (full-time mandatory for HR professionals and CEOs), work at a company with 100+ employees, and be employed in their respective industry (for the industry audiences). Throughout this study "empathy" is defined as "the ability to understand and experience the feelings of another."