



EXECUTIVE SUMMARY

20 STATE OF WORKPLACE 22 EMPATHY

 Businessolver's
Seventh Annual Report

 businessolver



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A Note from Our CEO

When you reflect on the past few years, it's impossible to ignore how much empathy has helped us weather the challenges we've faced. The unfathomable loss of life and personal hardship we've experienced has reinforced, time and again, why it's so important to lead with empathy—both as people and as organizations.

The past year, however, may have brought even the most empathetic people to their breaking point.

Businessolver has spent seven years studying the evolution of empathy in the workplace. Over that time, we've heard from more than 20,000 employees, human resources professionals, and chief executives about their views on a variety of workplace issues: What's going well, what's not, and where organizations can improve. In some years, such as 2021, our findings have been encouraging. In the 2022 State of Workplace Empathy, however, the cracks have started to show.

After an encouraging rebound last year, employee and CEO empathy ratings dropped in 2022, sinking nearly to their all-time lows.

These findings may not be surprising. Over the past year, the challenges caused by the pandemic have been compounded by new ones, including increased political division, ongoing racial tensions, and record inflation. No wonder many of us are just plain tired.

But I see some heartening findings in the data as well: As we start to emerge from the worst of the pandemic, more organizations than ever are recognizing the importance of mental health support at work, more employees are demanding progress on social issues, and more CEOs than ever believe that empathy can be learned.

In addition, I'm encouraged by the data that show that employees are increasingly looking to their managers for day-to-day empathy. For me, this is a clear argument for organizations to bolster their investment in leadership training and empower managers to demonstrate empathetic leadership. Doing so only makes for stronger workplace cultures, better business performance, and kinder organizations.

Workplace empathy, like the workforce itself, is evolving to include more diverse employees across more dispersed worksites. I'm optimistic that evolution can drive greater connection and understanding as we navigate forward.



Jon Shanahan,
Businessolver President and CEO



The State of Workplace Empathy: Declining perceptions in a moment of change

This is a transformative moment for employees and employers. Driven by the pandemic and its impact on employees' personal lives, the labor market, and the economy, we're living through a renegotiation of the social contract between employees and employers.

Nowhere is this truer than in organizations' ongoing return-to-office efforts. As executives push for teams to return to in-office work, employees are pushing back. Fiercely protective of their newfound flexibility, employees want to return to in-person work on their terms. And if those terms aren't met, employees are willing to jump ship: In March, a record 4.5 million workers quit their jobs, continuing a surging trend known as the Great Resignation. Other research confirms that work flexibility lies at the heart of this phenomenon. Gartner, for instance, expects U.S. voluntary turnover to jump nearly 20%.

Given the stakes, organizations and leaders must treat this moment with care. Our 2022 State of Workplace Empathy data shows that amid the return to office, fewer employees view their organizations as empathetic, and that workplace empathy has clear implications for employee well-being, talent retention, and business results:

- About 70% of employees and HR professionals believe that empathetic organizations drive higher employee motivation.
- While 94% of employees value flexible work hours as empathetic, the option is only offered at 38% of organizations.
- 92% of CEOs say their response on returning to in-person work is satisfactory, compared to 78% of employees.
- 82% of employees say their managers are empathetic, compared to 69% who say the same about their organization's chief executive.

About the State of Workplace Empathy Study

Since 2016, Businessolver has surveyed a diverse cross-section of more than 3,000 employees, HR professionals, and CEOs across six industries to examine the behaviors and benefits that make a workplace empathetic. In the survey, empathy is defined as "the ability to understand and experience the feelings of another."

In February, a third-party firm fielded the online survey for the 2022 study among employees, HR professionals, and CEOs within financial services, government, health care, hospitality, manufacturing, and technology. To qualify for the survey, respondents needed to be 18 years or older, U.S. residents, employed full-time or part-time within their respective industry at an organization with 100 or more employees.

Learn more and find historical trend data from 2016 to today at businessolver.com/empathy.





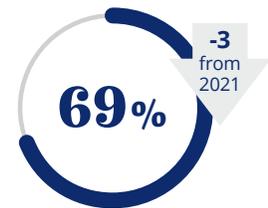
Empathy in the era of return-to-office and the Great Resignation

As travel restrictions and mask mandates lift, it's easy to feel like the pandemic is over. In reality, though, we've entered a new phase of living with COVID-19. Although deaths and hospitalizations in the U.S. are down from their peak, new cases are on the rise as variants spread. The ongoing ripple effects on supply chains and the world economy could take years to work out. As we enter this latest chapter of the pandemic era, we see two trends prevailing.

One is the Great Resignation.

Record numbers of workers continued to be lured by jobs offering higher pay, better benefits, and greater respect for work-life balance. This has put employers on their heels, with many struggling to offer the kinds of perks and culture that discerning jobseekers are looking for.

Over the past few months, many organizations have been planning and implementing in-person working arrangements. But with no historical precedent for this moment, there's no clear path for how to best proceed. Some organizations are sticking with a fully remote approach, while others have embraced the other extreme by eliminating the prospect of remote work entirely. Most organizations are somewhere in between, experimenting with new policies and approaches in conversation with employees, leaders, and customers/stakeholders.



Employees' empathy perceptions start to fade

69% of employees say their organizations are empathetic, down from 72% in 2021.

The uncertainty, though, is taking its toll on employees. Our 2022 Empathy data shows a clear downward trend in employee perceptions of empathy over the past few years and a discouraging reversal of gains made in the early days of the pandemic. This year, 69% of employees say their organizations are empathetic, down from 72% in 2021 and roughly on par with the recent low of 68% in 2020. That's nearly one-third of employees who don't feel heard, understood, or appreciated.

The other prevailing trend is employee anxiety over return-to-office plans.

Almost overnight, the pandemic forced many employers to embrace the reality that employees didn't have to be in the office to be productive. Years of digital transformation were compressed into just a few months, and existing IT project plans were jettisoned in favor of communication to enable better collaboration among remote teams.

Alongside this rapid transformation came a shift in employer attitudes—from a rigid 9-5 workday to flexible schedules, fixed cubicles to work-from-anywhere, and work-life separation to a front-row view of messy homes, crying children, and barking dogs.

Between the loss of flexibility and COVID-19 safety measures, employees are rightfully concerned about the risks and changes they'll be exposed to with the shift back to in-person work.

Meanwhile, nearly all employees (94%) say that flexible work hours demonstrate an organization's empathy toward its people.

Overall, while employees believe that their organizations considered everyone's needs when developing return-to-office plans, most (76%) still would prefer a hybrid work schedule that allowed them to decide whether they could go into work in person or work from home.



More than half of employees are concerned about protecting themselves against COVID-19 while in the office.



CEOs continue to struggle with empathy

While we've seen an encouraging rise in the number of CEOs who have embraced their role as Chief Empathy Officer, many continue to struggle with the identity: 69% of CEOs believe it's their job to build empathy in the workplace, 79% say they struggle to be empathetic. Specifically, 77% worry they will lose respect if they're too empathetic, a nine-point increase compared to last year.

Overall, CEOs' empathy struggles have driven employees to seek elsewhere. Fewer employees today believe that their CEO plays the most important role in determining workplace empathy. Instead, many are turning to their direct managers to demonstrate empathetic behavior. There was a 25-point plunge in the number of employees who thought that the CEO played the most important role in building an empathetic workplace. This may also be a side effect of remote work or pandemic-related restrictions that limited employee engagement to their immediate colleagues and supervisors.

Given this shift, organizations must do more to empower managers with resources and tools to foster a culture of workplace empathy that can thrive amid remote or hybrid work arrangements.



77% of CEOs worry they will lose respect if they're too empathetic.



More than **1/3** of **employees** say their manager has the greatest impact on building an empathetic workplace.



Mental health remains at the forefront

We are still grappling with the effects of a global health crisis that has now claimed 1 million lives in the U.S. alone. The past two years have been a time of immense stress, sadness, upheaval, and uncertainty for employees. In addition to the tremendous loss of life and persistent health fears, many people continue to juggle emotional and mental burdens when it comes to living and working during an ongoing global health crisis.

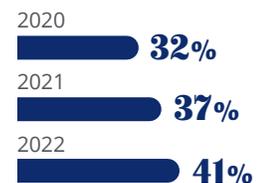
Given this climate, it shouldn't be surprising to see a rise in the number of people who report mental health issues. Fully half of employees and HR professionals say they experienced a mental health issue over the past two years. And 69% of employees and 88% of HR professionals who reported a mental health issue say it was a result of the pandemic.

In fact, the number of employees who reach out for mental health help at work has been steadily rising every year.

One of the most significant drivers of employee's mental health issues is mounting concern that the return to in-person work will result in loss of the flexibility that helped them meet the challenges of the last two years. Nearly a quarter of employees say they experienced negative mental health effects as a result of returning to the office. This point once again reinforces the importance of flexibility when it comes to both demonstrating workplace empathy and addressing employee anxiety.

However, the proliferation of mental health issues has not resulted in greater normalization and reduced stigmas around discussing them.

Employees who reach out for mental health help at work



<1/2 of employees reached out at work for help with a mental health issue.

2/3 of employees believe employers view people with mental health issues as "weak" or "a burden."

59% of employees fear reaching out to a manager or HR about a mental health issue could negatively affect their job security.



An opportunity for leadership in employer mental health benefits

Early in the pandemic, CEOs admirably led the charge in raising mental health awareness and destigmatizing help seeking. But our 2022 State of Workplace Empathy findings show that executives are more disconnected than ever in how they perceive mental health and how to build a culture that supports employees' well-being.

However, employers can't afford to ignore mental health—which, according to this year's Empathy data, HR professionals understand all too well as they have first-hand knowledge that it's a topic that plays a vital role in both recruiting and retaining employees. Nearly all employees say that when looking for job opportunities, they consider how an organization addresses employee well-being; 91% say that employers who recognize the importance of mental health are more likely to retain employees.

HR professionals have emerged as even stronger advocates for flexibility and remote work. Ninety-six percent of HR pros say it's important to offer flexible work hours, a rise of eight points from last year, while those who cite the option to work remotely/from home jumped 12 points, to 95%.

In contrast, 97% of CEOs say the most important mental health benefit is allowing for paid mental health days. They also cite resources like employee assistance programs, phone hotlines, and wellness workshops. Again, the CEO disconnect is highlighted, in that our Empathy data shows that the benefits employees value aren't always what's readily available to them.

39% of CEOs are aware of their organization's mental health benefits, a plunge of 35 points from 2021.

72% of HR professionals are aware of their organization's mental health benefits, up eight points from 2021.

>90% of employees note important workplace supports in managing their mental health

- Open-door policies to allow for face-to-face communications with management or HR
- Coverage options for mental health services
- Flexible work hours

30% of employees say their organizations offer flexible work hours -4 from 2021

25% say that they have the option to work remotely/from home -8 from 2021

-8
from
2021



The elusive inclusive workplace

In recent years, diversity, equity, and inclusion (DEI) has evolved from an organizational option to an imperative. Today, more companies recognize the value of building workplaces that both attract employees from different backgrounds and identities and empower those to employees be their authentic selves at work.

These efforts have never felt more important. A confluence of events, including racial injustices like the murder of George Floyd, the spread of disinformation, and the erosion of democratic institutions has ushered in fresh calls for corporations to do more to address the long history of injustice that has marginalized underrepresented groups both in the United States and across the world.

For many organizations, DEI remains an important driver of workplace empathy: 76% of employees, HR professionals, and CEOs believe that DEI programs and initiatives encourage empathy in the workplace. Two-thirds of employees say that DEI efforts at their organizations are very visible, a 1-point increase from 2021.

Still, our 2022 State of Workplace Empathy data shows there's more work to be done. Organizations must go beyond awareness and visibility and start showing real results. Workplace inclusivity remains dismayingly elusive for Black, Hispanic/Latinx and Asian employees. Across all these groups, nearly 1 in 4 (24%) say that they don't feel they can be their authentic selves at work.

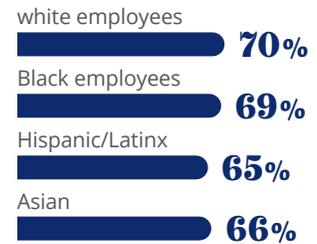
In addition, Black, Hispanic, and Asian employees are also less likely than white employees to feel they have the opportunity to grow or that their organization is a place for everyone. There were also significant drops in perceived empathy among Black and Hispanic/Latinx employees toward their employers and organizations as a whole.

This data should set off alarm bells throughout organizations. One clear opportunity is to increase the role and visibility of CEOs when it comes to DEI. More than one-third (37%) of employees believe that DEI programs just aren't important to their CEOs. Over 80% of Black employees say they would put higher importance on DEI than their current CEO, compared to 67% for all employees.

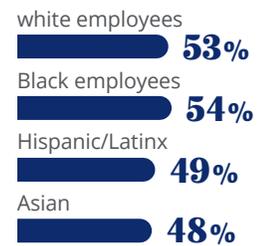
It's clear that leaders must do more to reinforce the importance of DEI and why it's important for their organizations. Indeed, the most recent Edelman Trust Barometer found that 75% of people say they consider DEI commitments to be an important factor when considering a job opportunity at a company. And one in three employees say they have left a job because their employer did not take a stand on a societal or political issue.

The bottom line is that after two years of acknowledging the importance of DEI, updating their policies, and increasing awareness, companies must now show results or risk losing the very employees they are trying to attract and retain.

My employer is empathetic



Employers in general are empathetic



81% of Black employees would put higher importance on DEI than their current CEO, compared to **67% for all employees.**



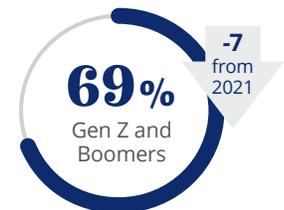
Some surprising alignment between Gen Z and Boomers

When a new generation of employees enter the workforce, they bring with them new preferences and expectations for work and their relationships with employers. This remains true for Gen Z, which is forcing employers to rethink everything from work-life balance to their engagement with social issues. Gen Z's growing share of the workforce poses new challenges for their older colleagues, who often have diverging views on key workplace issues such as flexibility and job stability.

This year, however, we uncovered some notable similarities between this young generation and their more senior counterparts, particularly Baby Boomers. For example, empathy ratings of both HR professionals and CEOs declined among Gen Z and Boomers, suggesting broad agreement about the challenges they're facing in the workplace.

In addition, among both Gen Z and Boomer employees, perceptions of the average employee fell.

Perhaps unsurprisingly, technology is one area where the generation gap is still apparent. Exactly half (50%) of Gen Z viewed the technology industry as empathetic, while Boomers were more skeptical, with just one-third (33%) saying so. Similarly, 50% of Gen Z employees said personalized technology, such as smart benefits tools and HR chatbots, make an organization more empathetic, compared to only 37% of Boomers, for whom that marked a 13-point decline from last year.



Among both **Gen Z and Boomers**, **69%** rate the average employee at their organization as empathetic.



39% of Gen Z employees perceive CEOs as empathetic, the lowest of any cohort.

Boomers weren't much higher at **41%**.



Regaining momentum in a moment of transition

Perceptions of workplace empathy are slipping. But it's in moments of upheaval that principles matter most. Every employee, every CEO, and every HR professional is dealing with a once-in-a-generation change in the workforce. It's a moment that demands care, flexibility, and, most importantly, empathy. Organizations that continue to build a culture of empathy will find themselves on the positive side of the Great Resignation as they become highly valued destinations for top talent. Here are a few things to keep in mind:



Make empathy your North Star. While the worst of the pandemic seems to be behind us, continued uncertainty requires a continued focus on empathy. CEOs must continue to learn how to demonstrate empathy, despite unfounded concerns that doing so would cost them the respect of their colleagues.



Empower managers to better learn and freely demonstrate empathy. As more employees look to their direct managers for empathy, those managers must be equipped with the tools to foster the culture their teams need.



Embrace flexibility. Across all groups, there was broad agreement that a flexible work culture is critical to helping employees work in a way that works for them. Though CEOs and HR executives may be eager to return to the office, they must also consider and respond to employees continued calls for flexibility.



Make mental health benefits more visible. As employees continue to seek out help to address their mental health challenges, they must be aware of the programs and benefits available to them. CEOs can better role model empathy and reduce stigma across their organizations. And HR teams can better align their benefit offerings with employee needs and feedback.

Now, more than ever, empathy plays a critical role in attracting, retaining, and nurturing talent. Learn more at businessolver.com/empathy.



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