businessolver

2021
STATE OF
WORKPLACE
EMPATHY

EXECUTIVE
SUMMARY

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A note from our CEO

It's a heavy lift to ask people to offer their perspectives on empathy in the workplace during a year when many were focused—rightly and understandably—on keeping themselves and their loved ones safe and maintaining their livelihoods. This year, which rocked our lives with a deadly pandemic and a new national reckoning on racial and social injustice, tested our perceptions of empathy like no other.

For six years, we have conducted an annual in-depth study of workplace empathy through a rigorous survey of employees, HR professionals, and chief executives. However, like so much in the last year, our 2021 data—collected in February—reveals the unexpected.

The biggest, brightest surprise is that, after years of decline, workplace empathy has improved—alongside overall attentiveness to issues long considered to be among the most difficult to discuss in the workplace, including our lives outside of work, mental health, and race. However, despite broader gains, significant gaps in understanding remain between leaders and different groups of employees.

As a leader, I know this road has not been easy and the future is still uncertain. However, I am confident that no matter what twists in the road we meet, empathy can propel us safely around the curves. In that spirit, and in acting on what the data is telling us, I want to share three steps we've taken at Businessolver to create a more empathetic workplace for our own employees.

1. **We committed to work-from-home flexibility for all employees, indefinitely.**
   In all transparency, as an organization built on human connection and in-person interaction, this was a culture shift for our organization, and especially for me. But it has paid off in maintaining our Solvers' motivation, productivity, and ability to best care for themselves and their families.

2. **We now offer unlimited vacation.**
   At a time when mental health is paramount, we embraced this as an important way to safeguard our Solvers' well-being, empowering them to take recovery time as needed and to enjoy fulfilling personal lives outside of work.

3. **We conducted an internal diversity, equity, and inclusion (DEI) assessment.**
   Beyond workshops and words, we need to understand what actions can make a real impact in helping our people feel seen, valued, and included. As we continue to discover through this study, employees will chart the path forward, if leaders will only listen and affirm their words with authentic action.

I'm energized by these changes and hopeful for the outlook of empathy as detailed in our 2021 State of Workplace Empathy report. Still, there is much work to be done.

As such, it is up to all of us to engage in conversations that make us uncomfortable or vulnerable and to embrace them as opportunities to make us and our teams stronger. As leaders of change in our organizations, maximizing those opportunities will determine the outlook of empathy during pandemic recovery and beyond.

Jon Shanahan,
President and CEO

The State of Workplace Empathy 2021: After being pressure tested like never before, empathy's future trajectory has transformed

After being on a slow decline in recent years, in 2021—after a full year of the COVID-19 pandemic—perceptions of empathy in organizations are on the rebound. In the same way that the pandemic prompted a digital workplace transformation that will shape the new normal, it also triggered a shift in the outlook for empathy—one that will reverberate long after the crisis passes.

Grappling with the pandemic in parallel with racial and social justice issues raised expectations for employers and employees alike. Benefit offerings once considered empathetic are now seen as table stakes. Where a simple or even tacit acknowledgement or discussion of DEI was enough to drive empathy in the past, many now demand bolder action and more consistent communication on these issues. Finally, mental health benefits and support are now firmly in the spotlight, given the impact of the pandemic on everyone's emotional and psychological well-being.

Our study unearthed key findings that clearly depict a new outlook for empathy:

▶ **Leaders are struggling to reconcile empathy gaps with employees.**

▶ **Employers' pandemic response has changed employee expectations.**

▶ **DEI efforts are not consistently reaching or resonating with all employees.**

▶ **Mental health benefits are linked to empathy, but mental health issues are still stigmatized.**

▶ **The youngest generation in the workforce already is more critical of organizational empathy.**

▶ **CEOs see the value of empathy but fail to acknowledge how their organization needs to improve.**

As with so many of the changes wrought by the pandemic, there is no going back now. To move forward, organizations will rely on leaders to build bridges between their vision of an empathetic workplace and how employees are experiencing it in their everyday lives. Organizations must stay responsive to the workforce's evolving needs, prioritize inclusive cultures, and humanize mental health issues.

Methodology

A third-party firm fielded the online survey for this study in February 2021 among U.S. employees, U.S. HR professionals and U.S. CEOs within six industry sectors: financial services, government, health care, hospitality, manufacturing, and technology. To qualify for the survey, respondents needed to be 18+ years of age, live in the U.S., be employed full-time or part-time (full-time mandatory for HR professionals and CEOs) at a company with 100+ employees, and be employed in their respective industry. Throughout the study "empathy" is defined as "the ability to understand and experience the feelings of another."
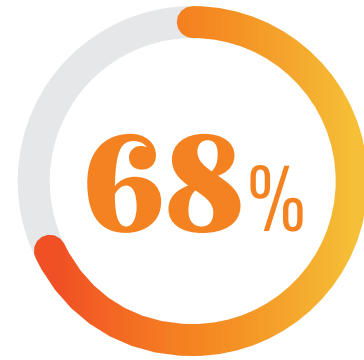
Employees believe workplaces made progress on empathy, but CEOs and HR pros are struggling

In the two years leading up to the COVID-19 pandemic, employees and HR professionals in our study reported that their organizations were becoming less empathetic. But by 2021, in light of the unpredictable challenges brought on by the pandemic, all stakeholders in the workplace agree that their organizations made progress toward becoming more empathetic. However, key drivers of empathy in the workforce—HR professionals and CEOs—are struggling to reconcile their workforces' need for empathy with how to demonstrate it.

On one hand, the data paints a picture of organizations that effectively rose to the occasion. Employee empathy ratings of their companies and CEOs rebounded in 2021: **72% of employees rated their organizations as empathetic**, four percentage points higher than the prior year; **72% also said their CEOs were empathetic**— a full nine percentage points higher.

On the other hand, significantly more HR professionals and CEOs report personally struggling with demonstrating empathy. This year, more HR pros and CEOs report that it's hard for others— including their colleagues—to demonstrate empathy in their work and personal lives. Moreover, fewer believe that empathy can be learned.

▶ While two-thirds of HR professionals believe empathy can be learned, that reflects a 10-point drop from last year.

▶ **68% of CEOs say they fear they will be less respected if they show empathy in the workplace, up 31 points from last year.**

▶ 7 in 10 CEOs say it's hard for them to consistently demonstrate empathy in their working life, a 29-point increase from the prior year.

▶ Over half of HR professionals agree, representing a 13-point increase.

68%

of CEOs say they fear they will be less respected if they show empathy in the workplace, up 31 points from last year.

7/10

CEOs say it's hard for them to consistently demonstrate empathy in their working life, a 29-point increase from 2020.

Even though CEOs recognize the difficulty of consistently expressing empathy and the fear of judgement involved, just half of them believe that the state of empathy in U.S. organizations is sufficient, marking the lowest point in the six years of the study. As we'll explore throughout this report, this may be because CEOs have greater levels of visibility into the programs and offerings that make workplaces empathetic.

▶ The number of **CEOs saying that empathy in their organizations is sufficient plummeted 22 points** from last year, with just half agreeing.

▶ Only 1 in 4 employees believe empathy in their organizations is sufficient, representing no change since 2020.

The data depicts a glaring contradiction: CEOs and HR professionals faced difficulties this year that made demonstrating empathy more challenging, even jading their overall perception of empathy in the workplace. Leaders are also less likely to think change is learnable or necessary. At the same time, employees considered employers' pandemic reactions to be empathetic, and want even more progress. This indicates that organizations cannot become complacent. In fact, now is an ideal time to build on gains made as a result of their response to the pandemic.

Only
1/4
employees believe empathy in their organizations is sufficient, representing no change since 2020.
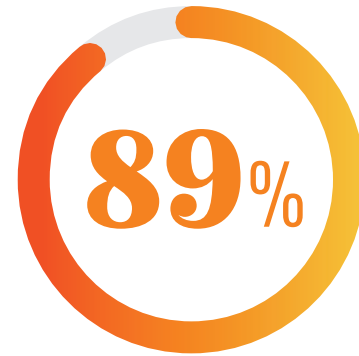
Employers' pandemic responses influenced perceptions of empathy and changed workplace expectations

When health and safety protocols in response to COVID-19 limited or prohibited in-person gatherings, business and everyday life largely shifted to virtual environments. This required many employees to juggle working with caregiving, child rearing, and schooling— often in the same place (their homes) at the same time (all day). Whether workplaces implemented formal policies around remote work and flexible hours, or just offered grace as to how or when work got done, it's clear from our data that flexibility was the hallmark of empathetic work environments in 2021.

Employees, HR professionals, and CEOs all indicate support for specific ways organizations can demonstrate empathy— including respecting the need to take time off, implementing flexible schedules, offering new ways of training during the pandemic, and providing the option to work from home (when possible). In addition, employees with the option to work remotely are more likely to be satisfied with their employer's response to the pandemic and to feel that their employer puts their health and safety first. Unfortunately, less than half of organizations we surveyed implemented some of the most valued offerings as part of their pandemic response.

▶ **93% of employees say that having the ability to work remotely showed an employer's empathy;** yet only half of employees report actually having this option.

▶ 40% of employees report they were given flexible schedules or deadlines due to COVID-19.

89%

of employees who had the option to work remotely report satisfaction with their employer, 15 percentage points higher than employees who did not have this option.

One concern employers may have about remote work environments is the extent to which employees can stay on task. However, the survey data shows that employees actually report greater levels of productivity. Another concern involves the ability for remote workers to stay connected and collaborate with their colleagues. Employees are split down the middle on this issue: Half report no issues with collaborating and building relationships in virtual environments; the other half are struggling to do so.

▶ Half of employees say that it's harder to collaborate with their team, and their relationships with colleagues have weakened.

▶ Those who aren't working remotely find it easier to collaborate in person and don't believe it would be possible to work from home, though 82% of them still see the option as an empathetic behavior.

Organizations should consider the varying needs of all employees and provide opportunities to network in ways that accommodate different working and communication preferences, as well as personality types—like introversion or extroversion. They should also provide access to technology that supports collaboration and offer skill-building opportunities for using such technology.

Yet, for many organizations and industries—including workers in health care, retail, and public-sector first responders who are on the front lines of the pandemic response—remote work is simply not feasible. This presents a challenge and calls for additional solutions to extend flexibility in some form to onsite workforces. For example, be sure to empower both onsite and remote employees to disconnect when they are away from work, so they can take necessary time for recovery. Although revival for many industries is in sight, pandemic conditions and protocols likely will continue to shift for some time, so employers' responses will continue to be pivotal through recovery and beyond.

2/3
of employees feel they are more productive at home and most say the quality of their work has improved.

DEI efforts aren't reaching far enough

In 2020, the country grappled with a reckoning around racial inequity, sparked by the killing of George Floyd in May. Widespread protests continued to shine light on longstanding, systemic inequities throughout government, health care, education, and legal interactions—in every corner of our country. The workplace was no exception.

In the 2021 Edelman Trust Barometer, 86% of survey respondents said they expect CEOs to publicly speak out about societal challenges, **63% said that CEOs should step in when the government does not fix social issues,** and more than half said that having a diverse and representative workforce had become more important. Our State of Workplace Empathy data confirms that people feel strongly that diversity, equity, and inclusion (DEI) programs foster a more empathetic workplace. But while DEI programs are collectively viewed as important and empathetic, the awareness gap between employees, HR professionals, and CEOs of such offerings continues to widen.

▶ 96% of CEOs and 91% of HR professionals believe their organization is inclusive of everyone, compared to 80% of employees.

▶ There is a 33-point gap between employees and CEOs who say that their organization has some sort of DEI program.

My company offers DEI programs for employees.

| Employees | 44% |
| CEOs | 77% |

In addition, Black and Latinx employees report a higher awareness of DEI programs compared to white employees, indicating an opportunity for companies to raise DEI visibility, foster cultural education, and better promote BIPOC (Black, Indigenous, and people of color) allyship among employees.
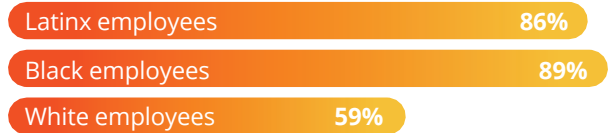
Employees of color and those of younger generations emphasize the importance of companies to address societal and political unrest. This portrays a troubling discrepancy—an empathy gap among employees—where fewer white employees acknowledge the impact of societal issues on their workplace, coworkers, or themselves at work.

Organizations should move swiftly to identify blind spots among employees and get off the sidelines when it comes to social issues. DEI cannot be confined to only annual workshops or buzzwords—it must result in tangible actions from leadership. CEOs must build bridges to employees to let them know DEI is a priority in their organizations and ensure it is reflected in employees' daily experience at work.

Employee awareness of DEI programs in their workplace:

Latinx employees	64%
Black employees	59%
White employees	37%

Employees say it is important for companies to address topics surrounding social and political unrest.

Latinx employees	86%
Black employees	89%
White employees	59%

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Ruling perception: Mental health issues make someone a 'burden'

As the pandemic took its course, it became unmistakable how integral mental well-being is to every aspect of our lives. Over the years, we have monitored the rise of mental health offerings in employers' benefits packages, and this year, **nearly all survey respondents—more than 94%—say mental health is as important as physical health.** However, despite mental health being more spotlighted than ever, stigmas persist.

Large majorities across the workforce say it has been increasingly difficult to talk about mental health during the pandemic, with CEOs reporting the most challenges. This lack of conversation is perpetuating unhealthy norms of not speaking up or seeking help. There is also a persistent belief that companies view an employee with a mental health issue as weak or a burden. Younger generations in particular hold this view, perhaps because they're more likely to work in lower levels of organizations and hence feel more vulnerable.

Furthermore, as we saw with DEI programs, there is a significant awareness gap between CEOs and employees regarding mental health services available at their workplace. This points to a lack of consistent company-wide communication about these benefits.

▶ 28% of employees, compared to 39% of CEOs, believe their companies offer COVID-related mental health benefits.

▶ CEOs are 18 points more likely to know that their company offers any mental health benefits or services.

Employees believe that someone with a mental health issue is viewed as weak or as a burden by companies.

Employees	66%
HR Pros	75%
CEOs	82%

Employees believe that companies view those with mental health issues as a burden.

Gen Z	73%
Millennials	76%

However, there are <u>many steps</u> that employers can take to support their employees' mental health. Right now, there is sweeping agreement across employees, HR professionals, and CEOs about the types of benefits that support mental health. Those include work flexibility, open-door communication policies, and mental health coverage: **More than 9 in 10 employees and CEOs say flexible work hours and an open-door policy with HR or management are important in addressing mental health.**

There is also a clear call to action for CEOs. CEOs report experiencing the most pandemic-related mental health challenges, which we detail later in this report. Because of the privilege and platform that their position affords them, CEOs can play an indispensable role in starting the dialogue on mental health. In particular, CEOs can use their own experiences to humanize these issues and remove the stigma of being a "burden," while raising awareness of benefits and services available to employees.
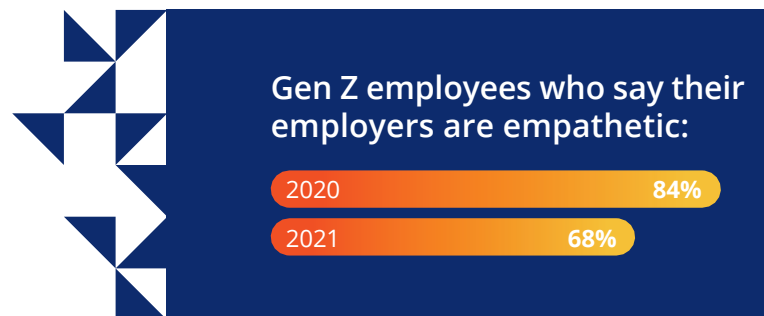
Gen Z's optimism drops as they expect more action and less talk

Every so often an event defines a generation's relationship to their employer—from the invention of smartphones, to the financial crash of 2008, to the unprecedented year we have just experienced. 2020 has unmistakably left its impression on the newest generation to enter the workforce, Generation Z.

According to the Stress in America 2020 survey by the American Psychological Association, Gen Z adults report higher stress levels compared to other generations. This group also has also consistently reported the highest unemployment rates throughout the pandemic, according to the Bureau of Labor Statistics. With limited job experience or pandemic-interrupted education, they may continue to face challenges securing work as economies rebuild.

Now in the study's second year analyzing Gen Z data, we saw their view of empathy—whether by their CEOs, HR teams, or organizations as a whole—decline sharply. They also report lower awareness of benefits that are perceived as empathetic, like mental health programs. This may be because they work in lower, more vulnerable levels of organizations, or because they experienced greater rates of job displacement during the pandemic.

▶ Gen Z's ratings of their own organizations' empathy dropped by 14 percentage points.

▶ 47% of Gen Z employees report awareness of mental health programming at their workplace, compared to 56% of all employees.

▶ Compared to the rest of employees, fewer Gen Z employees say flexible work hours, an open-door policy, and frequent breaks are important. Gen Zers place greater importance than other generations on video sessions with a mental health specialist, underscoring the need for individualizing services across employees.

Gen Z employees who say their employers are empathetic:

2020	84%
2021	68%

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Up against tough challenges, empathy matters to Gen Z, and they seek out empathetic employers. They have higher expectations than other generational groups for employers' empathetic responses. For instance, compared to other generations, fewer Gen Zers say that empathy automatically stems from diverse hiring. This suggests Gen Z is more focused on the consistent, systemic, and long-term actions that employers take to enhance equity and inclusion.

▶ 77% of Gen Z say that empathetic work environments happen when companies recruit diverse and inclusive people, compared to 83% of all employees.

▶ 78% of Gen Z say that they would place a higher importance on DEI than the CEO at their company, compared to 70% of all employees.

▶ **90% of Gen Z say they're more likely to stay with an empathetic employer.**

Only part of the Gen Z population has entered the workforce so far, and they represent the fastest-growing group in the workforce. Their empathy-related values differ from the people leading them, but organizations who adapt to Gen Z's expectations have the opportunity to build a more resilient workforce for the future.

CEOs, as Chief Empathy Officers, value empathy but fail to see how they can improve

For organizations to truly change mindsets and behaviors, they must align all members of the workforce toward a common goal. As an organization's head, the CEO plays a special role in fostering empathy. Over the years, we have measured gaps between CEOs and employees in their views of the purpose of empathy, perceived empathy, perceived inclusion, and awareness of benefits and offerings like those supporting mental health.

CEOs may still be missing why empathy matters to the workforce. This year, as in years past, CEOs are emphasizing the potential for workplace empathy to improve financial performance and business growth. Employees, on the other hand, are more likely to link empathy to motivation and productivity. The fact that CEOs are connecting empathy to business performance but not individual-level motivation and productivity signals that they struggle to trace the effects of empathetic actions at every level in their organization.

▶ **84% of CEOs and 70% of employees believe empathy drives better business outcomes.**

▶ 50% of CEOs and 72% of employees believe empathy drives employee motivation.

CEOs also are not clearly seeing where their organization needs to improve when it comes to empathy. Employees' belief that the state of empathy in their organization needs to evolve has remained consistently high, exceeding 75% in every one of the past five years. However, the view by CEOs that it needs to evolve dropped drastically this year—only half of CEOs see room for improvement. One reason for this may stem from personal experience. When CEOs experienced personal challenges in 2021, they were far more likely to reach out for help at work and more likely to be met with an empathetic response.

▶ The percentage of CEOs reporting mental health challenges almost doubled compared to prior years, to 60% in 2021. Compare that to 2020's rate of 32% and 34% in 2019.

▶ More CEOs report experiencing mental health issues (60%) than employees (46%), and they are more likely to attribute those issues to COVID-19 (92%).

The challenges that CEOs have experienced this year, coupled with the rate at which they sought help, offer them a compelling and authentic platform to raise awareness of and confidence in benefits that are linked to empathy. In an ideal world, all employees would feel comfortable seeking help and demonstrating empathy. We're clearly not there yet, so CEOs have a responsibility to model these behaviors and normalize empathetic responses as a strength, not a weakness. When CEOs transform how they communicate and act on these issues, with the support of HR professionals, they can transform the culture of empathy in their organization.

85%

of CEOs who experienced a mental health issue reached out to someone at work. Only 37% of employees did.

93%

of CEOs who reached out at work for help with a mental health issue, 93% say they were met with an empathetic response.

Navigating the path toward a more empathetic future

The case for workplace empathy is clearer than ever. We cannot roll back the clock to when organizations ignored employees' personal lives and struggles, or when we did not talk about racial inequity, or when we did not acknowledge that mental wellness comes before professional performance. We must move forward. Here's how to start:

Embrace a new outlook for empathy. HR professionals and CEOs report that they are struggling to demonstrate empathy, likely because of business demands, new complexities, and economic pressures. But employees agree more than ever that their workplaces are empathetic. Empathetic workplaces continue to drive employees' motivation and productivity, and organizations now have an opportunity to build on the gains in empathy they've recovered during the pandemic and set a new standard for the future.

Listen to what employees are saying about empathetic actions—and adopt new benefits accordingly. As many employees have been forced to change how they work, they believe that a company can show empathy by respecting their need to take time off, offering flexible schedules or work arrangements, and having leadership be transparent about the state of the business.

Prioritize inclusion everywhere. Workers at all levels realize the benefits of being an inclusive organization, saying that it creates a more empathetic environment. Promoting DEI programs to build awareness across organizations can broaden their overall impact. But it can't just be talk—employees, especially Gen Z, want to see real change.

Create a culture of open, stigma-free dialogue around mental health. COVID-19 has sparked an increase in mental health issues in the workforce; meanwhile, it has become more difficult to talk about problems. Organizations must create judgement-free communication channels for people to step forward and talk about their struggles and solutions with regard to mental health.

Champion empathy through leaders' platforms. CEOs must be on the same page with employees in understanding the reasons why empathy matters. They can use their own experiences to speak authentically about the presence and value of available benefits. HR professionals, too, play an important role in connecting communication gaps that persist between the C-suite and every level in their organization.

To attract, retain, and nurture top talent, employers must embrace more empathetic work environments—and they will need to prove their words with actions.

Learn more at businessolver.com/empathy.

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