



STATE OF
**WORKPLACE
EMPATHY**
— 2026 —

The Empathy Paradox

Toxic companies are winning—for now

Executives in toxic organizations are 2X more likely to report significant financial growth, and they're also the most empathy aware. But data points to a cultural reckoning on the horizon.



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A letter from our CEO

Call it transformation, uncertainty, disruption, or just plain change. Whatever you call it, the predictability that makes us all feel safe is gone. Steady markets, growth, earnings, and trajectories—all daily question marks.

In eleven years of studying empathy, we've never seen results like these. The numbers don't add up. But then again, given the level of volatility and polarization we're living in today, maybe the paradoxical findings in this year's report are exactly the right reflection of a world in flux.

C-suite executives (CXOs) who say their company culture is toxic are 2X more likely to say their company has grown significantly in the past year compared with CXOs at non-toxic organizations.

Leaders and workplaces that are empathetic outperform—that's been our hypothesis for years. In fact, 90% of CXOs believe empathy improves financial performance. But these CXOs in toxic cultures are not without empathy—they're nearly 2X more aware of employees' growing need for certain benefits.

So how do we rationalize these findings? I interpret them as precursors. Anticipatory signals of what's on the horizon, and for some companies already here: A cultural reckoning.

CXOs are under immense pressure to place winning bets on AI and it's coming at the cost of people and culture. **In fact, 28% of CEOs in our study admit the primary goal for AI investment is cost reduction through reduced headcount.** This discipline is not without costs: Rising toxicity, mental health challenges, and coworker intimidation are all evident in this year's data. **To that end, 73% of CXOs in toxic cultures say they feel intimidated by coworkers.**

So, I go back to a world in flux. One that calls for more intention in how we show up for each other. AI will change jobs and economic pressure will force hard decisions. These are challenges but also opportunities to produce stronger, more resilient companies—not just more efficient ones.

In the end, culture has a long memory and employees have the final say on if growth is sustainable. Organizations that balance this historic moment in time with the greatest humanity will emerge as winners—and prove that performance and empathy were never mutually exclusive.

Cheers,



A stylized, handwritten signature in black ink that reads "Jon". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Jon Shanahan,
Businessolver President and CEO

Are toxic workplaces outperforming—or just outpacing the consequences?

It would be easy, and justified, to view this year's findings as a repeat case of what we've seen for the past decade: A persistent disconnect between perception and reality in the C-suite. But the deeper truth is far more dangerous.

While over 9 in 10 C-suite executives (CXOs) express confidence and positive sentiment around empathy, findings reveal a very different lived experience: **Culture and employee wellbeing are being deprioritized for short-term financial performance.**



C-suite executives overwhelmingly acknowledge the value of empathy

98% say they are empathetic leaders

97% say their organization is empathetic

94% say empathy mitigates reputational risk

90% say empathy improves financial and business outcomes

But the current state of work tells a different story

73% of CXOs in toxic cultures feel intimidated by coworkers

34% of CXOs and 33% of employees overall cite coworker intimidation

40% of employees say their workplace is toxic (▲18 points year-over-year (YOY))

33% of CEOs also say their workplace is toxic (▲25 points YOY)



Businessolver's 2026 study surveyed 300+ C-suite executives (CEO, CFO, CHRO/ CPO, and CIO/CTO) and 1,000+ employees, including manager roles. In the survey, empathy is defined as "the ability to understand and/or experience the feelings or perspectives of another."

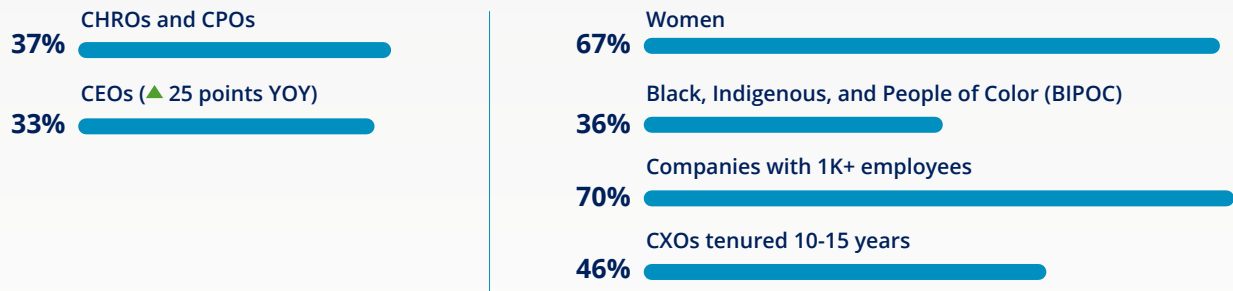
Empathy and toxicity are somehow coexisting—revealing a set of contradictions:

- ✓ Financial performance is strong even as culture and people risks grow.
- ✓ Leaders overwhelmingly believe in empathy but make decisions that undermine it.
- ✓ And, mental health and psychological safety are deteriorating even as employee trust remains high.

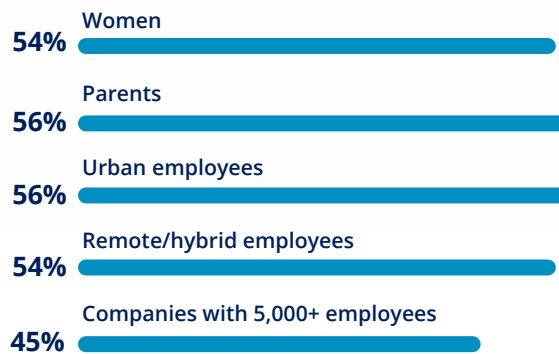
Contradictions like these define this year’s report. And they show up as a series of paradoxes that reveal how CXOs in toxic cultures are prioritizing cost discipline in the name of growth, while cultural and human risks grow.



Across the 22% of CXOs who say their company culture is toxic, reported toxicity is highest among:



Across the 40% of employees who say their company culture is toxic, reported toxicity is highest among:



Paradox #1

Toxic cultures are outperforming on the financial front—at least for now

CXOs at toxic organizations are nearly 2X more likely to say their company has grown significantly in the past year compared to their C-suite peers at non-toxic organizations.

CXOs reporting “significant financial growth” are simultaneously reporting higher toxicity—and the highest perceived levels of empathy among the C-suite. Overall, 22% of CXOs say their company culture is toxic, yet growth and perceptions of empathy remain strong in those organizations.

Of the 22% of CXOs in toxic cultures, 70% report “significant financial growth” versus 36% of CXOs in non-toxic cultures

Over the past year, how would you characterize the financial performance of your company?

● Non-toxic cultures ● Toxic cultures



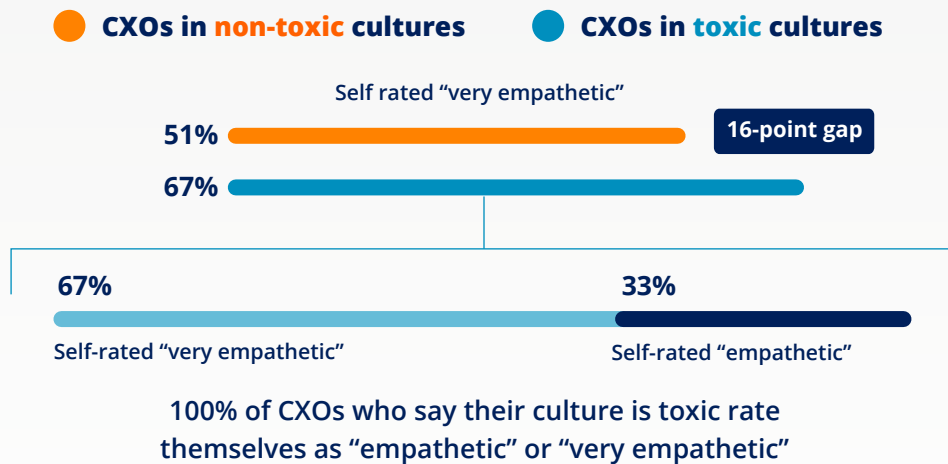
Paradox #2

CXOs in toxic cultures score highest on empathy but fall short delivering it

100% of CXOs in toxic cultures rate themselves as empathetic leaders, yet they've experienced 2.6X more layoffs and 2X more cuts to benefits than their peers at non-toxic organizations.

CXOs in toxic cultures demonstrate some of the highest levels of awareness for employees' needs. But that awareness falls short in execution. Despite feeling personal responsibility for their employees' wellbeing, these leaders are significantly less likely to deliver the benefits, flexibility, and support employees desire—revealing a wide gap between empathy in principle and empathy in practice.

CXOs in toxic cultures rate themselves and their companies higher in empathy versus non-toxic C-suite peers



My organization is very empathetic



CXOs were asked to rate empathy in themselves and their organizations on a 4-point scale: Not at all empathetic, not empathetic, empathetic, very empathetic. CXO comparison results shown in top 1 box (very empathetic).



Additionally, CXOs in toxic cultures are:

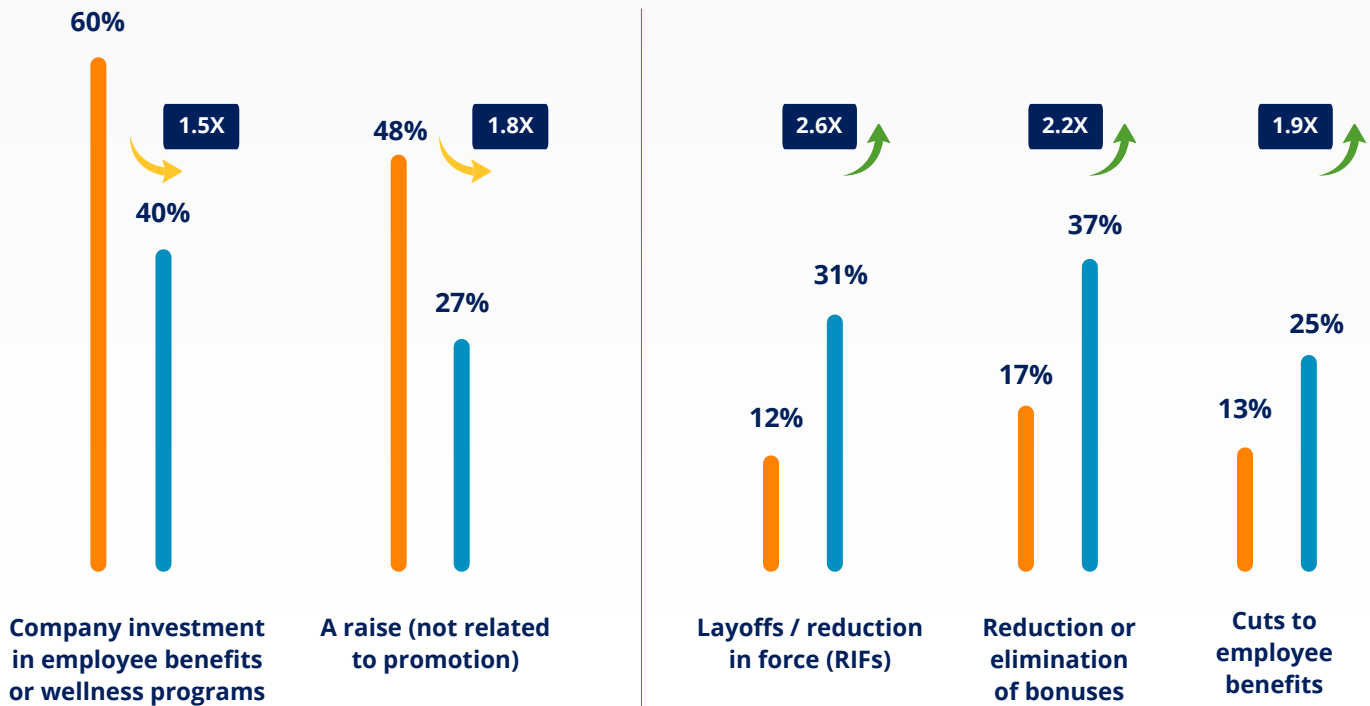
- ✓ **Up to 1.7X (32 points)** more aware of employees' growing need for support outside of work (such as food, housing, and transportation) in the past year compared to peers at non-toxic organizations.
- ✓ **Up to 1.4X (25 points)** more likely to feel personal responsibility for addressing their employees' needs.

Yet their ability to operationalize empathetic practices falls short.





CXOs in toxic companies show aggressive cost management behavior: 2.6X more layoffs and 2X more cuts to bonuses and employee benefits

● CXOs in **non-toxic** cultures ● CXOs in **toxic** cultures



CXOs in toxic cultures are up to 34 points less likely to provide empathetic benefits and programs, despite being highly empathy aware

	 % of CXOs in non-toxic cultures	 CXOs in toxic cultures	Gap
Employee contributions to financial plans (401k, HSA, FSA)	71%	37%	34 points
Core benefits	67%	33%	34 points
Access to affordable healthcare	59%	25%	34 points
Mental health programs/benefits	58%	43%	15 points
Flexible work location	57%	34%	23 points
Paid family/medical leave	50%	27%	23 points

The pressure behind the paradox: 73% of CXOs in toxic cultures say they feel intimidated

73% of CXOs in toxic cultures say they feel intimidated by coworkers, and 34% say the primary motivation behind AI investment is cost savings through reduced headcount—versus 24% of CXOs in non-toxic cultures. Could today's toxic-yet-empathetic CXOs be the result of mounting pressure from boards and investors to show growth in the age of AI transformation? **In that sense, empathy isn't absent in toxic cultures, it's being overridden.**

Whatever the cause, one reality is clear: Executives are operating under intense and rising pressure:

- ✓ **47% of CXOs** who say their company has “grown significantly” report coworker intimidation—nearly 2X the rate of CXOs reporting stable or slightly increasing/decreasing financials.
- ✓ **61% of CEOs** (+32 points YOY) say it is difficult to demonstrate empathy in their day-to-day work.
- ✓ **59% of CEOs** (+22 points YOY) say they will be challenged on their decisions if they lead with empathy.



Paradox #3

Employees in toxic cultures still trust their leaders

80% of employees still trust leadership, even while describing their culture as toxic.

CXOs are undoubtedly under pressure to improve margins in the age of AI. Yet despite this pressure, and the seemingly unempathetic actions that have followed, such as cuts and layoffs, employees continue to trust their leaders—even in environments they describe as toxic.

Within organizations employees describe as both empathetic and toxic, 80% still say they trust their leaders and 84% say their employer emphasizes wellbeing.

Trust in leadership plummets when toxicity and lack of empathy collide

Perceptions of employer empathy and toxicity can co-exist—however trust in leadership plunges when employees feel their company lacks empathy *and* is toxic.

	Total employees	% employees who say "my company IS empathetic" + "my company culture IS toxic"	% employees who say "my company is NOT empathetic" + "my company culture IS toxic"	Gap
My leadership is trusted*	66%	80%	22%	58 points
My employer emphasizes wellbeing	74%	84%	32%	52 points

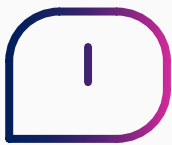
***"Trusted" includes cumulative average across: "To do what's right, communicate honestly, prioritize empathetic practices, and show understanding in high-stress situations." Employee only data. Agree/strongly agree responses.*



If the majority of employees still trust their leaders in toxic cultures, where are employees' perceptions of toxicity stemming from?

A comparison of toxic versus non-toxic employee perceptions shows coworker intimidation is a leading driver of workplace toxicity:

- ✓ Employees in toxic cultures are **3.6X more likely to feel intimidated by coworkers than employees in non-toxic cultures.**



34% of CXOs who describe their company culture as toxic say the primary motivation behind AI investment is cost-savings through reduced headcount versus 24% of CXOs in non-toxic cultures. Today's market environment is sending a stark message: Cost discipline is rewarded—even when it comes at the expense of culture, wellbeing, and psychological safety.

Year-over-year trends in empathy perceptions

CEOs give themselves and their organizations high marks in empathy, while employee perceptions trail significantly. In the end, the problem isn't a lack of empathy awareness at the top, but an age-old C-suite blind spot that misconstrues good intentions for lived employee experience.

● CEOs ● Employees

My organization is empathetic



My CEO is empathetic



83% (+28 points YOY) of CEOs agree empathy is undervalued by U.S. organizations



The empathy advantage

Why toxic cultures and unempathetic organizations risk long-term sustainability

The devil's in the details, and this holds true in this year's Empathy findings. **Toxic organizations may not be losing on the financial front—at least for today. But they're eroding the very conditions that sustain performance over time.**

Toxic and unempathetic cultures don't just lower employee engagement, they dismantle the core conditions employees need to feel safe, connected, and empowered at work.



Trust in leadership plummets when toxicity and lack of empathy collide



Trust and psychological safety plummet and mental health issues surge when employees view their company as both unempathetic *and* toxic, showing trust only holds when employees feel safe and valued.

	Total employees	☑ % employees who say "my culture is NOT toxic " + "my company IS empathetic "	☒ % employees who say "my culture IS toxic " + "my company is NOT empathetic "	Gap
In the past year, have you personally experienced any mental health issues?	55%	43%	72%	29 points
I feel motivated to do my best in my role	87%	95%	53%	42 points
I feel optimistic about my career path	79%	88%	40%	48 points
I feel intimidated by my coworkers	33%	15%	29%	14 points



The compounding effect: Core drivers of a healthy workplace collapse in toxic + unempathetic cultures

When companies are perceived as empathetic and free of toxicity, belonging, connectivity, trust and psychological safety all surge. But when companies are perceived as both unempathetic and toxic, the core conditions employees need to feel safe, trusted, and motivated plummet—most notably connection to leaders.

	Total employees	 % employees who say "my culture is NOT toxic " + "my company IS empathetic "	 % employees who say "my culture IS toxic " + "my company is NOT empathetic "	Gap
I feel like I belong at my company	85%	95%	47%	-48 points
I feel like I can be my true authentic self when I'm at work	83%	91%	47%	-44 points
I feel connected to my peers at work	87%	94%	62%	-32 points
I feel connected to my leaders at work	75%	87%	31%	-56 points
I feel like I have control over how I choose to work	80%	87%	49%	-38 points
I feel like my employer trusts me to get the job done with little supervision	89%	95%	72%	-23 points
I feel comfortable being open about any mistakes I may make at work	83%	91%	57%	-34 points

44% of CXOs in non-toxic organizations say they have Diversity, Equity, Inclusion, and Belonging (DEIB) programs in place, versus 31% of CXOs in toxic company cultures, a 13-point gap.



60% of CXOs say there's a "much greater need to demonstrate empathy" as their organizations become more dependent on AI

Nearly 30% of CEOs say the primary motivation behind AI investment is reduced headcount. This reality makes empathy even more critical as AI transformation permeates workplaces, fueling anxiety and unease:



61% of employees feel optimistic about AI, yet 39% are concerned about its impact on their future.



41% of Gen X say AI has slowed or disrupted their career compared to 29% of Millennials.



Training is the antidote to apprehension: Employees who received adequate AI training show positive sentiments around confidence and career agency—up to 27 points higher—than employees told to “figure it out.”

The empathy retention advantage

Two-thirds of employees (66%) say they would accept lower pay to work for a genuinely empathetic organization. That willingness to prioritize empathy even above paychecks cuts across demographics and is especially pronounced among Gen Z, BIPOC employees, higher earners, and remote workers—showing empathy isn't a nice-to-have, but critical to defining the type of organization employees want to show up for.

Even so, CXOs aren't inclined to see empathy as a retention magnet: **2X as many employees view retention as a benefit of empathy versus CXOs (44% vs. 21%).**



Empathy is a new currency: 66% of employees prioritize empathy above paychecks

Employees are increasingly willing to trade compensation for culture, with 66% saying they would accept lower pay to work for a more empathetic employer. This sentiment is even stronger among key workforce segments—including Gen Z (78%), higher earners (79%), and remote or hybrid workers (75%)—highlighting that empathy is not a “nice-to-have,” but a defining factor in where people choose to work.

	% of employees who are willing to accept lower pay to work for a more empathetic employer
All employees	66%
Gen Z employees	78%
BIPOC employees	74%
Remote/hybrid employees	75%
Male employees	71%
Employees with household incomes \$100k+	79%
Employees at companies with less than 1k employees	70%
Parents	53%

Gen X is the least likely generation to trade pay for more empathy

A clear generational divide emerges in how employees value empathy relative to pay: **Gen Z leads at 78%** while **Gen X lags far behind at 54%**, suggesting Gen X may feel more financially constrained, even as empathy remains a clear workforce priority overall.



Gen X is feeling the squeeze: Only 16% say they're fully prepared to cover a \$6K medical bill. Learn more in [Businessolver's 2026 Benefits Insights Report](#)



The empathy economy: Toxic workplaces exponentially push employees to trade pay for empathy

Employees in toxic cultures are significantly more willing to trade pay for empathy, suggesting that workplace conditions are driving retention risk. Among all employees, 66% say they would accept some lower pay to work for a more empathetic employer, but that rises to 73% among employees in toxic cultures versus 61% in non-toxic cultures.

The gap widens as the pay cut becomes steeper. Employees in toxic cultures are more than 3X as likely to accept an **11%+ pay cut** (40% vs. 12%) and nearly 5X as likely to accept a **21%+ pay cut** (19% vs. 4%), versus employees in non-toxic cultures, showing that employees in harmful environments place substantial value on empathy and are willing to make financial tradeoffs to get it.

	Total employees	% employees who say "my culture is NOT toxic"	% employees who say "my culture IS toxic"	Gap
Would accept some lower pay for more empathetic employer	66%	61%	73%	12 points
Would accept 11%+ lower pay	23%	12%	40%	28 points (3X)
Would accept 21%+ lower pay	10%	4%	19%	15 points (5X)

Lack of empathy fuels employee burnout risk by nearly 1.5X

Employees who are willing to sacrifice pay for a more empathetic workplace are more likely to experience mental health issues: **70% of employees willing to take a 20% pay cut** to work for a more empathetic employer reported experiencing mental health issues in the past 12 months.

A lack of perceived employer empathy compounds these risks. Employees who perceive their organization as unempathetic versus employees who view their organization as empathetic face sharply elevated mental health risks: Burnout rises 22 points (~1.5X) alongside a 10-point spike in depression and a 19-point increase in anxiety.

	Among total employees who cited a mental health issue in the past year	% employees who who cited a mental health issue and say "my company IS empathetic"	% employees who cited a mental health issue and say "my company IS NOT empathetic"	Gap
Burnout	53%	46%	68%	22 points (~1.5X)
Anxiety	65%	59%	78%	19 points
Depression	54%	51%	61%	10 points



CXOs link empathy to employee wellbeing (94%), but fail to operationalize it as a retention strategy

Only 27% of CEOs believe lower turnover rates are a benefit of being an empathetic organization (-11 points YOY; -30 points since 2019).

Despite not recognizing empathy as a significant driver of retention, CXOs will need it in coming years as they anticipate workforce challenges. Overall, CTOs/CIOs are the most likely to show significant concern about a changing talent landscape.

C-suite leaders anticipate workforce challenges in the coming years, and will need strategies to mitigate attrition impacts. Here's what's on CXOs' radars right now:

Future concerns for CXOs

78%

Rising labor costs and unionization efforts

75%

Technological change outpacing internal systems and workforce skills

75%
CEOs

69%
CFOs

92%
CIO /
CTOs

75%
CHRO /
CPOs

75%
CEOs

63%
CFOs

88%
CIO /
CTOs

73%
CHRO /
CPOs

68% of CXOs say they're concerned that employees struggling with issues outside of the workplace will negatively impact their business in the next 2 years. Affordable healthcare and prescriptions (89%), mental healthcare (81%), and financial stress (72%) top the list of CXOs' concerns.

2026 survey respondents say one action that could meaningfully demonstrate empathy is...

CXOs

"Encourage people to speak up about issues without fear of negative consequences."

"Acknowledge the human impact of business decisions and address it openly not indirectly."

"Flexible work arrangements tailored to team members' personal needs (e.g., caregiving, health) while setting clear, aligned performance goals—this shows empathy and keeps productivity strong."

Employees

"Stop playing favorites, stop participating in gossip, and treat everyone fairly."

"Create safe spaces for open feedback, so staff can share concerns without fear of judgment."

"Leaders could share their own struggles and vulnerabilities to create a safe space for employees to be open."



Today's environment is sending a stark message

Cost discipline is rewarded—even when it comes at the expense of culture, wellbeing, and psychological safety. But while financial performance may look strong today, the people pillars that support it are cracking beneath the surface, leading to longer-term risk and consequences.

- ✔ Cultural damage is not immediately punished and may even be sanctioned in the pursuit of short-term performance. CXOs in toxic cultures value empathy, but they're much less likely to operationalize it—with aggressive cost-discipline and double-digit gaps in delivery of critical benefits compared to CXOs in non-toxic cultures.
- ✔ At the same time, many CXOs report high confidence in their own empathy and in their company's empathy levels, while employees describe rising intimidation and fear.
- ✔ Trust in leadership remains high among employees—until toxicity and lack of empathy intersect. When that happens, psychological safety and mental health issues surge by double-digits.
- ✔ These “slow burn” risks show up in people before profits, meaning leadership awareness of the actual and broad business impacts is often lagging.

About Businessolver's 11th annual State of Workplace Empathy study

In January and March of 2026, Edelman Data DXI fielded an online survey of more than 1,300 participants across 6 key industries: Financial services, government, healthcare, hospitality, manufacturing, and technology. This year's survey included a broader cohort of C-suite roles beyond the CEO. To qualify for the survey, respondents needed to be 21 years or older, a U.S. resident, and be employed full-time or part-time within their respective organization with 100 or more employees.

Our survey included subgroups for gender, ethnicity, parent/non-parent status, veteran status, managers, work location status (remote, hybrid, in-person), and generations. Small employers are defined as organizations that employ 100-999 employees. Large employers are defined as organizations that employ 1,000+ employees.

Unless otherwise noted, findings are cited throughout in “Top-2 Box” on 4- and 5-point scales (e.g. agree/strongly agree, important/extremely important).

About Businessolver

Businessolver is an independently owned benefits technology company advancing a more proactive, connected, and anticipatory benefits experience. Through a secure SaaS platform, governed intelligence, and an always-on service model designed to act early and stay aligned, Businessolver helps organizations reduce complexity, strengthen engagement, and deliver consistent outcomes across total wellbeing. With more than two decades of innovation, Businessolver unifies people, data, and operations so that insights turn into action — and benefits work better for employers, employees, and partners.

