

THE RISK OF ANGST

How unmet human
needs create drag
on organizational
performance

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Executive Summary

Our groundbreaking research reveals that while organizations invest billions in technology, process optimization, and market expansion, they consistently overlook an inconspicuous high leverage performance driver: the psychology of their human capital.

Analysis of 1,000 U.S. employees across industries exposes a critical insight: **44% of your workforce is experiencing "angst"** that directly undermines organizational performance. Importantly, most organizations are failing to detect this unseen undercurrent.

The financial implications for the average Fortune 1000 enterprise are substantial:

- **Performance Impact:** High angst employees showing **33%** lower performance
- **Engagement Deficit:** Employees with high angst are **5.5X** more likely to be disengaged
- **Poachability Risk:** Traditional turnover metrics underestimate talent flight risk by **58%**.

Combining performance, engagement, and talent loss vulnerability from angst, a company with 10K employees is losing \$240-330 million **per year** from avoidable, unaddressed angst.

Most critically, our research has uncovered "retention-tension"—a phenomenon where environmental insecurity has an equal and opposite impact on both the desire to cling to one's job and the urge to leave and resolve the threat of insecurity. While employees may appear to have low attrition risk, they are actually extremely vulnerable to talent poaching or being lured away by rival organizations. When employees remain with an organization primarily due to fear rather than genuine commitment, magnetism to external opportunities is very high.

In today's constrained talent landscape, this and other human capital concerns like the widening skills gap in the labor market and AI transformation, represent critical business risks that directly threaten operational continuity and strategic market position. Organizations lacking evidence-based approaches to human capital face quantifiable competitive disadvantages that impact financial performance, innovation capacity, and long-term sustainability.

Companies implementing strong human capital management practices achieve:

- Lower angst
- Higher performance
- Lower talent loss risks

The business case is undeniable: Organizations that align their human capital strategies with fundamental psychological needs and motives don't just improve what work feels like—they systematically outperform.

Meet the Authors



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Introduction



Human capital represents the largest expenditures in most businesses. As a result, effective human capital management represents your greatest opportunity to enhance performance and drive shareholder returns. While the business landscape continues to evolve through disruption and transformation, human psychology remains remarkably consistent and predictable.

Our research using over a thousand representative US employees identified the human capital "levers" that drive organizational success. The data is clear: meeting your strategic objectives depends directly on how effectively you channel the power of your human capital resources.

Right now, the stakes couldn't be higher. With nearly half of organizations severely missing the mark—creating high work-related angst that undermines organizational performance—both the business risk and opportunity are profound.

Organizations that fail to address work-related angst face significant threats to talent retention, innovation capacity, and competitive positioning. Conversely, those that leverage the science of human capital optimization unlock a sustainable competitive advantage that drives exceptional performance at every level.

The gap between high-angst and low-angst organizations represents more than an employee experience difference—it constitutes a material business opportunity with measurable impact on organizational outcomes and shareholder returns.

01 Three Psychological Needs Behind Human Capital Behavior

Security needs include our need for safety, secure attachments, and self-esteem, that are crucial for people to feel secure in their environments. Security needs reflect our inherent nature to avoid feeling threatened. Security needs span across financial, physical, and psychological needs.

Growth needs include our drive for personal development and actualization, including learning, development, personal growth, and fulfilling one's potential. Growth needs reflect our inherent nature to want to reach our potential across our entire lifespan.

Significance needs motivate us to make an impact and contribute to something beyond ourselves, make a meaningful difference, act out of purpose, matter to others, and be a part of something larger. Significance needs reflect our inherent nature to feel understood, important, and cared for.

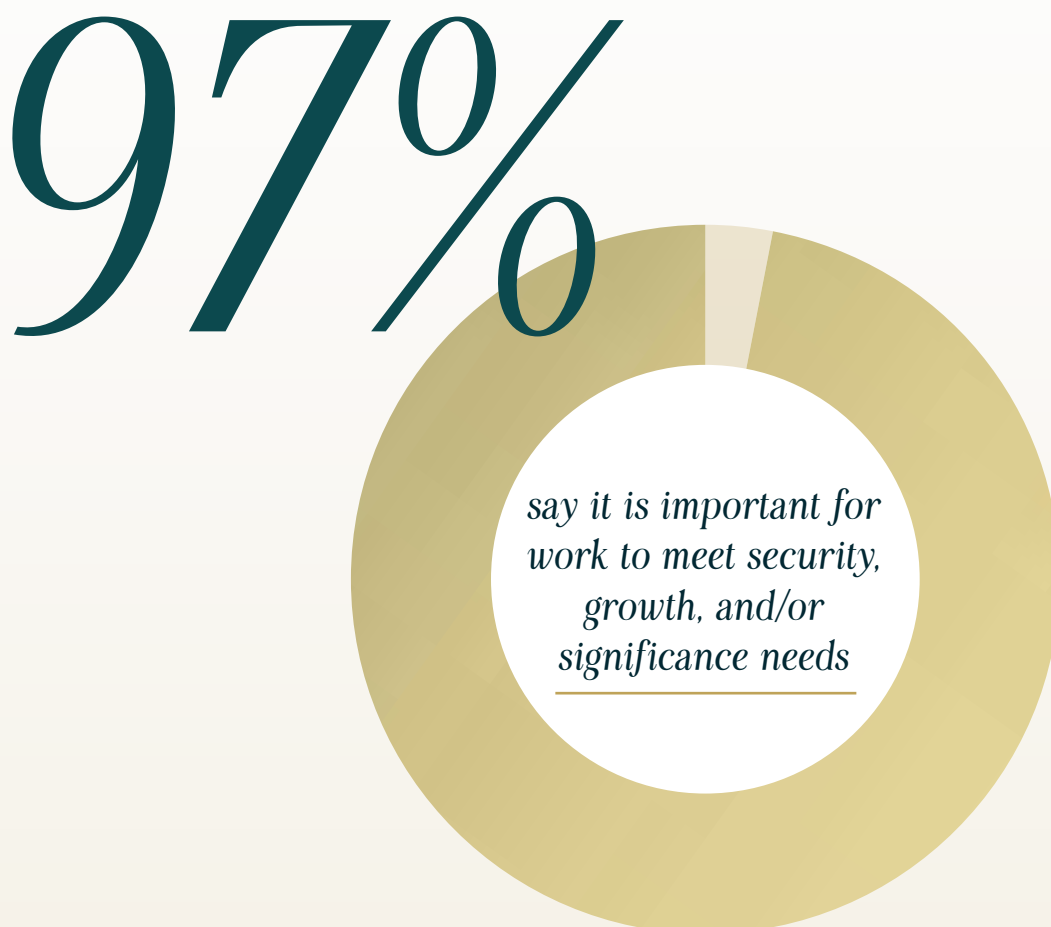
Human workplace behavior is consistently motivated by meeting three fundamental needs and motives:

Security: The need for safety and stability

Growth: The need for meaningful development and realization of potential

Significance: The need to for meaning and purpose beyond oneself

Nearly universally, people look to work as a source to meet these needs. **97%** of people say it is important for work to meet one or more of these needs.



02 Needs Gaps Are Present Three Out of Four Times

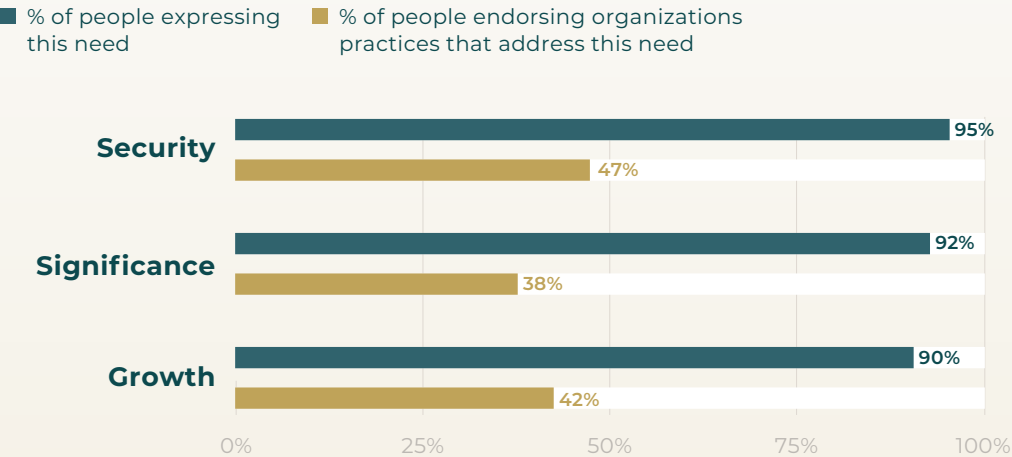


Our research reveals a critical blindspot:

About **3 in 4**

employees report at least one significant gap between a need they have and whether their organizational practices tend to meet those needs.
(e.g. practices around transparency, growth opportunities, connection to purpose).

Top Most Endorsed Angst

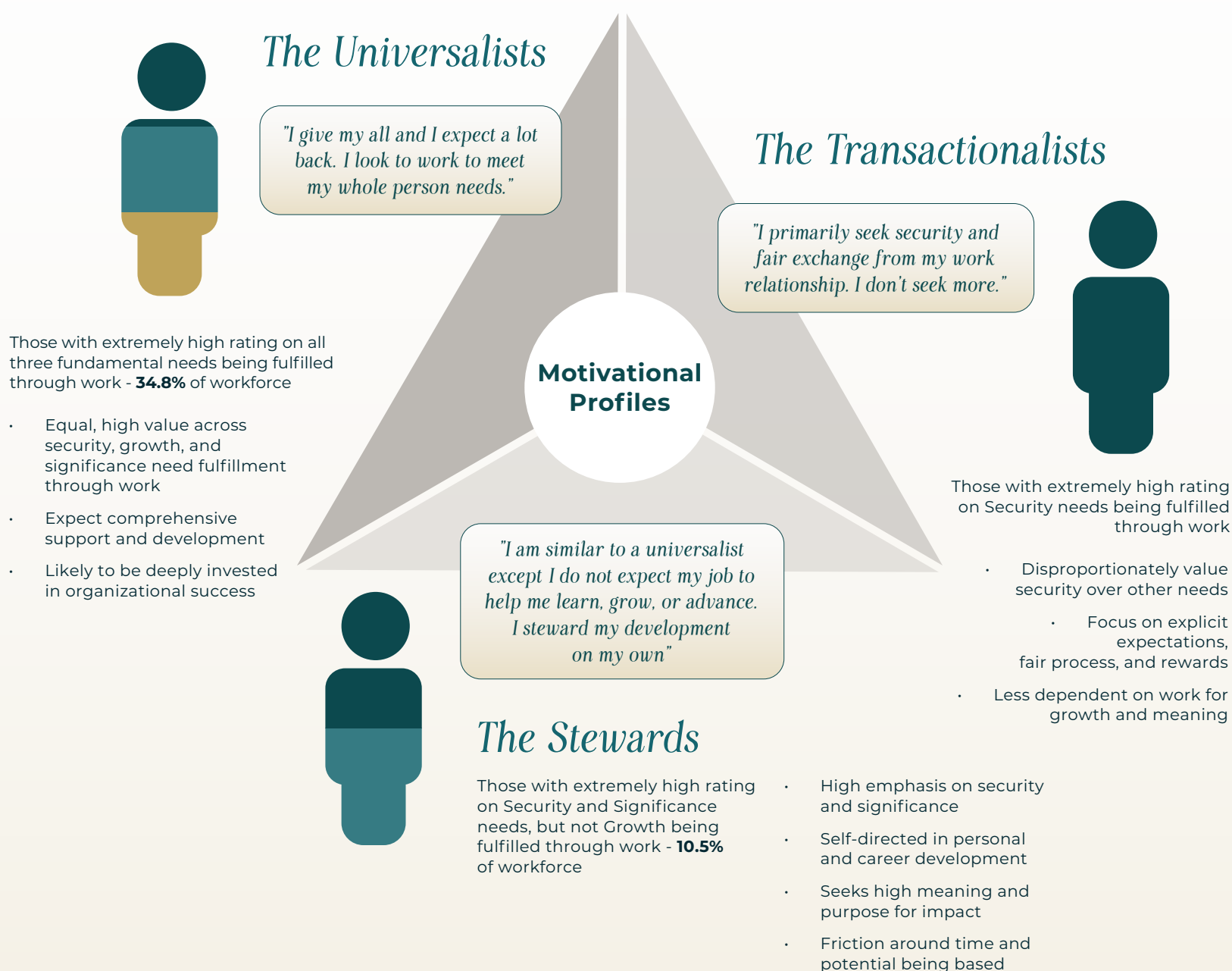


03 The Three Dominant Human Capital Motive Profiles

While what drives us is universal, each of us may place a differing degree of importance on work being the source of meeting those needs.

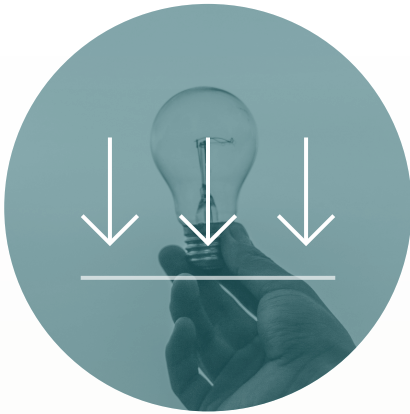
Our research reveals three distinct psychological human capital motive profiles.

 Security  Significance  Growth



04 Unmet Psychological Needs Lead to Workforce Angst

Three Critical Business Challenges



Innovation Pressure

83% of executives rank innovation as a top-three priority, yet organizations feel ill-equipped to deliver.¹ Employee engagement has hit a decade-low (31%), while performance pressure mounts from rapid change (38%), strategic pivots (36%), and economic uncertainty (34%).²

Your competitive edge depends on people who can innovate under pressure.

1. [BCG \(2024\)](#)

2. [Qualtrics \(2025\)](#)



Skills Revolution

The biggest threat is not AI's impact on jobs, but your workforce's ability to adapt. **39%** of core workforce skills will transform by 2030. Your employees face obsolescence anxiety while your organization confronts widening capability gaps.³

Your future competitiveness requires people ready to develop tomorrow's capabilities.

3. [WEF \(2025\)](#)



AI Transformation

40% of employers are planning AI-driven workforce restructuring. Meanwhile, leadership trust is eroding—the Edelman Trust Barometer shows a **12%** increase in employee skepticism about executive communications.⁴

Your AI investment returns depend on people who embrace rather than resist technological change.

4. [Edelman \(2025\)](#)

The Critical Misalignment:

These urgent business imperatives clash with outdated human capital strategies. Many current approaches to motivation, incentives, and work design are **failing to align workforces with the most pressing organizational goals.**

The Angst Index™

When work is misaligned to human psychology, angst arises. Workforce angst refers to a profound discontent with professional life, manifesting as a range of psychological, emotional, and behavioral reactions. The Angst Index™ is comprised of three subdimensions:

Angst of Insecurity

Feeling threats to job security, financial stability, fairness, inclusion, and access to truth.

Arises from the conflict between our need for security, safety, and stability and the design or constraints of modern work environments creating sense of threat

Angst of Stagnation

Feeling stuck and unable to learn, develop, grow, advance, or exercise one's full potential or value.

Arises from the conflict between our need for growth and the design or constraints of modern work environments creating sense of stagnated growth

Angst of Insignificance

Feeling undervalued, unrecognized, unseen, and like one's work doesn't really have purpose or matter

Arises from the conflict between our need for significance and the design or constraints of modern work environments creating sense of meaninglessness and lack of mattering

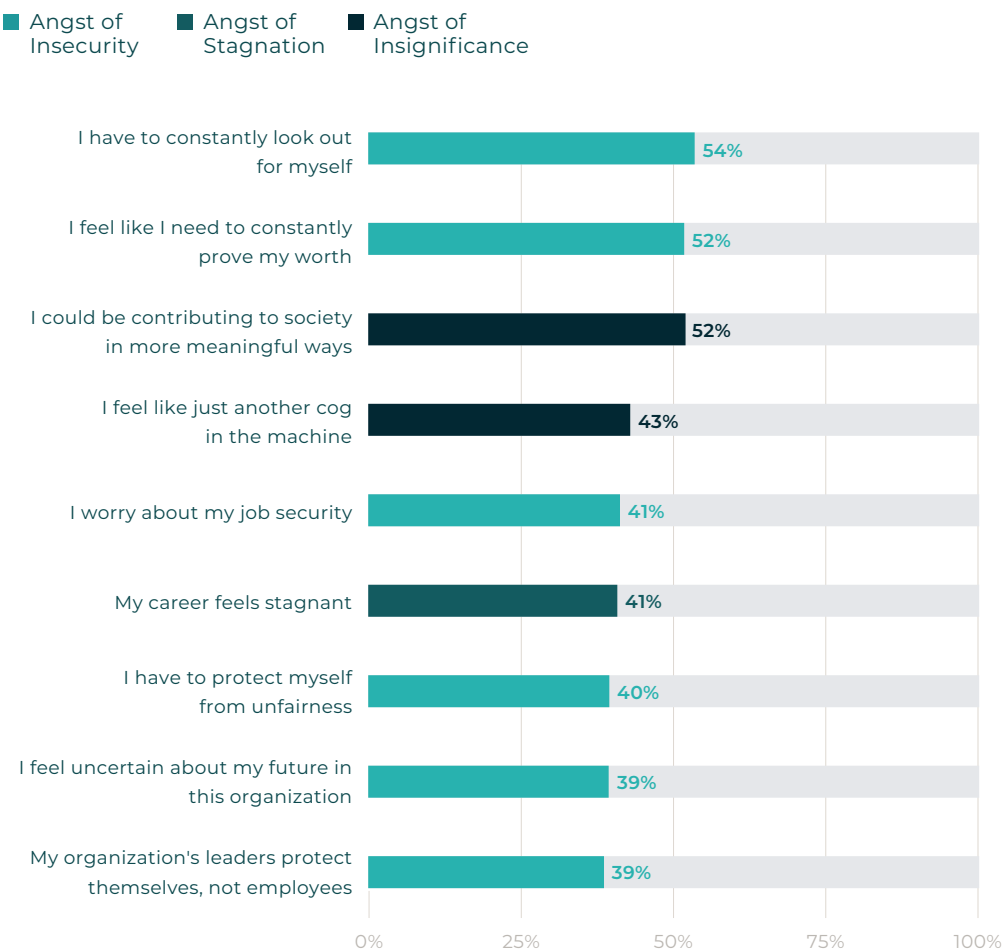
The widespread prevalence of angst is a natural consequence of inherent systemic flaws. Currently, almost half of all individuals (**44%**) experience some level of angst, with **25%** exhibiting a high Angst Index, which combines feelings of insignificance, insecurity, and stagnation.

Angst reflects conditions of work that are fundamentally incompatible with human thriving. It can be thought of as the psychological root cause that explains why employees become disengaged or poor performers, behave in ways that do not meet organizational needs or goals, and ultimately undermine organizational performance. Whereas engagement, performance, and retention signal human capital behavior, the root cause of that behavior can be understood with psychological needs, motives, and angst. Knowing and addressing the root cause is necessary to actually solve the problem.

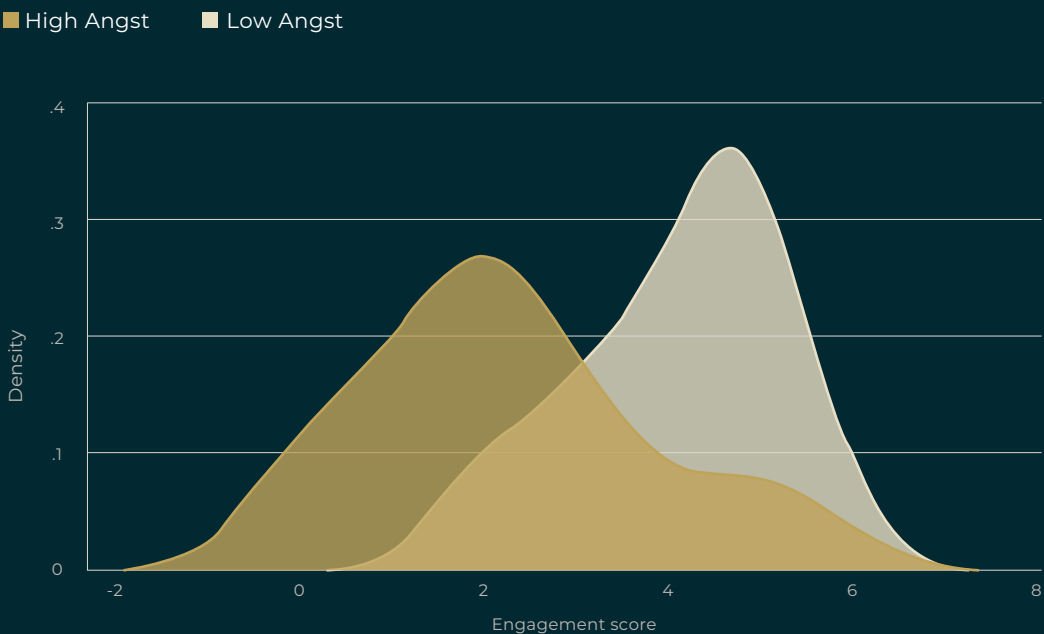
The rate of high angst using our Angst Index (**25%**) is slightly larger than Gallup's reported disengagement rate of **17%**.⁵

5. Gallup (2025)

Top Most Endorsed Angst Feelings



High Angst Is Tied to Lower Engagement



Angst equates to a
5.5X
greater likelihood of
active disengagement.

05

Angst is Tied to Power

Our data reveals a clear "power distance effect": the further one is from decision-making authority, resources, and autonomy, the higher their experience of workplace angst.⁶

Specifically:

- Individual contributors report up to **2X** higher angst than managers and executives.
- Lower-tenure employees experience substantially more angst than those with longer organizational tenure
- The effect persists across industries, with power structures—not industry culture—determining angst patterns.

Ultimately, these data suggest the top of the hierarchy experiences a different reality than the bottom.

However, we see only slightly different patterns across industries with technology and retail industries tending toward incrementally higher angst for certain angst types. Despite net growth in tech and retail, frequent news of layoffs and rapid skill shifts create job insecurity. The constant pressure to reskill and adapt to new technologies fuels anxiety about career prospects and job stability, even amidst positive macro-level data.

6. There was one exception: Single earners had slightly higher angst (by 4%) than those in dual-earner situations.

Our research delivers a surprising revelation about workplace angst: it affects people regardless of demographic characteristics. Gender, race, age, parental status, household composition—none of these factors significantly predict who experiences workplace angst*.

What does predict angst? Organizational power.

Angst by Job Level

Less Angst  More Angst

	Angst of Insecurity	Angst of Stagnation	Angst of Insignificance
Executives			
Managers			
Individual Contributors			

Angst by Industry

Less Angst  More Angst

	Angst of Insecurity	Angst of Stagnation	Angst of Insignificance
Technology			
Healthcare			
Financial Services			
Manufacturing			
Retail			
Education			
Government			
Non-profit			
Professional Services			
Other			

*Data was collected at the end of January, 2025. Due to sweeping human capital changes in this industry occurring immediately following this data collection, a second wave of data on the same sample was collected at the end of February, 2025. Those data are forthcoming. Follow Fractional Insights for the release of those pre-post results.

06 Angst Creates Performance Drag



Our research reveals that employee angst significantly correlates with several critical outcome metrics:

- 5X more likely to have high turnover intention*

Employees experiencing workplace angst are five times more likely to consider leaving their position.
- 4.7X more likely to have low performance*

Performance is **33%** lower on average when angst is present vs not with angst increasing the likelihood of low performance by **4.7X**.
- 5.5X more likely to be disengaged*

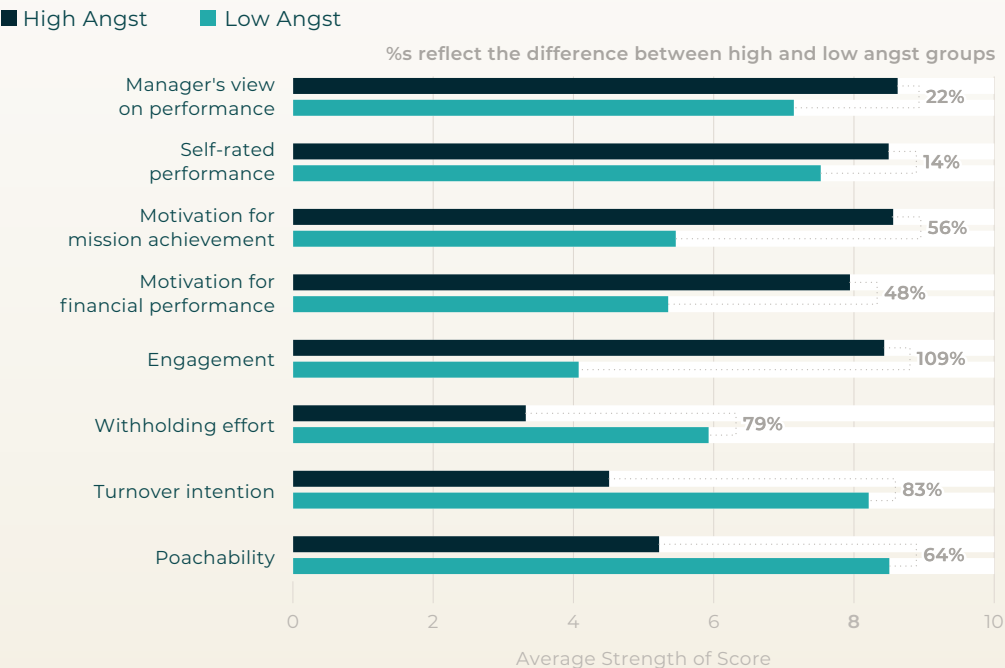
Angst directly undermines the dedication and enthusiasm employees bring to their work.
- 5X more likely to be a “detractor”*

Employees experiencing angst are more likely to have low eNPS scores and not recommend their organization as a place to work.

In total, this means the average enterprise, assuming 10K employees, is losing between 240-330 million dollars/year to avoidable but unaddressed angst.

The data also shows a clear pattern: human capital strategies that don't meet human needs mean quantifiable impacts on performance, retention, and organizational reputation. For example, for each poor human capital practice reported, the likelihood of high turnover intention triples.

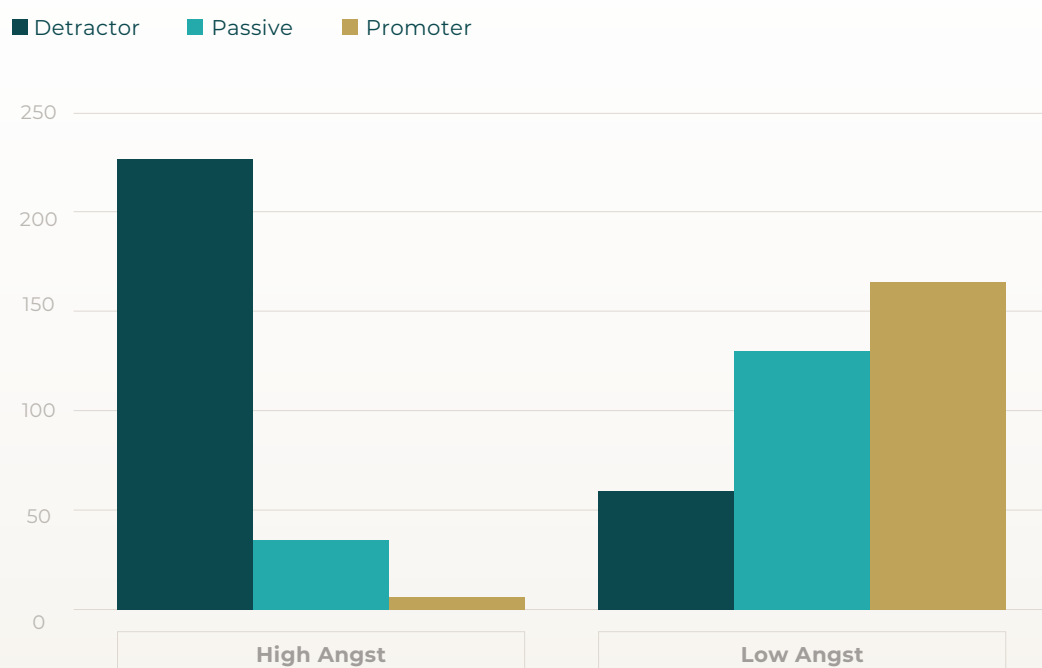
High Angst vs Low Angst Outcomes





In addition to turnover intentions, we also examined "poachability" - the susceptibility of employees to accept comparable job offers from other companies. Despite its profound implications for talent loss, poachability remains significantly under-researched and often overlooked by organizations focused on traditional retention metrics.

High Angst vs Low Angst on eNPS



Our Findings Reveal:

Human capital mismanagement increases the likelihood a person would "leave tomorrow" if another offer was presented by **3X**.

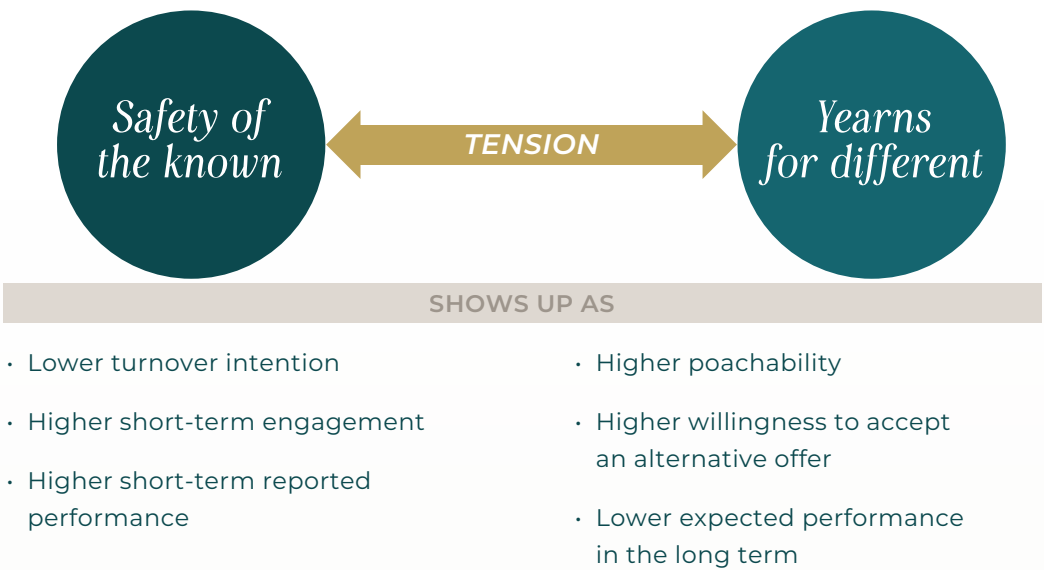
Angst increases willingness to leave tomorrow for another offer by **7X**.

Traditional turnover metrics underestimate risks by 58%. They miss the substantial population of "passive" candidates who aren't actively searching but would willingly accept an invitation to exit. In practical terms, for every 100 employees, about 23 additional employees are at risk of leaving than intention-to-stay metrics would suggest.

07 The Angst of Insecurity Creates “Retention-Tension” and Talent Risk

While workplace angst generally harms organizations, insecurity-driven angst creates a uniquely dangerous business risk.

On the surface, employees experiencing high insecurity display seemingly positive commitment behaviors—clinging to their jobs with 35% lower expressed turnover intention. However, beneath this facade lies a critical contradiction: these same high-insecurity employees report **significantly higher** poachability (+45%)—readiness to accept external offers when presented. These are the “passive candidates” recruiters are looking for.



Angst of Insecurity Creates Hidden Talent Risk

Negative correlation Positive correlation



*Note: graph reflects results of multiple regression analyses. Each relationship shown here reflects a statistically significant relationship. Gold= negative relationship between angst and the outcome (as angst increases the outcome score gets lower). Teal= positive relationship between angst and the outcome (as angst increases the outcome score gets higher).

The “retention-tension” pattern means: Creating workplace insecurity may temporarily produce behaviors of commitment, but this pattern is dangerously misleading. Rather than fostering work investment (e.g. performance, engagement, expressed intentions to stay) from loyalty, insecurity fosters work investment from threat or fear. The result? A workforce primed for mass exodus when better opportunities emerge, revealing a real vulnerability of human capital mismanagement. With an expected shortage of 4.39 million workers by 2030⁷, angst of insecurity in your workforce represents a massive business risk.

7. [Lightcast \(2025\)](#)

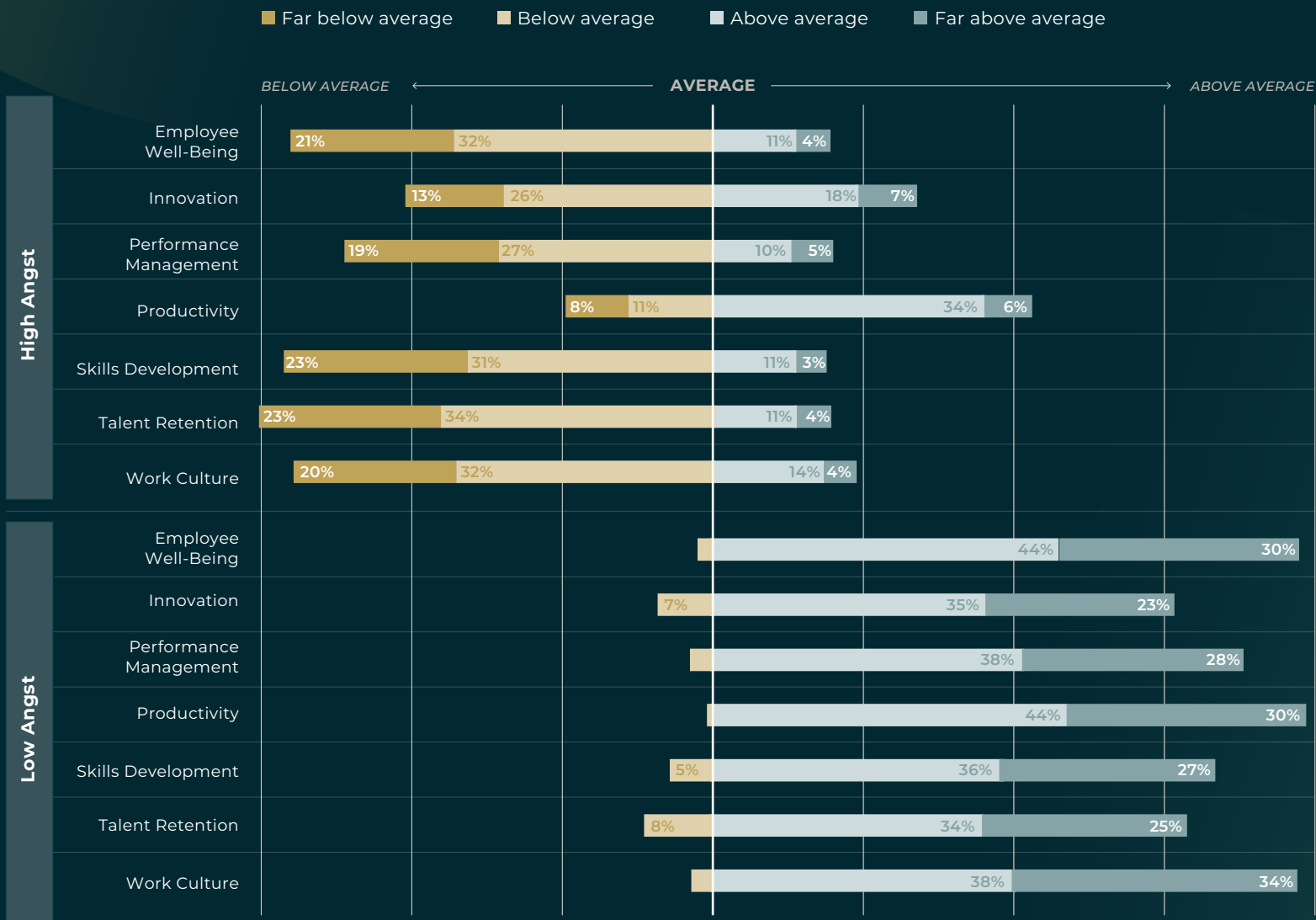
08

Angst Dulls Your Competitive Edge

Is your human capital strategy creating a competitive advantage or disadvantage?

Our research found that high angst predicted lower than average company performance scores whereas low angst was associated with reports of higher than average performance across a variety of performance domains.

Angst Levels and Organizational Performance



09 Selection Won't Solve It –Angst Must be Addressed Systemically

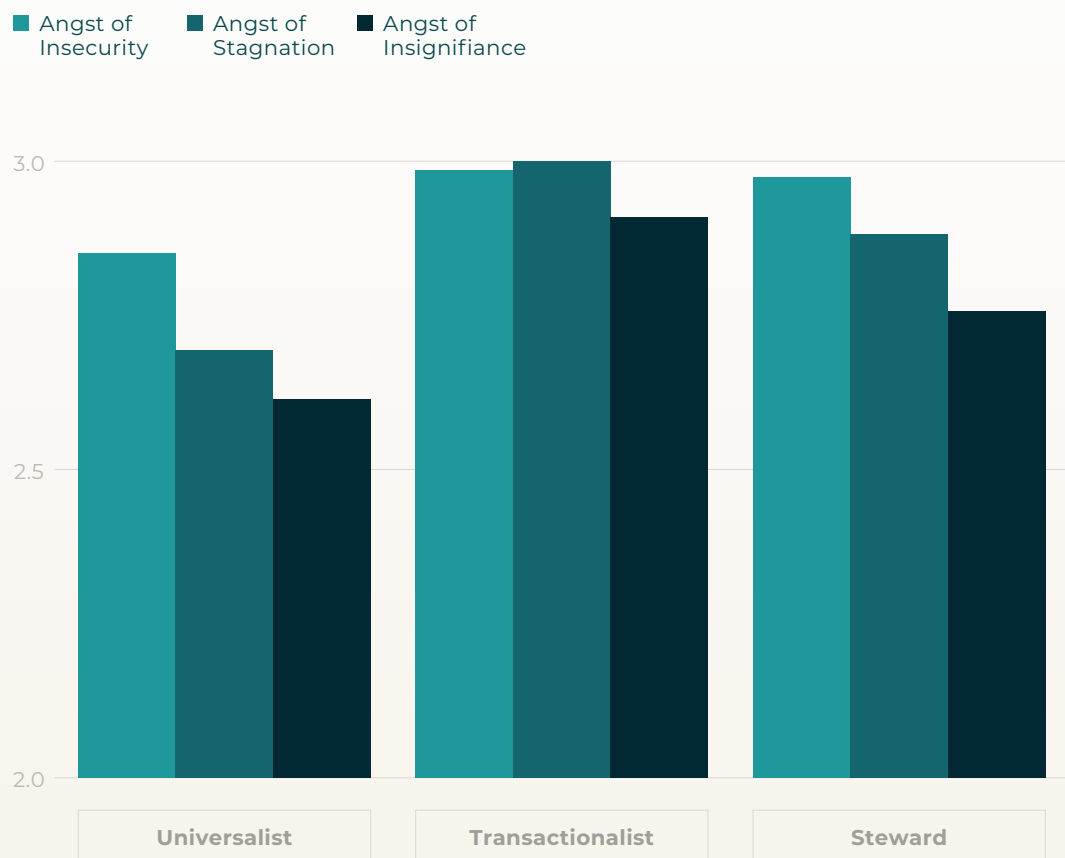


We also found that in general, it's not who you hire - but what happens after the hire - that predicts whether angst will arise.

Our research found that it makes little difference to have universalist, transactionalist, or stewards among your human capital: Angst levels are nearly the same across profiles.⁸ That means any notion of ripping and replacing talent as a strategy to solve angst will be futile. The issue is not the humans themselves but the system within which they are operating.

8. Universalists had very slightly lower angst overall. Like a diversified stock portfolio, they have more diversity in their expectations from work and this seems to protect them - but only marginally.

Angst Levels for the 3 Motive Profiles



10 The Future of Work Requires a Human Capital Strategy Aligned to Human Needs

Does the human capital strategy meet fundamental needs?



Human capital mismanagement is largely responsible for angst and the slew of organizational problems that come with it. The good news is that angst is avoidable and solvable.

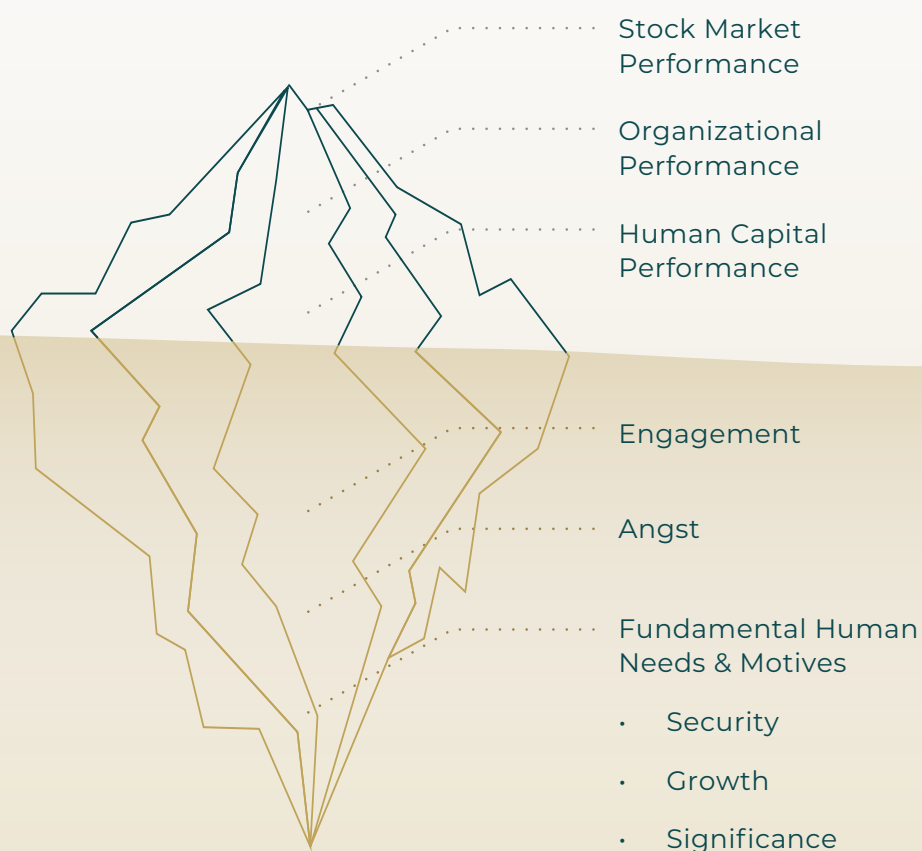
When human capital management and work is designed in alignment to fundamental human needs, we see that people are 6X times less likely to experience angst.

Now is an ideal moment for action. Why? Future of work transformation pressures are creating a window of opportunity to consider what work looks like at a fundamental level. Engineering human capital management can not only address angst for the sake of performance but derisk transformation failures around AI, changing working models, and shifting business strategies.

Ultimately, strong human capital management serves two purposes simultaneously: it creates greater contentment and joy for humans and it provides a disproportionate positive effect on business outcomes, with companies who get it right outperforming the S&P.⁹

The question then becomes:

How to do it?



9. HRWorld (2024)

About

Fractional Insights

Any business problem can be solved through people: their ingenuity, skillful tool use, and motivation to apply their energy and talents. The objective is to match your human capital strategy and work design to your specific business goals in a way that unleashes human capital power by smoothing out friction to achieve organizational goals.

How we do it, moving from insights to action:

Insight: 44% of workers are experiencing angst but leadership doesn't know which 44%.

Action: Diagnose your organization:

- Diagnose hidden risks with a rapid psychological ergonomics audit
- Evaluate recent organizational changes for unintended psychological impacts
- Map angst concentrations across organizational levels

Insight: Human capital is an asset but it's often going underleveraged.

Action: Design human capital strategy with your specific business objectives:

- Reverse-engineer your human capital strategy in alignment with your most critical business goals
- Audit your current human capital strategy against psychologically ergonomic design to be in alignment with your goals
- Develop preemptive strategies for protecting business-critical talent from high poachability risk
- Design and prioritize interventions based on angst type prevalence in your organization

Insight: Investing in your human capital can be optimized to context, creating an ongoing business case.

Action: Measure by tracking these key indicators in perpetuity for a sustainable, optimized strategy as the context changes:

1. Psychological Ergonomics
2. Angst Reduction
3. Talent Risk Reduction
4. Performance Enhancement
5. Innovation Acceleration

At Fractional Insights, we've made it simple. We've pioneered Psychological Ergonomics™ – a methodology that engineers human capital strategies to lower angst and drive performance with scientific precision. Just as physical ergonomics optimizes workspaces for our bodies, Psychological Ergonomics™ optimizes work for human psychology to drive measurable business outcomes.

Psychological Ergonomics™ allows us to take any business challenge and reverse engineer human capital strategies that will—with scientific certainty—drive organizational performance, transformation, and shareholder value.

Five critical drivers of organizational success:

- 01 Transparent Communication:** When organizations clearly communicate about organizational decisions and their impact on employees, people are **4.5** times more likely to experience low angst.
- 02 Purposeful Work:** Organizations that meaningfully connect individual contributions to broader purpose see employees who are **4.5** times less likely to experience angst.

- 03 Growth Culture:** Organizations that actively provide growth opportunities to their employees see **4.1** times lower likelihood of angst.
- 04 Leadership Excellence:** Effective managers create a powerful buffer effect, reducing likelihood of workplace angst by **1.9** times.
- 05 Authentic Values:** Organizations not perceived as hypocritical to their stated values reduce likelihood of workplace angst by **1.7** times.

Methods

Measurement Development

The survey instrument was developed by Dr. Shonna Waters and Dr. Erin Eatough, cofounders of Fractional Insights, based on comprehensive literature reviews of workplace motivation and psychological needs. Our measurement items were designed to capture the multifaceted nature of workplace needs and experiences, drawing inspiration from seminal theoretical frameworks including Maslow's Hierarchy of Needs and modern interpretations¹⁰, Self-Determination Theory (SDT), Motivational Systems Theory, Social Baseline Theory (SBT), Wrzesniewski's Work Orientation Model, Organizational Justice Theory, and Psychological Safety research.

The Angst Index™ comprises the three subdimensions of angst: the angst of insecurity, the angst of stagnation, and the angst of insignificance. The rate of angst was based on presence of high angst on at least one subdimension. High angst scores were based on a subdimension cut score that included an average response across angst items that equated to endorsement of "agree" or "strongly agree". Low angst, where defined, required an average response across angst items that equated to endorsement of "disagree" or "strongly disagree".

10. [Scott Barry Kaufman](#)

Sample

We sampled 1,000 full-time employees across the United States in January 2025. The sample was matched to U.S. census demographics to ensure representativeness across age, gender, race/ethnicity, income levels, and geographical regions. The sample included employees from diverse industries, organizational levels, and company sizes.

Data Quality Procedures

Data was cleaned through multiple quality assurance processes including removal of speeders (respondents completing the survey below the minimum threshold time), duplicate responses (respondents who completed the survey multiple times), attention check failures, inconsistent response patterns, and verification of employment status. Different analyses employed varying sample sizes (N) depending on the completeness of relevant data for specific variables under examination.

Analytical Approach

Statistical analyses included correlational analyses to examine relationships between variables, independent samples t-tests for group comparisons, chi-square tests for categorical variables, as well as multiple regression, logistic regression, and relative weights analysis to identify predictive relationships. Statistical significance was established at $p < .05$. All insights presented in this report reflect statistically significant findings unless explicitly noted otherwise.

Our estimated financial impact range of \$240-330 million annually for a 10,000-employee organization is derived from a comprehensive valuation model developed through our proprietary research. This model incorporates established research on the relationship between psychological states and workplace performance and employs standard human capital valuation techniques recognized in workforce analytics.

Limitations

Several limitations should be considered when interpreting these findings. The correlational nature of the data does not permit causal inferences. Self-report measures may be subject to social desirability bias. The cross-sectional design captures a single point in time rather than longitudinal trends. Organizational behaviors and practices were assessed through employee perceptions rather than objective measures. Despite these limitations, the robust sample size, methodological rigor, and convergence with existing theoretical frameworks provide confidence in the validity and practical utility of these insights.

Acknowledgments

We'd like to thank and acknowledge Dr. Hope Dodd for her expert support and services in research operations and data analysis, as well as the broader Fractional Insights team.