Five-Year Update:
Businessolver's State of
Workplace Empathy Study
(2016 - 2020)

Employees Remain Steadfast and HR Increases Its Focus, but CEOs Stall

2020 STATE OF WORKPLACE EMPATHY℠

business*solver*®

A message from the CEO.

Since its inception in 2016, our State of Workplace Empathy Study research has been fielded at the start of each year, during the month of February.

This year we followed the same consistent process, completely unaware that right after the survey was completed, we would be on the cusp of a pandemic that will undoubtedly change people's perspective on empathy.

That likely shift is why we decided to bring forward our five-year findings based on results derived before COVID-19. We now have a unique, multi-year perspective on empathy that serves as a baseline against what we will find in subsequent studies.

One of the primary learnings when we review the past five years is the level of importance each stakeholder group places on empathy. Since 2016, employees have remained consistent in believing empathy at work is important. By contrast, HR professionals' focus on this workplace value had increased, while CEOs seemed to have shifted attention away. So, going into a pandemic, employees craved more empathy and HR professionals were committed to upping the empathy quotient, but leaders had stalled.

As a result, CEOs may not have been as prepared as they could have been to address the emerging needs of the workforce as it faces the mental, physical and financial stress of COVID-19.

This pandemic is stress-testing key elements of how employers support the needs of their workforce, including their level of empathy. By looking at where we were in the five years before COVID-19 we can help employers better understand where they need to be as we recover in the months and years ahead.

Jon Shanahan,
President and CEO

By looking at where we were in the five years before COVID-19 we can help employers better understand where they need to be as we recover in the months and years ahead.

Shining a Light on Workplace Empathy

In 2016, Businessolver began an annual study of the state of empathy in the workplace, surveying US employees, HR professionals and CEOs for their input on this important value.

That first year, we fielded a pilot study intended to take the pulse of key stakeholders around workplace empathy. Since then, we have refined the study each year, adding questions about different aspects of empathy that specifically relate to the workplace. This has enabled us to get a fuller picture of this important workplace value and uncover new insights to share with American employers.

While change is always inevitable over any five-year period, the half-decade of the study's life has turned out to be tumultuous. It has included four years of a strong economy and economic growth along with an historically tight labor market. This seemingly unstoppable trajectory was suddenly capped off by a global health crisis and its associated downstream impact. The economy contracted sharply, and millions of Americans lost their jobs. Many have been thrust into remote work for the first time while others deal with the realities, risks and pressures of being an "essential" or "frontline" worker. There has also been widespread social unrest around systemic inequities including public demonstrations and outright rioting.

This year's study was fielded in February 2020, prior to the global coronavirus pandemic and its health, economic and social impacts. However, the findings from the study may be even more relevant now as organizational values and how they are lived out are at the forefront. It's an understatement to say that work lives and home lives have become interconnected and complicated. When we talk about "workplace empathy," we acknowledge that even the word "workplace" takes on new meanings, and that "empathy" must now extend to a host of new realities.

State of Workplace Empathy methodology

A third-party firm fielded the online survey for our annual empathy study in February of 2016, 2017, 2018, 2019 and 2020 among a representative sample of employees, HR professionals and CEOs in the US.

How we define empathy

The ability to understand and experience the feelings of another.

Someone or something that can understand and share the feelings of another is empathetic.

As the conditions and events of 2020 unfold, it seems like there has never been a more important time to embrace empathy and understand the vital role it plays in our working lives.

Empathy is more than just a "feel-good" trait; it's tied to organizational success in several <u>key ways</u>[1] including greater innovation, increased productivity and deeper employee engagement. That's why it's so important for executives and HR leaders to understand empathy and the role it plays in sustaining and strengthening organizations.

Over the past five years, we've measured several indicators around key components of empathy in the workplace.

▶ How important it is for organizations to demonstrate empathy.

▶ How one's own organization and leadership is perceived around empathy.

▶ The extent to which employees, HR professionals and CEOs think empathy needs to evolve.

▶ Whether people feel empathy can be learned.

▶ The impact empathy has on the employment relationship.

In this e-book, we explore year-over-year results in each of these areas to offer a longer-term perspective on workplace empathy.

[1] 4 Reasons Why Empathy Is Good for Business, Maria Ross. Entrepreneur.com, Nov. 2018.

Note: 2016 results reflect our pilot study, which was structured somewhat differently than subsequent surveys. In some cases, this may make the results appear skewed. However, we have included the 2016 numbers for baseline purposes.

1 All stakeholders believe it's important for organizations to demonstrate empathy.

In 2016, when we initiated the State of Workplace Empathy Study, the focus on organizational empathy was in its infancy stage. In the ensuing years, there has been increasing awareness around empathy, which we believe contributes to some of the shifts in how groups view workplace empathy. However, since 2016, there has been a marked increase in the importance each group places on empathy.
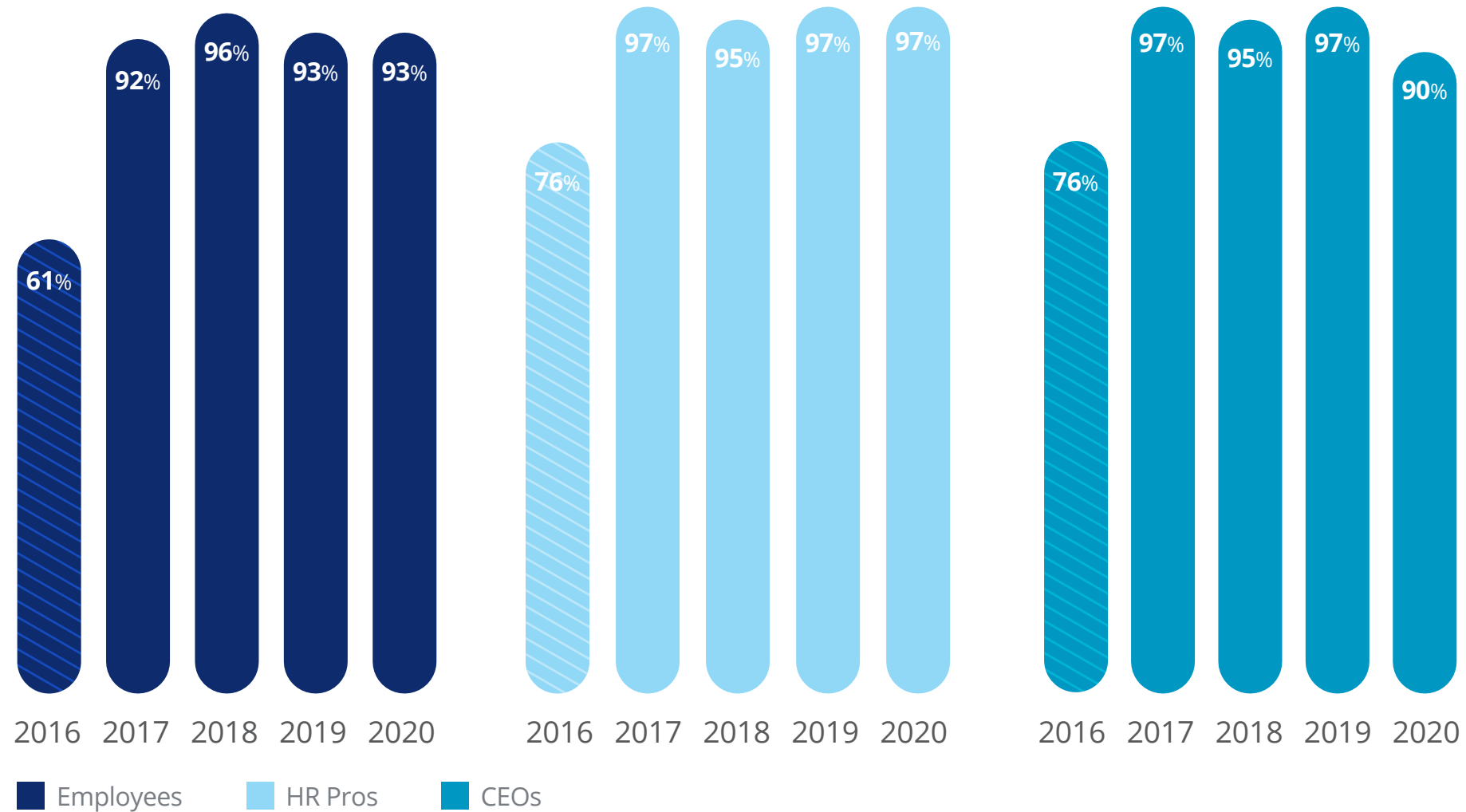
Employees have consistently felt that it's important for organizations to demonstrate empathy.

CEOs and HR professionals also believe it's more important, but CEOs seem to have peaked in 2019 and have rated empathy as less important over the past two years.

However, HR pros appear to have become the most invested in the importance of organizational empathy, and they are the only group to demonstrate a consistent increase over the last three years.

It's important for organizations to demonstrate empathy.

Employees
- 2016: 61%
- 2017: 92%
- 2018: 96%
- 2019: 93%
- 2020: 93%

HR Pros
- 2016: 76%
- 2017: 97%
- 2018: 95%
- 2019: 97%
- 2020: 97%

CEOs
- 2016: 76%
- 2017: 97%
- 2018: 95%
- 2019: 97%
- 2020: 90%

Legend: ■ Employees ■ HR Pros ■ CEOs

2 Everyone thinks their organization and their leader is doing better than the rest.

When it comes to organizations as a group, employees give just so-so marks, hovering around 50% for the last four years. There was a slight uptick from 2017 to 2019, but less than half of employees rated organizations as empathetic in 2020, the lowest percentage in the last four years. By contrast, CEOs and HR professionals believe most organizations are empathetic.

Most US organizations are empathetic

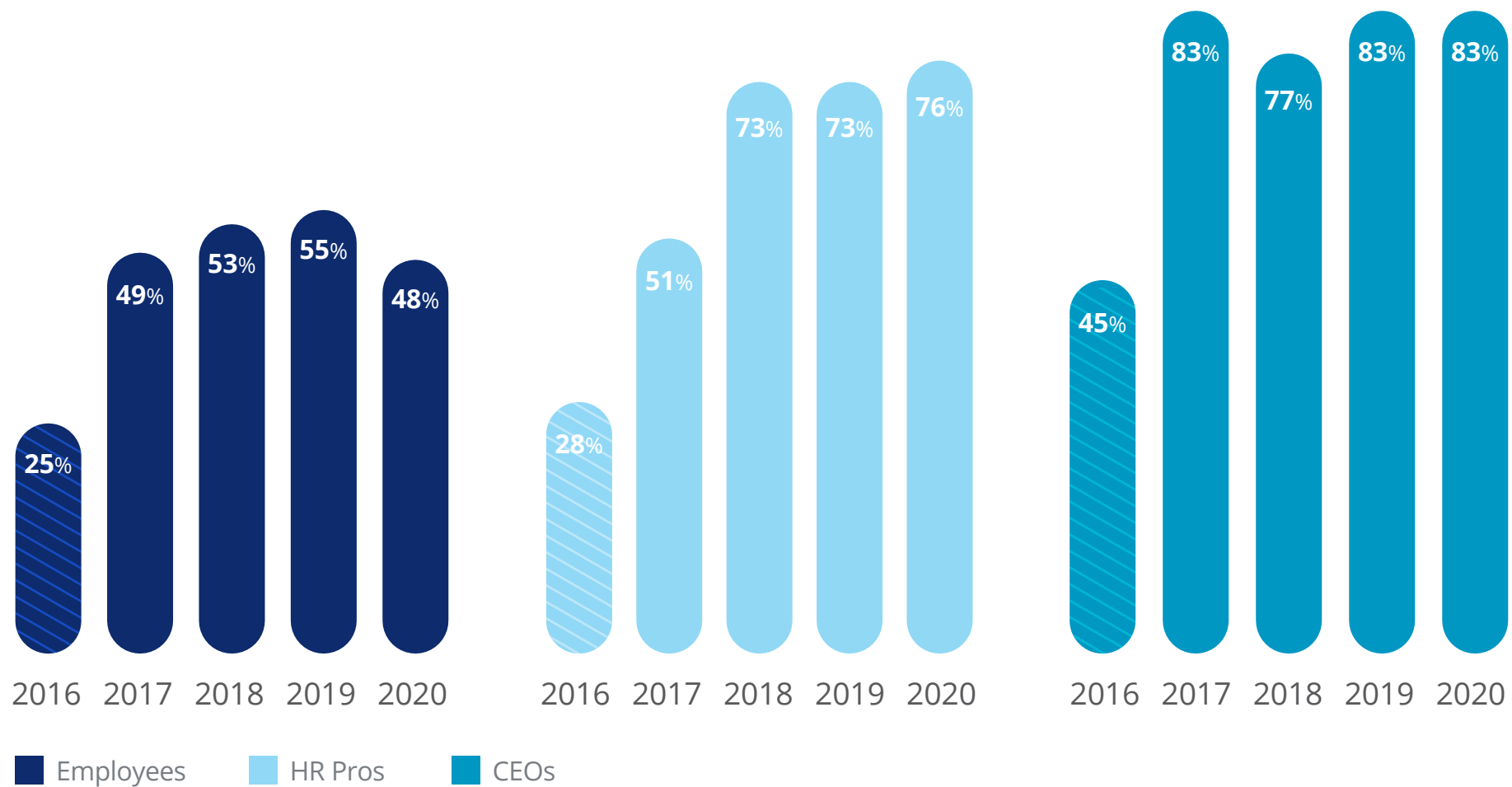**48%**   **75%**   **83%**

■ Employees   ■ HR Pros   ■ CEOs

Leaders and HR professionals have consistently seen things differently than employees. In each year of the study, a higher percentage of CEOs and HR pros felt organizations were empathetic. While CEOs are the most convinced overall, HR professionals are the only group that increasingly view organizations as empathetic over the last five years.

Most US organizations are empathetic

	2016	2017	2018	2019	2020
Employees	25%	49%	53%	55%	48%
HR Pros	28%	51%	73%	73%	76%
CEOs	45%	83%	77%	83%	83%

■ Employees ■ HR Pros ■ CEOs

However, when asked a slightly different question about *their own organization*, each group indicated it was more empathetic than organizations in general.
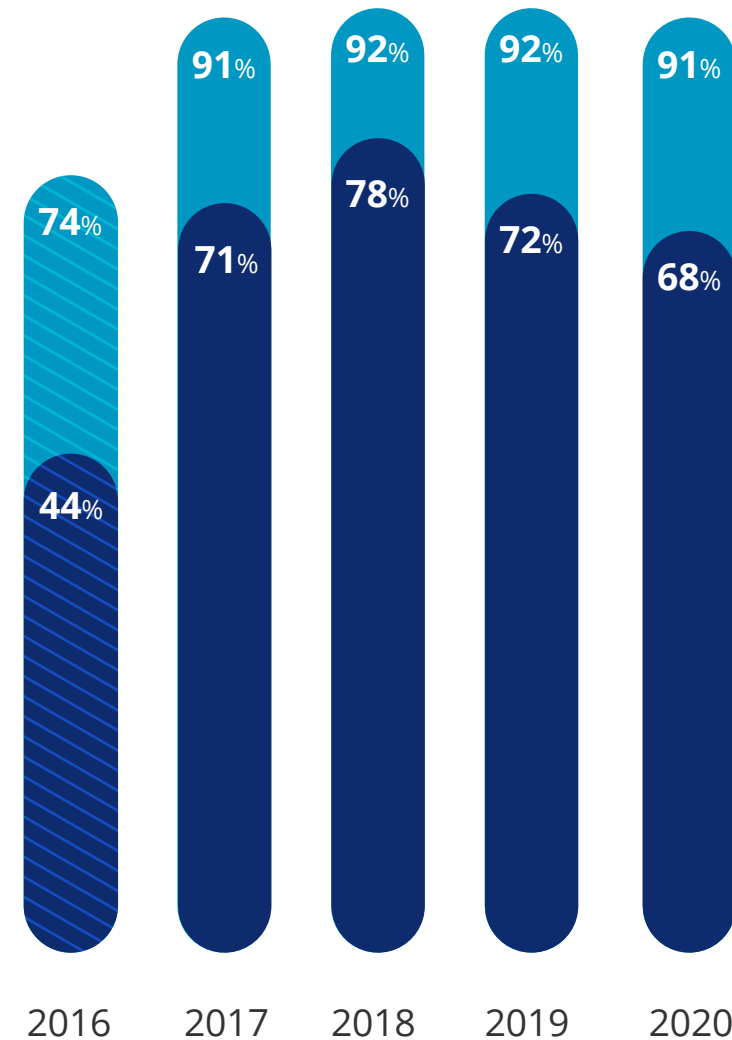
How Employees See It

While they rate their own place of work more highly, US organizations overall have been losing ground with employees for the past three years.
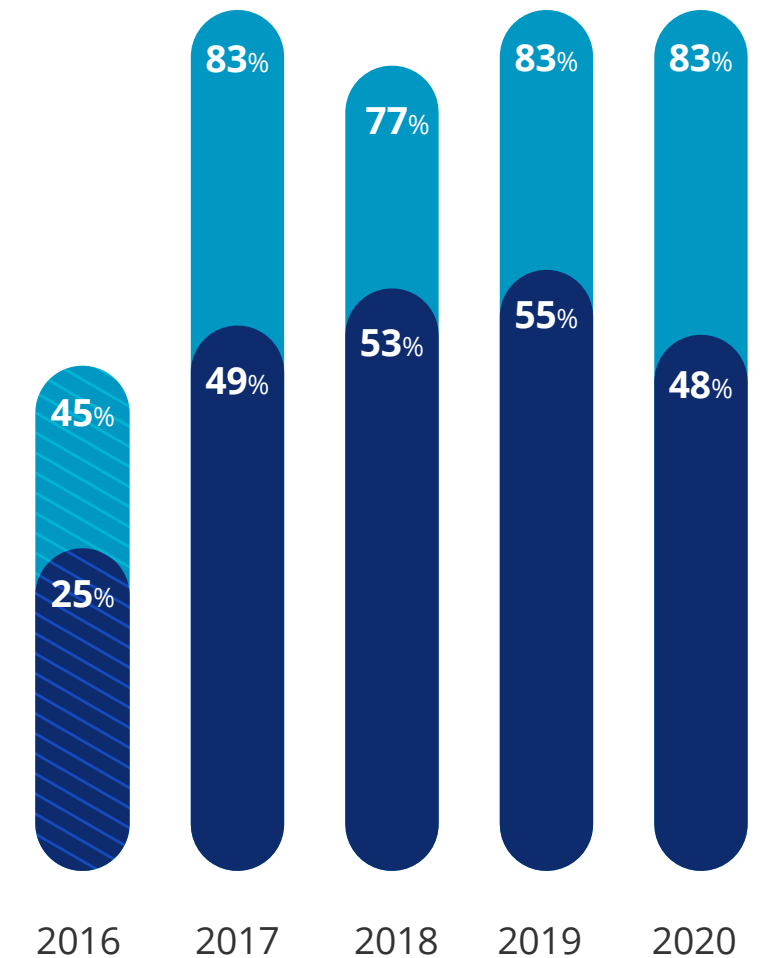
How CEOs See It

CEOs give all organizations high marks but consistently indicate their own organization is in the top tier in terms of demonstrating empathy.

Keep reading to see how HR sees it.

How empathetic is *your* organization?

	2016	2017	2018	2019	2020
CEOs	74%	91%	92%	92%	91%
Employees	44%	71%	78%	72%	68%

Most US organizations are empathetic.

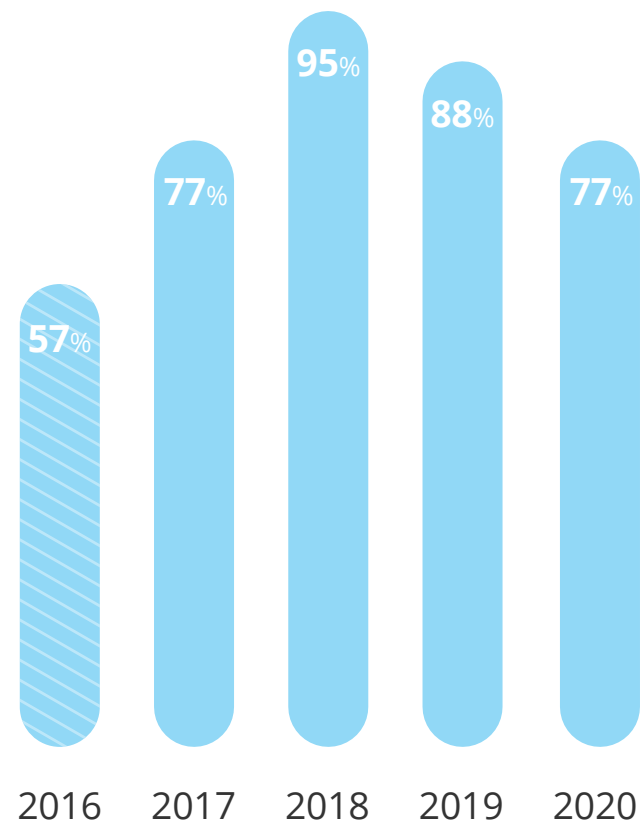|	2016	2017	2018	2019	2020
CEOs	45%	83%	77%	83%	83%
Employees	25%	49%	53%	55%	48%

■ Employees   ■ CEOs

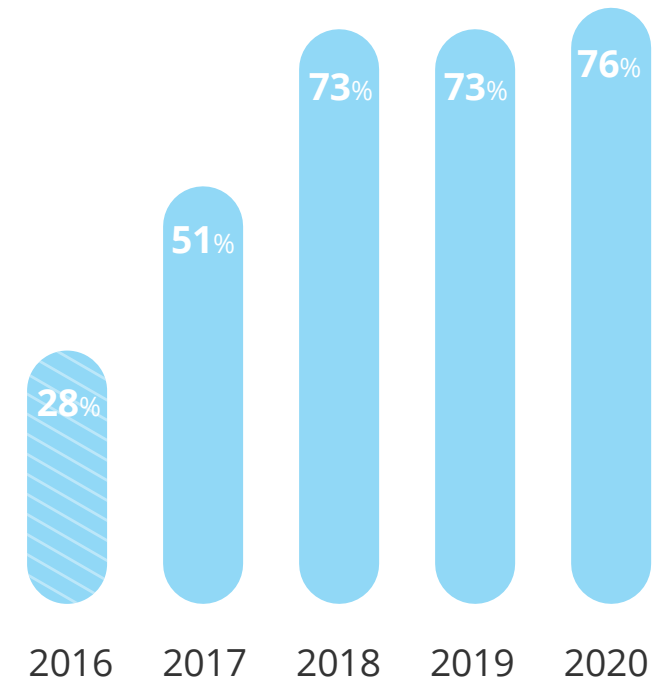# HR professionals believe their own organizations are slipping.

While they rate their own organization higher than employees do, HR pros aren't as convinced as CEOs that their own organization is demonstrating empathy.

Over the past three years employers have lost ground from the perspective of the HR community. In 2020, HR pros rated their own organization only slightly higher than US organizations overall, and that number has been trending down since 2018. Since HR professionals feel the most strongly that organizations should demonstrate empathy, there is a clear shortfall between what HR pros expect and what they perceive is actually happening—both in their own organization and across the board.

How empathetic is *your* organization?

| Year	Value
2016	57%
2017	77%
2018	95%
2019	88%
2020	77%

Most US organizations are empathetic.

Year	Value
2016	28%
2017	51%
2018	73%
2019	73%
2020	76%

How are leaders perceived?

CEOs give each other strong marks. Over the life of our State of Workplace Empathy Study, CEOs have consistently rated their peers higher than either employees or HR professionals do, often by a large margin. In 2020, CEOs were just under twice as likely to rate other leaders as empathetic as compared to employees.

How empathetic are CEOs?

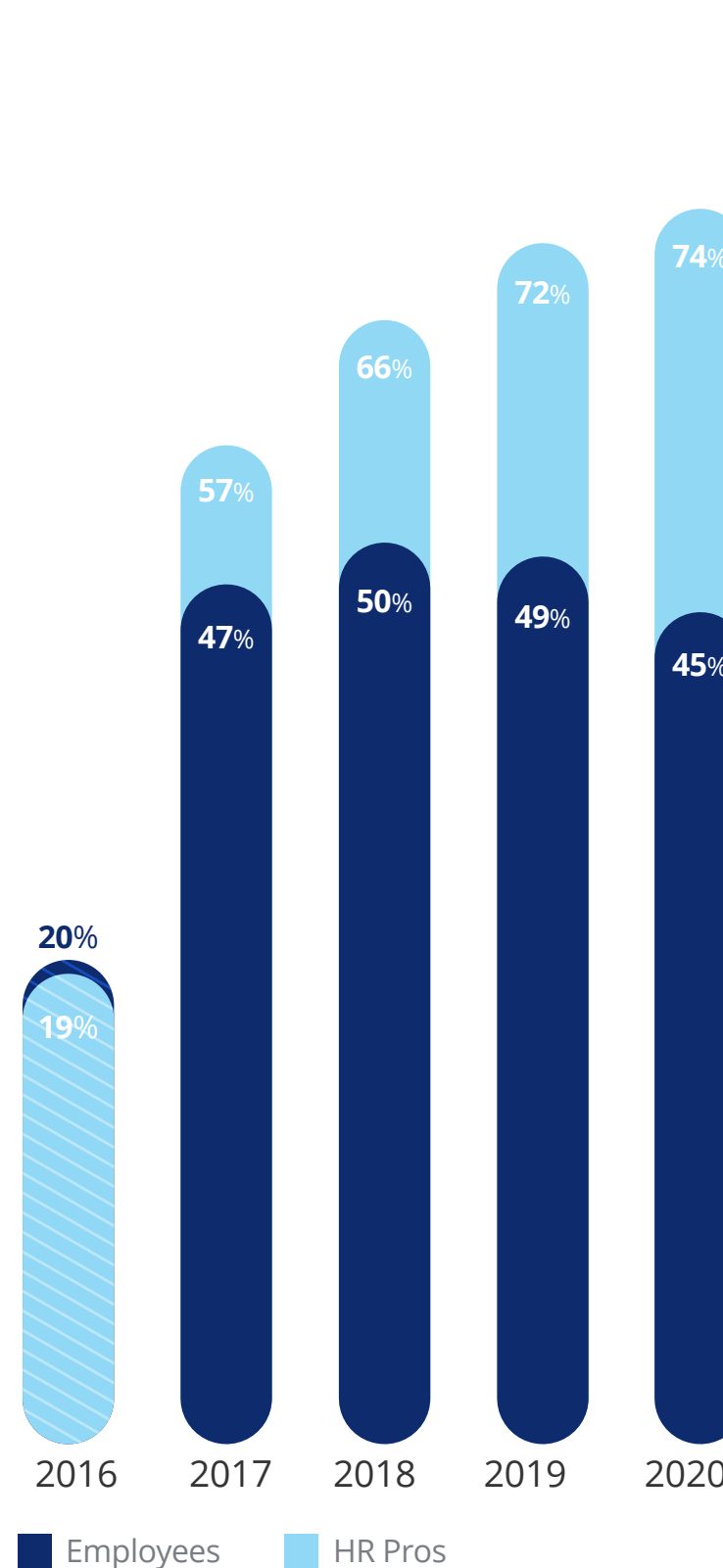| Year	Employees	CEOs
2016	20%	60%
2017	47%	82%
2018	50%	78%
2019	49%	86%
2020	45%	87%
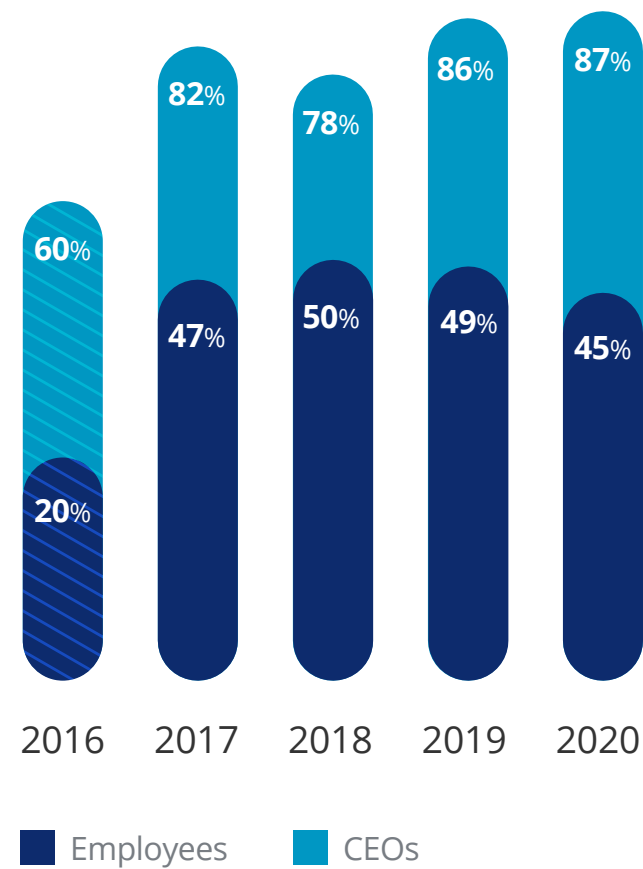
■ Employees   ■ CEOs

By contrast, employees don't feel that the majority of CEOs demonstrate empathy. In the past five years, the highest rating CEOs as a group received from employees on empathy was 50%, and that number is declining.

Employees give their own CEO higher marks, but that number has also declined over the past three years, which may seem surprising since the data was solicited during times of economic prosperity when many CEOs were leading strong, successful organizations.
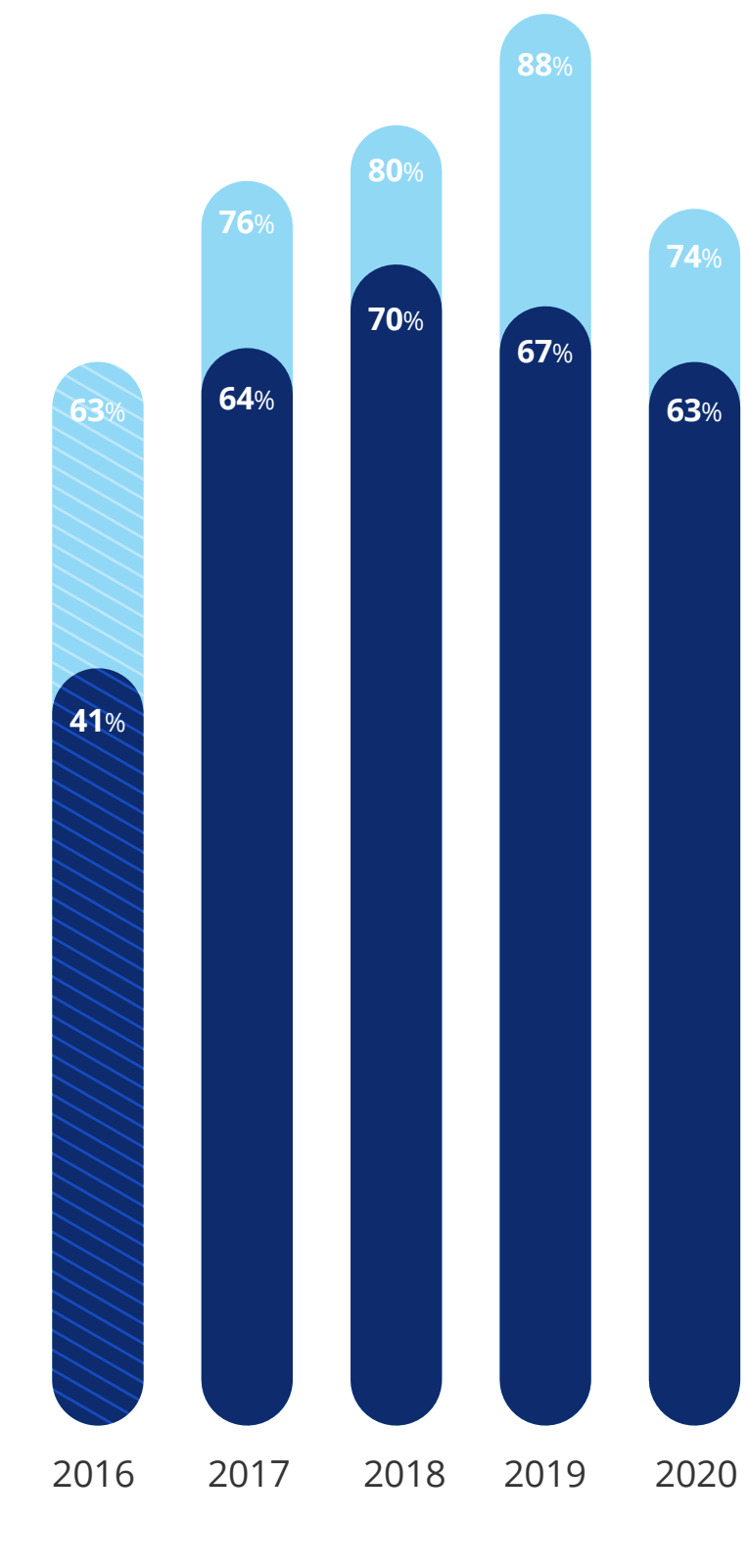
The HR community has a rosier view of leaders overall, consistently indicating CEOs in general are more empathetic over the life of the study. They gave CEOs significantly higher ratings, with 74% rating CEOs positively this year versus 57% in 2017, an increase of 17 points.

The same upward trend for their own CEO held true until this year (2020) when their organizational leader lost some significant ground with HR professionals.

How empathetic are CEOs?

	2016	2017	2018	2019	2020
HR Pros	20%	57%	66%	72%	74%
Employees	19%	47%	50%	49%	45%

How empathetic is *your* CEO?

|	2016	2017	2018	2019	2020
HR Pros	63%	76%	80%	88%	74%
Employees	41%	64%	70%	67%	63%

■ Employees ■ HR Pros

As part of the study we also looked at two groups specific to one's own organization and day-to-day work life: the HR department and people's direct supervisor.

CEOs consistently rated their HR department higher than employees did. However, after a few years of improvement, CEOs' perception of the empathy of HR is slipping. This year leaders downgraded their own HR department by 7 points compared to 2019.

Employees gave HR stronger ratings in 2017 through 2019, but those numbers have been trending down. In 2020 less than 70% of employees indicated the HR department in their organization was empathetic. Again, it's important to note that this year's data was captured before the pandemic when the economy was booming and it was effectively a "seller's market" for employees.

How empathetic is your HR dept?

Year	CEOs	Employees
2016	70%	45%
2017	82%	71%
2018	91%	74%
2019	91%	72%
2020	84%	68%
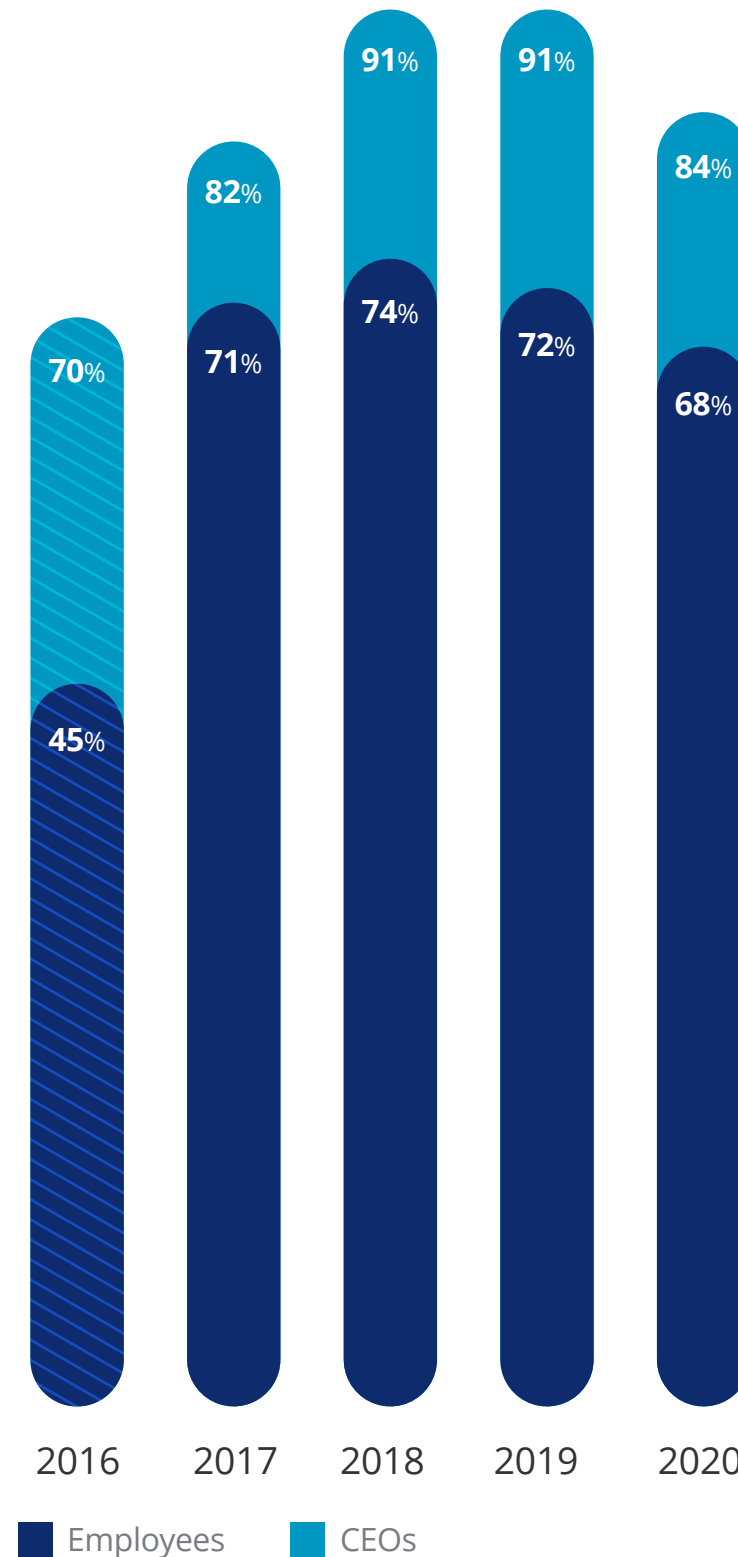
■ Employees ■ CEOs

With a 16-point difference between them, employees and CEOs perceive empathy from their HR department very differently, although both groups see room for improvement—a trend HR professionals should note.

Compared to their HR department, more employees indicate their own manager is empathic, although that number is trending down after some modest gains over 2017.

HR professionals also give their own managers consistently high marks for empathy, although that number has decreased somewhat in 2020.

HR leaders seem to understand the importance of empathy in the way they treat their staff; however, front-line managers and supervisors may not be getting the training or support to follow suit.

How empathetic is your manager?

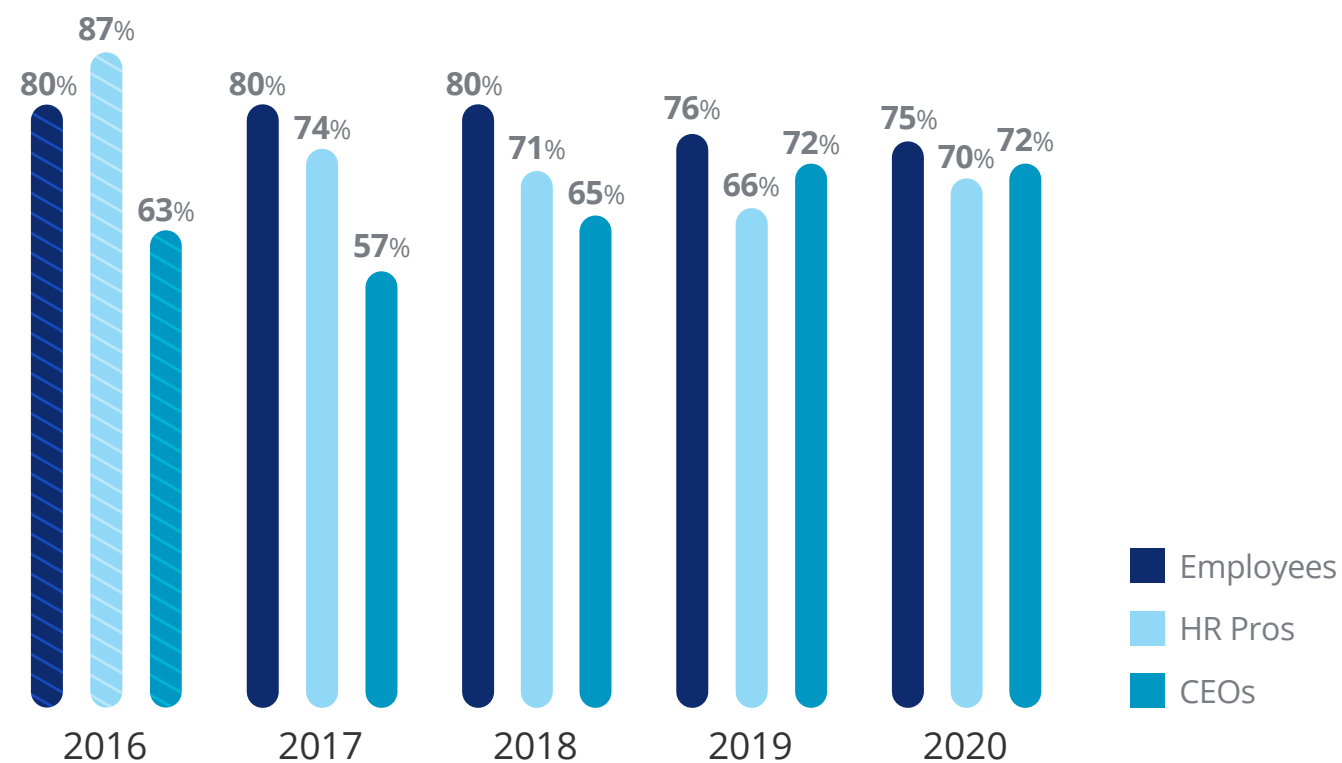| Year	HR Pros	Employees
2016	69%	55%
2017	81%	76%
2018	91%	84%
2019	92%	81%
2020	88%	78%
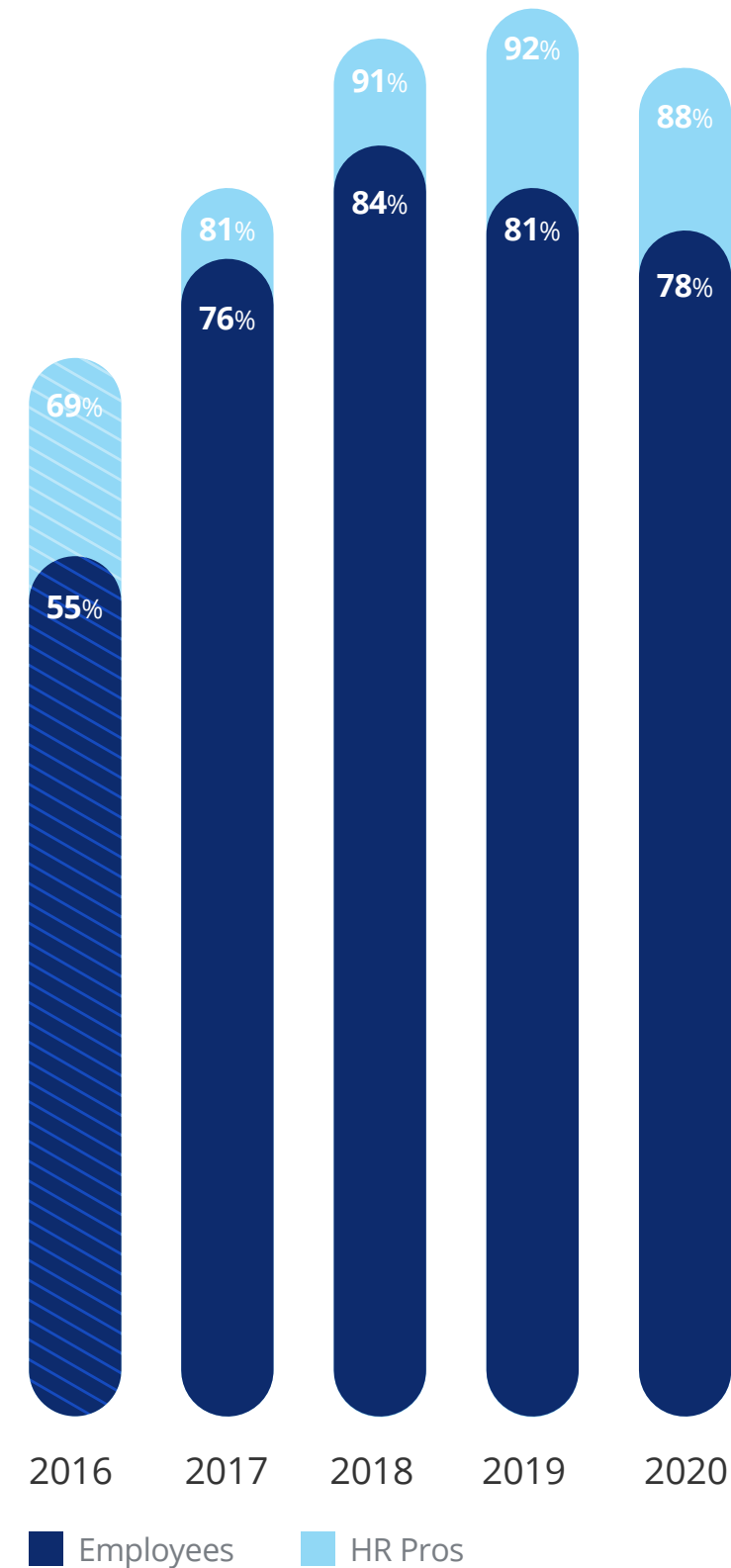
■ Employees   ■ HR Pros

3 Employees, HR professionals and CEOs all think change is still needed.

When we began our annual study of workplace empathy, everyone agreed some positive change was needed, but employees and HR professionals were the strongest advocates. Employees are still the group most focused on the need for change, but both they and their colleagues in HR believe things have improved over the years.

On the other hand, CEOs have become more keyed in to the need for improvement over the years. Their belief that more should be done to improve workplace empathy has gone from a low of 57% in 2017 to a current two-year high of 72%.

The current state of empathy in US organizations needs to evolve.

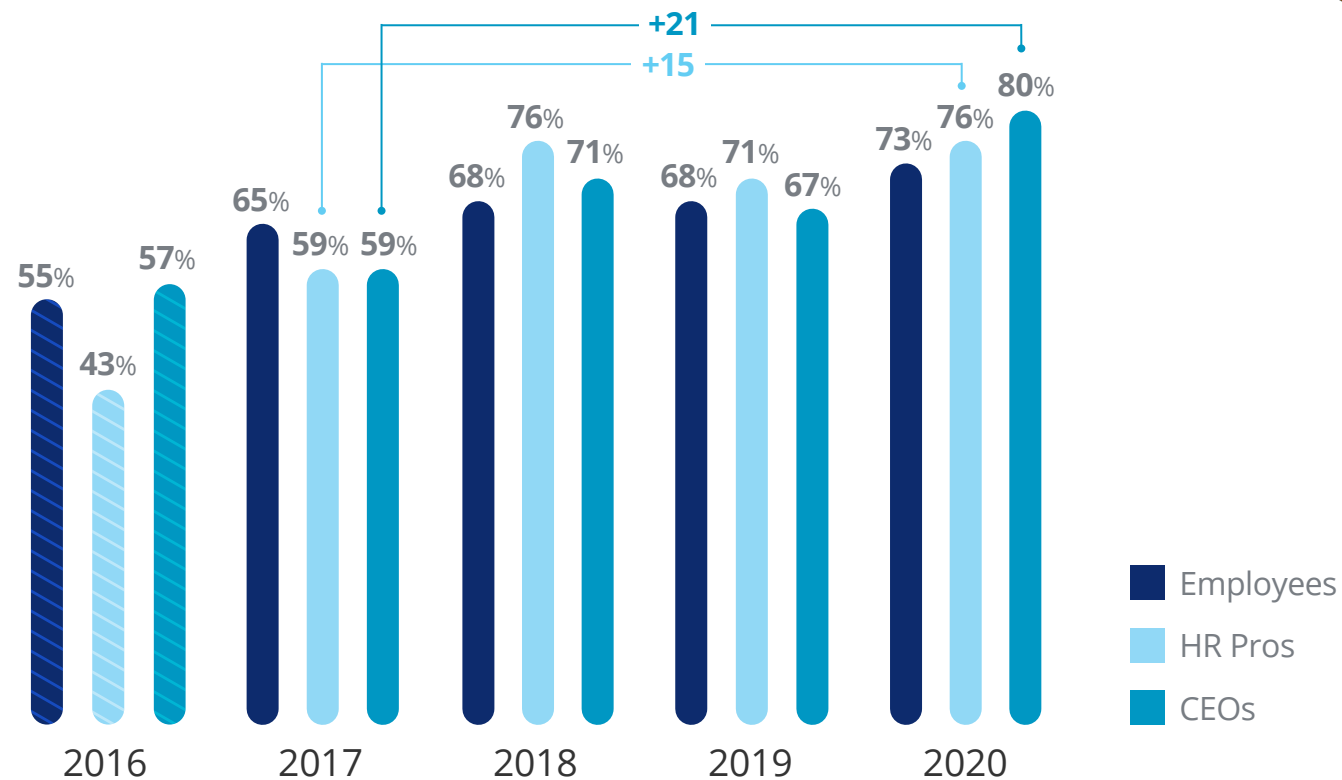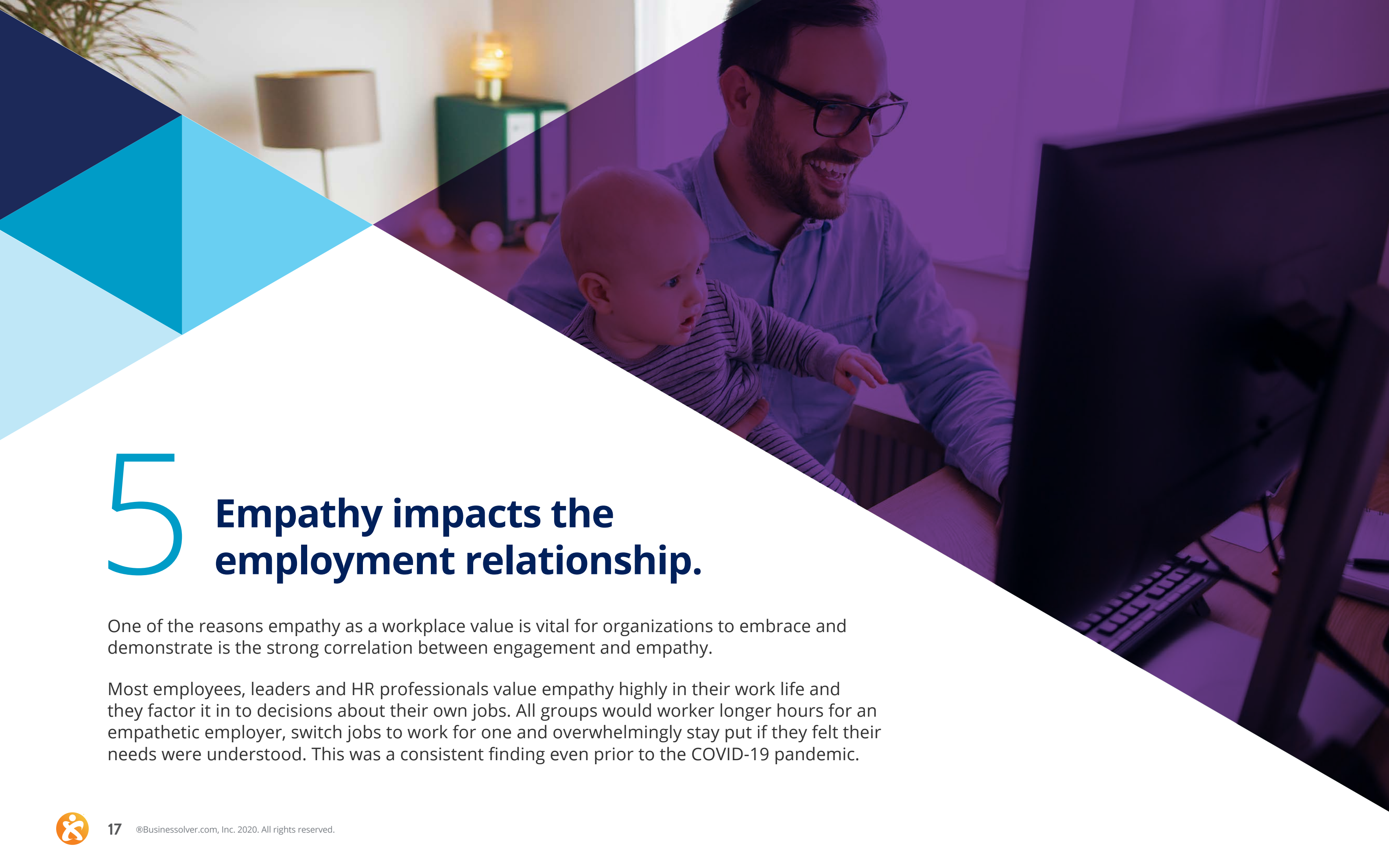|	2016	2017	2018	2019	2020
Employees	80%	80%	80%	76%	75%
HR Pros	87%	74%	71%	66%	70%
CEOs	63%	57%	65%	72%	72%

Employees
HR Pros
CEOs

4 Everyone believes empathy can be learned.

Certain skills are innate—some people have them, others don't. One of the areas we wanted to explore in our annual study was whether people see empathy as something that can be attained or improved through training.

In the beginning, HR professionals were the least likely to consider empathy as a learnable trait, but more than three-quarters now believe that's the case. CEOs have also become convinced over the past five years that empathy can be learned and employees strongly agree.

Empathy can be learned.

+21
+15

	2016	2017	2018	2019	2020
Employees	55%	65%	68%	68%	73%
HR Pros	43%	59%	76%	71%	76%
CEOs	57%	59%	71%	67%	80%

■ Employees
■ HR Pros
■ CEOs

5 Empathy impacts the employment relationship.

One of the reasons empathy as a workplace value is vital for organizations to embrace and demonstrate is the strong correlation between engagement and empathy.
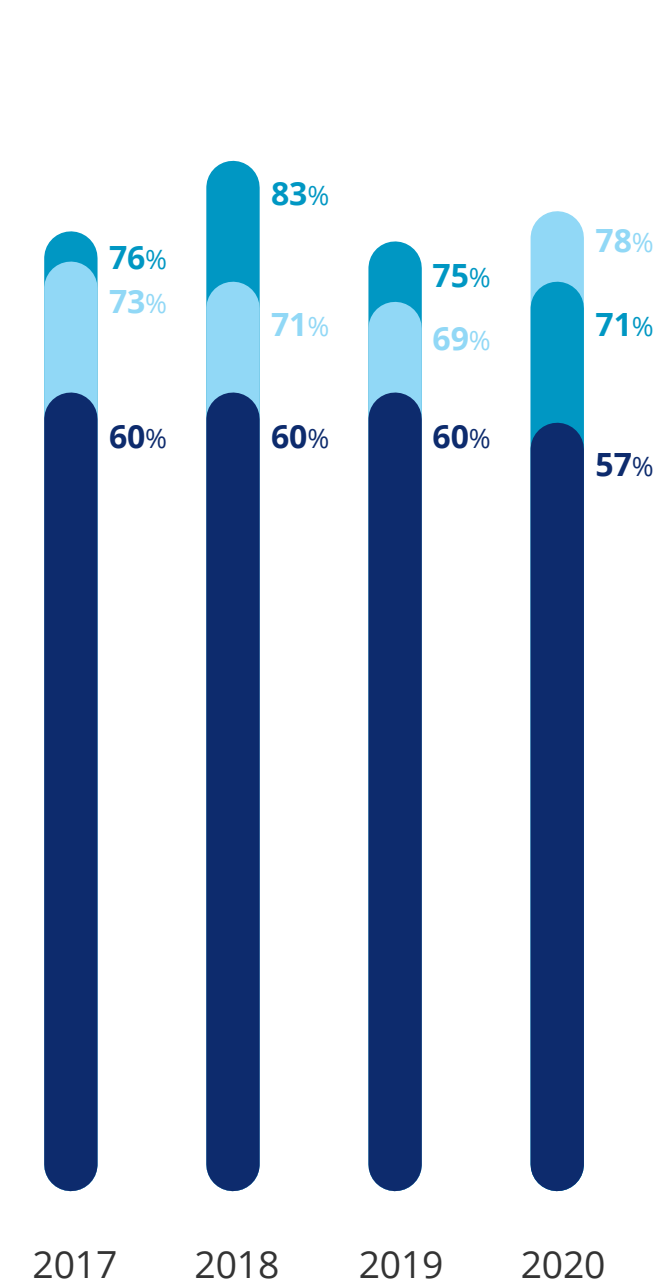
Most employees, leaders and HR professionals value empathy highly in their work life and they factor it in to decisions about their own jobs. All groups would worker longer hours for an empathetic employer, switch jobs to work for one and overwhelmingly stay put if they felt their needs were understood. This was a consistent finding even prior to the COVID-19 pandemic.

## I would switch companies for equal pay if they were more empathetic.

- 2017: 86%, 84%, 78%
- 2018: 92%, 84%, 81%
- 2019: 90%, 89%, 80%
- 2020: 88%, 87%, 80%

I would be willing to take slightly less pay for an empathetic employer.

- 2017: 76%, 73%, 60%
- 2018: 83%, 71%, 60%
- 2019: 75%, 69%, 60%
- 2020: 78%, 71%, 57%

I would be willing to work longer hours for an empathetic employer.

- 2017: 88%, 85%, 77%
- 2018: 88%, 84%, 81%
- 2019: 91%, 84%, 78%
- 2020: 89%, 85%, 74%

I would be more likely to stay with a company if they empathized with my needs.

- 2017: 95%, 92%, 88%
- 2018: 98%, 96%, 95%
- 2019: 97%, 97%, 93%
- 2020: 96%, 92%, 92%
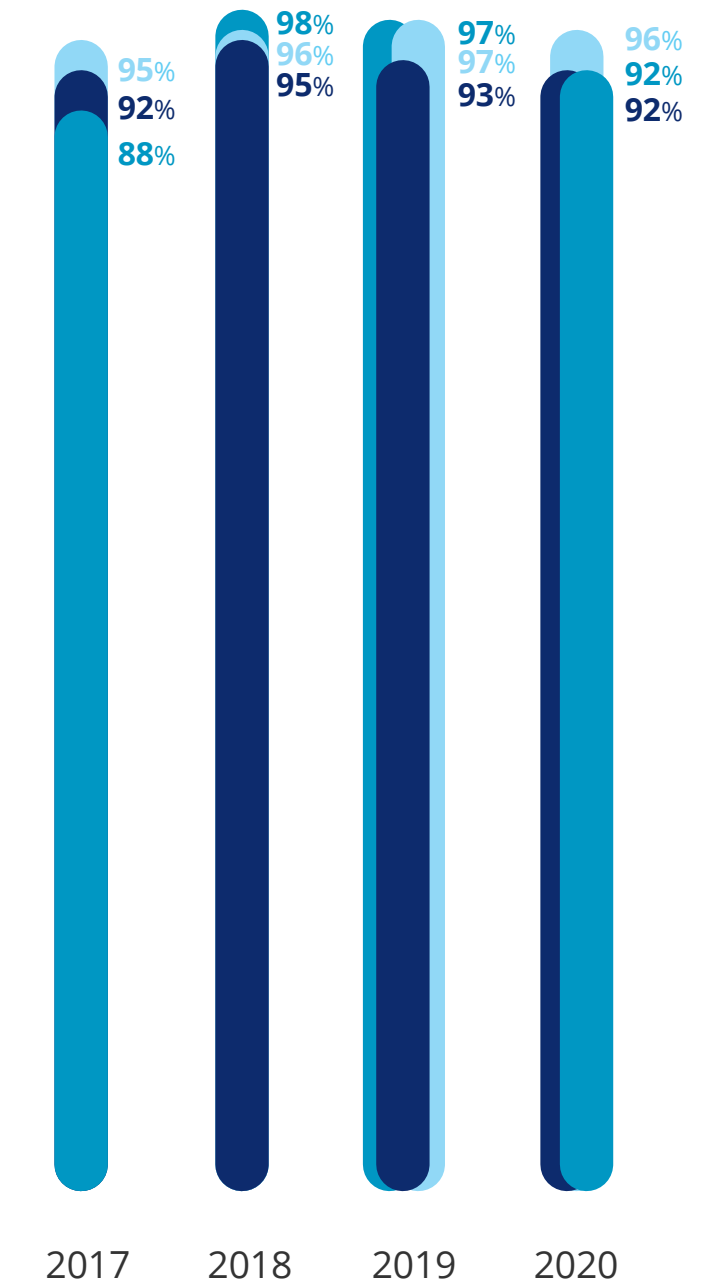
Legend: ■ Employees ■ HR Pros ■ CEOs

Empathy has a particularly strong correlation for employees when it comes to retention. Since 2017, more than 90% of employees indicated they would be more likely to keep working for an empathic employer.

It's an even stronger inducement among HR professionals.

Interestingly, in 2018 98% of CEOs indicated they would stay with an empathetic organization, the highest rating among all groups in all years. However, that number has decreased since then to a still-high 92%.

I would be more likely to stay with a company if they empathized with my needs.

	2017	2018	2019	2020
HR Pros	95%	96%	97%	96%
Employees	92%	95%	93%	92%

■ Employees ■ HR Pros

For HR professionals, empathy feeds engagement, productivity and loyalty. More than another other group, HR pros indicate they would be willing to work more hours for an empathetic employer, and this number has gone up over time.

Employees also indicate they would be willing to work longer hours for an empathetic employer, but at a lesser rate than HR professionals. And, for employees, the number has trended down slightly since 2017.

In 2020, there's a 15-point difference between employees and HR professionals.

I would be willing to work longer hours for an empathetic employer.

	2017	2018	2019	2020
HR Pros	85%	88%	84%	89%
Employees	77%	81%	78%	74%

■ Employees ■ HR Pros

How can organizations use these findings?

The first five years of Businessolver's State of Workplace Empathy Study highlight the importance of this value to organizations. Employees, leaders and HR professionals all believe empathy is foundational to organizational success, and they also want more positive change.

While the numbers indicate that some progress has been made since the study began, there's still more to do, especially since CEOs seem to have stalled somewhat in their focus on empathy. As US employers find it necessary to build resilient and flexible teams, empathy can support increased productivity and engagement.

# Here are three places to focus right now.

Reimagine the CEO as Chief Empathy Officer. In addition to being a business leader, the CEO needs to redouble efforts to bring empathy to the organization. While employees and HR pros feel their own CEO is more empathetic than leaders in general, ratings are declining in this area. In these times, everyone is looking to leaders to establish the bar in all areas, including empathy. CEOs can model empathy with genuine ongoing communication as well as provide programs that support employees with values-based benefits.

Make up for lost ground in HR. Throughout the life of our study, HR professionals have been strong advocates for empathy. This has been the group most invested in the importance of organizational empathy. However, more practice may be needed as both employees and CEOs see their own HR department as less empathetic than in prior years. This isn't surprising as HR teams have been lean and continually asked to do more with less. One solution is to free up scarce time and resources by outsourcing administrative functions, which leaves HR team members bandwidth to be more strategic.

Add empathy training to the mix. With empathy consistently receiving such high marks for its contribution to organizational success, it should be part of every employees' learning path. Targeted training can help employers unlock the advantages of empathy and further demonstrate to employees that their organization takes this value seriously. Empathy is appropriate for employees at any point in their career, from those right out of college to those on the cusp of transitioning out of the workforce. When employees are trained to be more empathetic it raises the empathy quotient for the entire organization and bakes it into the culture.
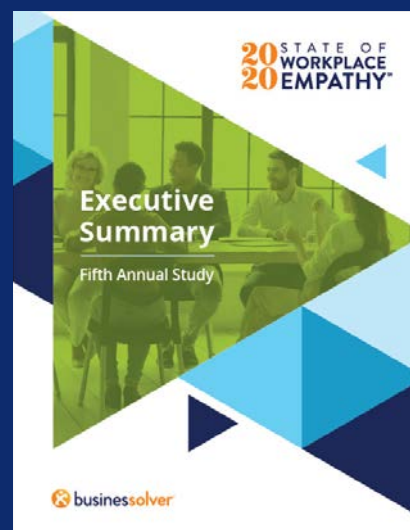
For findings from our 2020 State of Workplace Empathy Study, read the executive summary.

businessolver.com/empathy

businessolver®

**Market-Leading Benefits Technology
+ Innovative, High-Touch Services**

businessolver.com