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# The Impact of Empathy on Leadership Effectiveness among Business Leaders in the United States and Malaysia

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## Abstract

Global markets have increased the challenges faced by business organizations causing them to manage their employees across varying cultures, different time zones, and complex organizational structures. Thus, more effective leadership skills are required to enhance business survival and continuity. Empathy is a pivotal leadership tool in today's global market. This study investigated the impact of empathy on leadership effectiveness by testing four hypotheses to determine the relationships between empathy, leadership effectiveness, and leaders' backgrounds using a sample of 216 business leaders located in the United States (51.9%) and Malaysia (48.1%). Davis's Interpersonal Reactivity Index (IRI) was used to measure empathy and to test the impact of empathy on leadership effectiveness in the United States and Malaysia. The results indicate that American business leaders have significantly higher empathy than Malaysian business leaders, and that leaders with higher empathy appear to be more effective. The clear implication is that multinational organizations need to develop leaders with high empathy skills.

**Keywords:** Empathy; empathic leader; leadership effectiveness.

## 1. Introduction

To stay competitive it is imperative that business leaders to acquire empathy skills so that they can relate effectively to diverse groups of employees, and achieve the desired results demanded by today's global market (Kayworth & Leidner, 2002). According to Voss, Gruber, and Reppel (2010), empathy skills allow leaders to understand better other peoples' perspectives and opinions, making the work environment more enjoyable and productive. Goleman (1995) states that empathy is a must-have virtue for leaders because it can inspire, motivate, envision, and lead others to greater effectiveness. Goleman (1995) added that empathy has an important role in leadership because empathy enables leaders to connect with their people. Empathy ensures that connections occur between people so that everybody is included and no employee feels left out, and as such, an empathic leader is perceived as an effective leader (Cockerell, 2009). An effective leader increases employee optimism, motivation, and commitment, as well as organizational vision (Goleman, Boyatzis, & McKee, 2002).

According to Leslie, Dalton, Ernst, and Deal (2002), and McCuddy and Cavin (2008), in the rapidly growing global market there are more leaders working across borders, distances, and cultural boundaries. These leaders need to adapt to multicultural differences, have exceptional knowledge of business operations, have effective time management skills, and be able to act and think beyond traditional boundaries. Additionally, being an effective leader requires the ability to take the perspective of others (McCormick, 1999). McCormick (1999) further notes that the ability to take the perspective of others means that leaders should be able to see the world through others' eyes. Thus, leaders must acquire empathy to promote behaviors that are necessary for effective global leadership (Bailie, 2011).

## 2. Literature review

### 2.1 Empathy

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<sup>1</sup>The material presented by the author(s) does not necessarily portray the viewpoint of the editors and the management of the Asian Institute of Advance Research and Studies (AIARS). Any remaining errors or omissions rest solely with the author(s) of this paper.  
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Empathy is defined as a skill of understanding others' feelings, predicaments, and challenges better (Marques, 2010). Empathy also defined as the skill of sensing other people's emotions, allows for understanding beyond someone's apparent surface behavior by putting oneself in another's shoes and taking an active interest in their concerns (Goleman, 2000; Mencl & May, 2009). According to Voss, Gruber, and Reppel (2010), empathy skills allow leaders to understand better other peoples' perspectives and opinions, making the work environment more enjoyable and productive. Marques (2010) states that, to achieve leadership effectiveness, leaders must develop empathy skills to their fullest potential since empathy enhances a sense of leadership by providing leaders with the awareness to listen, serve their followers, and have greater understanding of interrelationships within the group. Thus, followers may be more likely to invest energy and commitment in their performance to the group.

Gardner and Stough (2002) point out that by placing themselves in the same position as their employees, leaders are using empathy to help motivate their employees by earning their trust. Goleman et al. (2002) note that empathy helps leaders to increase their capacity and willingness to understand situations, and accept proposed changes and opinions of others. Empathy enables leaders to be sensitive towards others so that they can create an atmosphere of openness, making these leaders more flexible and open to new ideas and perspectives that lead to effective leadership (Goleman, 2001). Empathy has become increasingly important to the success of leadership because empathic leaders are more likely to have an appropriate degree of openness about diversity and the differences between cultures (Atwater & Waldman, 2008; Choi, 2006). According to Martinovski, Traum, and Marsella, (2007), empathy also plays an important role in developing trust in leader-employee relationships.

According to Gardner and Stough (2002), leaders can also use positive emotions to earn trust from their employees and create bonding through their ability to understand others. Tager (2004) stated that empathy also allows leaders to be more aware of changing environments and be willing to adapt and do things differently. Adaptability provides leaders an advantage in cross-cultural situations and prevents them from offending employees (Stull, 1986). According to Mahsud, Yukl, and Prussia (2010), empathy enables leaders to have a better understanding of new social surroundings, and helps them quickly learn and adapt to new environments. In the same vein, empathy skills also help leaders have a positive attitude towards adapting to new environments and trends which create a collaborative atmosphere.

## *2.2 Leadership effectiveness*

According to Cicero, Pierro, and Van Knippenberg (2010), leadership effectiveness is defined by a leader's ability to mobilize and influence followers. However, McCuddy and Cavin (2008) opine that the definition of leadership effectiveness depends mostly on the successful and punctual accomplishment of tasks from a leader's set of objectives. McCuddy and Cavin (2008) further add that leadership effectiveness is especially pivotal in the rapidly growing global market because it determines the success of organizations. Thus, a leader's ability to mobilize and influence followers is important because it is a path to the successful and punctual accomplishment of leadership objectives.

According to Leslie et al., (2002), and McCuddy and Cavin (2008), in the rapidly growing global market there are more leaders working across borders, distances, and cultural boundaries. These leaders need to adapt to multicultural differences, have exceptional knowledge of business operations, have effective time management skills, and be able to act and think beyond traditional boundaries. Additionally, being an effective leader requires the ability to take the perspective of others (McCormick, 1999). McCormick (1999) further notes that the ability to take the perspective of others means that leaders should be able to see the world through others' eyes. Thus, leaders must acquire empathy to promote behaviors that are necessary for effective global leadership (Bailie, 2011). This study is concerned with investigating this apparent relationship between empathy and leadership effectiveness in the United States and Malaysia.

Over the past two decades, there has been significant research addressing the relationship between empathy and leadership effectiveness (Atwater & Waldman, 2008; Choi, 2006; Goleman, 1995; 2000; Rosete & Ciarrochi, 2005). For instance, Rosete and Ciarrochi (2005) demonstrate that empathy plays an important role in effective leadership. This is because empathy creates dynamic interpersonal skills, which motivate employees and improve the effectiveness of leaders (Undung & Guzman, 2009). Empathy gives leaders the ability to read and be aware of people's emotions; thus, leaders are able to perform critical leadership activities (Skinner & Spurgeon, 2005). Skinner and Spurgeon (2005) further point out that the importance of empathy in leadership behavior cannot be underestimated because empathy gives leaders the power to read between the lines; thus, they are able to make appropriate decisions.

Empathy has also been related to different leadership styles, such as transformational leadership, charismatic leadership, and servant leadership (Gardner & Stough, 2002; Maibom, 2009; Popper, 2000). For instance, in research on transformational leadership, low job turnover, leadership effectiveness, and individual advancement were related to leaders who had a high degree of empathy, openness, and communication (Rosete & Ciarrochi, 2005). Empathy has also been regarded as a powerful tool in developing leadership skills that are instrumental in the development of trustworthy and motivated employees (Undung & Guzman, 2009). Thus, empathy strengthens leader-employee relationships and eliminates shortcomings or mistakes.

There has been great concern regarding leadership effectiveness due to changes in market growth and rapid globalization (Bailie, 2011). Organizations aim to improve their performance in world markets by strengthening leadership effectiveness (Noubar, Che Rose, Kumar, & Salleh, 2011; Ventakesh, 2006). Intelligence, passion, innovation, and confidence are not the only skills effective leaders need (DeFelice, 2011). Empathy skills, in particular, have the potential to improve leadership effectiveness, and thereby help businesses compete more effectively in the global economy (McCuddy & Cavin, 2008). In the past few years, dramatic improvements have been seen within Malaysian society and the success of business organizations in Malaysia has greatly improved. Much of this improvement is due to Malaysian business initiatives to enhance leadership effectiveness behaviors and gain a better understanding of other cultures through empathy (Noubar et al., 2011).

The purpose for including Malaysia in the research was to compare differences in the impact of empathy on the leadership effectiveness of United States and Malaysian business leaders. This comparison will broaden and enhance understanding of empathic leadership, test its robustness across different business, social and cultural systems, assist leaders in employing empathy effectively in global organizations, and contribute to better understanding and more productive relationship between American and Asian business leaders. Additionally, the United States and Malaysia are two countries that have diverse ethnicities (Shipper, Kincaid, Rotondo, & Hoffman, 2003).

There is little information on or understanding of the differential impacts of empathy on leadership effectiveness between the United States and Malaysia. What is important in Malaysia may not be viewed as important in American business culture. Given the historical background and cultural differences between the United States and Malaysia, it is expected that the impact of empathy on leadership effectiveness differs significantly between these two countries (Noubar et al., 2011; Peppas, Peppas, & Jin, 2001).

The purpose of the present study is to extend the literature with an empirical investigation of the impact of empathy on leadership effectiveness in the United States and to explore the impact of empathy on leadership effectiveness in Malaysia. The research questions determined the level of empathy among American and Malaysian business leaders and what constructs of empathy (empathic concern and perspective taking) have the greatest impact on leadership effectiveness. Additionally, the following hypotheses were tested:

- H1. There is no difference in the level of empathy between American and Malaysian business leaders.*
- H2. There is no effect of empathy on leadership effectiveness among American and Malaysian business leaders.*
- H3. There is no difference in the attributes of empathy that effect leadership effectiveness among American and Malaysian business leaders.*
- H4. The country of the business leader does not influence the effect of empathy on leadership effectiveness among American and Malaysian business leaders.*

### **3. Method**

The conceptual model is shown in Figure 1. The model measures two subscales of the IRI model, empathic concern and perspective taking (Davis, 1980, 1983; Davis & Matthews, 1996). Empathic concern refers to feelings of concern and compassion for others (Davis, 1983) and perspective taking refers to the tendency for employees to create useful ideas for organizations (Grant & Berry, 2011). Leadership effectiveness is measured by two subscales, behavioral characteristics and organizational performance. The behavioral characteristics include five behaviors that improve leadership effectiveness: motivation, openness, communication, trust, and adaptability (McCallum & O'Connell, 2009). Organizational performance is measured by profit and loss statements and organizational growth in sales. Finally, the effects of empathy on leadership effectiveness among American and Malaysian business leaders are moderated by the country

of the business leaders (United States or Malaysia). In this model, empathy functions as the independent variable, leadership effectiveness as the dependent variable, and country of business leader functions as the moderating variable.

The predictor variable in this study is empathy, a multidimensional construct comprised of empathic concern (concern for others) and perspective taking (create useful ideas). Empathy, defined as the skill of sensing other people's emotions, allows for understanding beyond someone's apparent surface behavior by putting oneself in another's shoes and taking an active interest in their concerns (Goleman, 2000; Menci & May, 2009) is measured by the 14-item self-report instrument, Interpersonal Reactivity Index (IRI) (Davis, 1980). Each of the 14 items is scored along a 5-point Likert scale (describes me poorly, describes me fairly, describes me well, describes me very well, describes me excellent). This study measures separate scores for empathic concern and perspective taking.

The dependent variable in this study is leadership effectiveness, a multidimensional construct composed of behavioral and organizational performance dimensions (Freeman, 2011). The behavioral dimension consists of five characteristics of the business leader that improve leadership effectiveness: motivation, openness, communication, trust, and adaptability (McCallum & O'Connell, 2009). These characteristics are measured by responses to 15 questions scored along the same 5-point Likert scale as the empathy items. The organizational performance dimensions consist of two categorical items that measure the organization's profitability and organizational growth in sales for the years 2009, 2010, and 2011. Leadership effectiveness applies to a leader who motivates a person or a group of people to accomplish more than they would have otherwise accomplished (Abujarad, 2011). Therefore, in order to measure leadership effectiveness, the study uses five behavioral characteristics and organizational growth in sales and profits. The moderator variable is the country where the business leader works: the United States or Malaysia.

### *3.1 Participants*

Participants for the study were American and Malaysian business leaders who work for a publicly listed organization in one of the following leadership positions: assistant head of department, head of department, treasurer, director, COO, CFO, CEO, vice president, and president. The sample of American business leaders were drawn from organizations listed on The New York Stock Exchange, Fortune 1000, Fortune 500, NASDAQ 100 Companies, and Fortune 100 Best Companies to Work For, and Malaysian business leaders were drawn from the Bursa Malaysia (Malaysia Stock Exchange) and Bank Negara Malaysia (Central Bank of Malaysia). The sample was recruited through e-mail invitations. A total of 216 business leaders responded to an online survey using Survey Monkey, 112 were American business leaders and 104 were Malaysian business leaders.

The sample was predominately male (75.4%) in the age range of 40-49 (40.3%) with 73 (33.8%) as head of department. See Table 1 for the complete distribution of demographic characteristics. Approval to conduct research with human participants was obtained from The Lawrence Technological University Institutional Review Board (IRB).

### *3.2 Measurements*

The survey was delivered online and comprised of 40 items that measured demographics characteristics of the leader (5 items), organizational performance (6 items), Davis (1980) Interpersonal Reactivity Index (IRI) subscales for empathic concern (7 items) and perspective taking (7 items). Additionally, leadership effectiveness (15 items) was measured by two subscales, behavioral characteristics and organizational performance. The behavioral characteristics include five behaviors that improve leadership effectiveness: motivation, openness, communication, trust, and adaptability (McCallum & O'Connell, 2009).

### *3.3 Data analysis*

The psychometric properties of the empathy and leadership effectiveness constructs were evaluated for reliability and validity as a precursor to hypothesis testing. Evaluation of psychometric properties involves tests of the internal consistency of each construct using Cronbach's coefficient alpha test of internal consistency (Cronbach, 1951), and tests of the construct validity of each construct using confirmatory factor analysis (Jöreskog & Sörbom, 1993). Cronbach's alpha and CFA were determined using Minitab and Mplus, respectively.

As an index of the reliability of the measurement scales, Cronbach's alpha tested the inter-correlations among the items that comprised the empathy and leadership effectiveness scales. Cronbach's alpha can

range from 0.0 to 1.0; values  $\geq 0.7$  indicate acceptable reliability and values  $< 0.5$  indicate poor reliability of scales with six or more items (Hinkin, 1998). Since the leadership effectiveness scale contained subscales with less than six items, a correction to alpha was made using the Spearman-Brown prophecy formula to adjust alpha values for these scales:  $\rho_{xx'}^* = \frac{2\rho_{xx'}}{1 + \rho_{xx'}}$  where  $\rho_{xx'}^*$  = corrected reliability and  $\rho_{xx'}$  = current reliability (Charter, 2003). If necessary, the empathy and leadership effectiveness scales may be modified to improve alpha by deleting items.

After the reliability of the two study constructs was determined using Cronbach's alpha, their construct validity was evaluated using CFA. CFA is a structural equation modeling technique that tests the covariance structure of a proposed confirmatory model against the covariance structure found in the obtained data. Construct validity of the proposed model is deemed acceptable if the two covariance structures are considered to be equivalent (i.e., the obtained data fit the proposed model). Three indices of model fit were used to evaluate the CFA results: Comparative Fit Index (CFI), Root Mean Square Error of Approximation (RMSEA), and the ratio of chi-square ( $\chi^2$ ) to the degrees of freedom ( $df$ ). Specifically, CFI  $\geq .90$ , RMSEA  $< .08$ , and  $\chi^2/df$  ratio  $< 2$  to 1 satisfy the measurement criteria for acceptable construct validity (Bentler, 2007). Hypothesis testing of Ho1 was conducted using independent samples  $t$  test to compare the between-group level of empathy (i.e., American business leaders vs. Malaysian business leaders).

#### 4. Findings and discussion

Empathy and leadership effectiveness were evaluated using Cronbach's alpha test of reliability and a confirmatory factor analysis test of construct validity. First, empathy was evaluated to test if the variable was reliably and validly measured by the 14-items proposed by IRI. As shown in Table 2, the full 14-item empathy scale was found to have strong internal consistency reliability ( $\alpha = .852$ ). Acceptable internal consistency reliability was found in the two empathy factors: Empathic Concern ( $\alpha = .760$ ) and Perspective Taking ( $\alpha = .725$ ).

Next, the psychometric properties of the dependent variable, leadership effectiveness, were evaluated to test if the variable was reliably and validly measured by the 21 items that measured seven dimensions of leadership effectiveness - motivation, openness, communication, trust, adaptability, profit-loss, and organizational growth.

Table 3 shows that the full 21-item leadership effectiveness scale has strong internal consistency reliability ( $\alpha = 0.928$ ). Additionally, using the criteria suggested by Hinkin (1998) that acceptable internal consistency reliability occurs in scales with alphas  $> .5$ , all seven leadership effectiveness factors demonstrated acceptable reliability: Motivation ( $\alpha = 0.891$ ), Openness ( $\alpha = 0.782$ ), Communication ( $\alpha = 0.864$ ), Trust ( $\alpha = 0.888$ ), Adaptability ( $\alpha = 0.917$ ), Profit and loss ( $\alpha = 0.720$ ), and Organizational Growth ( $\alpha = .795$ ).

ANOVA tests found that the level of empathy (mean score), was significantly higher for American than Malaysian business leaders as it was for both empathic concern and perspective taking (Table 4). Those in the youngest age group 18-29 also had statistically significantly higher levels of empathy, empathic concern, and perspective taking than the other age cohorts. The impacts of empathy on leadership effectiveness and on its two sub-constructs; behavior and organizational performance were also statistically significantly greater for American business leaders.

As shown in Table 5, all  $p$  values for the difference in mean empathy, empathic concern, and perspective taking scores were less than .05, (0.95% level of significance). The mean Empathy score was 3.38 for the U.S. and 2.88 for Malaysia. The result clearly shows that U.S business leaders have higher levels of empathy, empathic concern, and perspective taking compared to Malaysian business leaders. Accordingly, when empathy levels were low or medium, there did not appear to be any difference in the impact of empathy on leadership effectiveness for the United States or Malaysian business leaders (Table 6). In contrast, when empathy levels were high, there appeared to be a significantly higher impact of empathy on leadership effectiveness for the United States business leaders. Specifically, when empathy levels were high, the mean leadership effectiveness scores in United States and Malaysian business leaders were 3.42 and 3.14, respectively.

Results of an independent samples  $t$ -test found this difference in leadership effectiveness scores significant ( $t = 3.09$ ,  $df = 48$ ,  $p = .003$ ). In contrast, there was no significant difference in leadership effectiveness between the United States and Malaysian business leaders when empathy was low or medium ( $p > .05$ ).

Therefore, the study found that country of the business leader does influence the effect of empathy on leadership effectiveness among American and Malaysian business leaders.

This study reinforces past literature (Atwater & Waldman, 2008; Choi, 2006; Feng et al., 2004; Goleman, 2000) concerning the relationship between empathy and leadership effectiveness and confirms that empathy has a significant impact on leadership effectiveness. The results of this study are consistent with prior research on empathy and leadership (Gardner & Stough, 2002; Rosete & Ciarrochi, 2005) that there is a strong relationship between empathy and leadership effectiveness. The study also explored the impact of empathy's attributes on leadership effectiveness by measuring the impact of empathic concern and perspective taking on behavioral characteristics associated with effective leadership and organizational performance.

Research on the impact of empathy on leadership effectiveness among business leaders in the U.S. and Malaysia had not previously been conducted. Thus, this study has expanded the existing research on empathy and leadership outcomes by comparing the impact between two different countries. Specifically, U.S. business leaders showed higher level of empathy compared with Malaysian business leaders, and when empathy levels were high, there was a greater impact on the leadership effectiveness of the United States business leaders.

The study assists business leaders from both the U.S. and Malaysia understand how empathy may impact their leadership effectiveness and improve organizational performance by listening to employees, by collaborating with them, and by motivating them to achieve their highest performance. This research reinforces the role of empathy as a must-have skill for competing in today's global market economy and today's growing multinational organizations by providing necessary training or workshops to leaders. The findings of this study showed that as the empathic skills a business leader has grows, so do his/her leadership effectiveness and organizational performance.

Coming from a collectivist society, it was expected that Malaysian leaders would have higher empathy. Surprisingly, in this study, American leaders showed a higher level of empathy compared to Malaysian leaders, even though the U.S. is known as an individualistic society. The finding that business leaders from Malaysia reported lower empathy than U.S. business leaders may be related to another characteristic of the Malaysian culture besides collectivism, which is that Malaysia is considered a high power culture country (Shipper et al., 2003). Accordingly, Malaysians, and people from Asian countries such as Hong Kong, tend to believe that power and authority are the norms, and thus, open communication and expression is not supported (Hofstede & Hofstede, 2005).

Hofstede and Hofstede (2005) note that in a high power culture country, leaders from the top expect compliance and respect from those below and the Malaysian accept power and authority more than in the U.S., where cultural differences have been found to have certain impacts on the previous research of empathy (Jogulu & Wood, 2008). Malaysia is culturally focused on the communal well-being. Thereby, in Malaysian culture, employees often avoid direct confrontation with their superiors and they value group harmony and loyalty (Hofstede & Hofstede, 2005). Thus, Malaysian business leaders do not need to exert high empathy to maintain good relationships among employees (Jogulu & Wood, 2008). This may have contributed to the result of the study where Malaysian business leaders were found to have lower self-reported empathy compared to United States business leaders. In contrast, since the U.S. is a lower power culture, American leaders are willing to take greater risks in openly expressing opinions and dissent, thereby emphasizing the potential for greater opportunities to express empathy and empathic concern (Shipper et al., 2003).

#### *4.1 Implications*

The results from this study are highly pertinent to business leaders in the U.S. and Malaysia, and are especially pertinent for multinational organizations in responding to the demands of the global market. In response to a highly competitive global market, the study findings show that empathy improves leadership effectiveness which can lead to improved organizational performance.

In term of rapid globalization and current market demands, all business leaders should take the initiative to acquire empathy skills to achieve high levels of leadership effectiveness. This supports the study findings in which business leaders with low empathy skills had a lower mean leadership effectiveness score, whereas business leaders with higher empathy skills had a higher mean leadership effectiveness score. It appears that empathy skills provide leaders with the ability to observe and listen to others and obtain new insights and perspectives of current working environments, thus allowing them to develop a deeper understanding

of current situations which may lead to positive outcomes. Empathy also helps leaders generate new ideas and be more innovative by being adaptable and open-minded about new social environments and new changes (Sengupta, Mohr, & Slater, 2006).

#### 4.2 Recommendations for organizations

The Interpersonal Reactivity Index (IRI) and the leadership survey can serve as tools to measure empathic skills and leadership effectiveness, respectively, among business leaders in organizations from across the global economy. For example, the IRI and the leadership survey could be sent to business leaders and their employees to obtain valuable feedback on empathy skills, and thus prepare the leaders and employees for necessary coaching, seminars, and training in acquiring empathic skills.

The incorporation of empathy training in leadership effectiveness programs may be significantly beneficial for business leaders in the U.S. and Malaysia since cultural differences play a prominent role in the relationship between empathy and leadership effectiveness. Thus, empathy could help organizations in recruiting and selecting leaders for different cultural contexts, especially those organizations in which cultural diversity and cross-cultural assignments are prominent. Empathy has been correlated with leadership effectiveness in previous research (Atwater & Waldman, 2008; Choi, 2006; Feng et al., 2004; Goleman, 2000) and reinforced in this study. Thus, empathy should be incorporated into companies' training agendas for business leaders who work in multinational organizations.

The study findings suggest that organizations should provide empathic coaching so that leaders have the ability to understand social awareness. Leaders may then become more involved with their employees, producing better interactions which may allow employees to become more innovative and feel appreciated because their voices are heard. Additionally, leaders may be able to help employees meet organizational goals, and make ethical and just decisions. By providing coaching to leaders, organizations attempt to help business leaders instill trust, and inspire teams in the organization to negotiate better (Prati et al., 2003).

Global market demands are calling for leaders who are equipped with technological savvy and empathy skills. This is important so that business leaders have the ability to lead and respond effectively to many of the issues pertaining to business: legal, social, cultural, economic, and geographical differences. One of the findings from this study is that the higher the levels of empathy business leaders have, the higher their leadership effectiveness. Thus, global organizations need leaders who have empathy skills. The development of empathy skills should be one of the main goals of an organization. Furthermore, global leaders who want to advance their careers should strive to demonstrate empathy skills that will help the organization remain competitive in the global market (Noubar et al., 2011; Ventakesh, 2006). Figure 2 presents a model that illustrates the important role empathy has on leadership effectiveness.

#### 4.3 Recommendations for business leaders

Empathy is important because empathic business leaders will understand and be more aware of their surroundings than business leaders without empathy skills (Slote, 2011). Findings from the study suggest the following recommendations should be utilized by business leaders for improving empathy skills and leadership effectiveness:

1. Study results suggest business leaders should increase their empathic concern and perspective taking skills. Leaders could develop these skills through active listening and showing true concern for their employees. Empathic concern helps leaders understand what others are thinking. Developing empathic concern helps business leaders increase social interactions and have greater empathy (Hodges, Kiel, Kramer, Veach & Villanueva, 2010). Leaders should develop their perspective taking skills, which will help motivate employees to better understand and deal with negotiation issues. Leaders should also reinforce social bonds by encouraging social interactions and by utilizing self-reflection so that they can see more of themselves in others, and potentially reduce prejudice, and stereotyping (Galinsky, Ku & Wang, 2005). Enhancing perspective taking skills will help leaders understand the thoughts and feelings of others (Goleman, 1995).
2. The results suggest that business leaders should acquire empathy skills so they have the appropriate skills to listen, motivate, participate, and communicate with others to understand and improve their employees (Undung & Guzman, 2009). The ability to understand others is pivotal for leaders so that they are better equipped to earn their trust, adapt to changing situations, and are able to collaborate with more effectively with other leaders to achieve organizational goals.



3. Business leaders should be provided with cross-cultural education through training and seminars to help them become more aware of the impact of country on leadership effectiveness. Cross-cultural education will help leaders to interact better with people from different backgrounds and beliefs, and help them develop social awareness, win-win relationships, and better outcomes for others and themselves (Condon, Thompson, & Dove, 2010). Through cross-cultural education, leaders may acquire skills that will help them learn about a particular host culture when they are traveling abroad to avoid conflicts related to gaps in culture. Leaders should seek to develop a deeper understanding of cultural issues that are likely to be influential in the diverse workforce of a global organization (Jogulu & Wood, 2008).
4. Results of the study regarding leadership effectiveness suggest that leaders should identify critical situations that require a leadership role, identify when to assume leadership (Skinner & Spurgeon, 2005), and when to make management decisions. To improve leadership effectiveness, leaders should also take leadership training and other steps to ensure success. Finally, recommendations for improving leadership effectiveness include identifying areas of improvement by preparing short-term and long-term goals, and by using surveys, observations, and focus groups to facilitate shared understanding.

#### *4.4 Limitations and recommendations for future research*

There are limitations to this research concerning the sample, the variables, and the methodology. Concerning the sample, this study is limited by the variability of the participants in terms of the organization where they worked and their position in the organization. The respondents were recruited from large, publicly traded companies, and the sample may therefore be limited to a narrow range of positions within each represented organization, and may also be underrepresented by smaller, private companies and non-business organizations.

Second, this study may be limited by its methodology. For example, the study may be limited by the use of an English survey for both the American and the Malaysian participants. While Malaysia business leaders are typically proficient in English, subtle cultural differences may exist among the sample related to interpreting the intent of the survey items that ask the participants to rate their empathy and leadership effectiveness.

Third, the methodology may also be limited by the use of self-report measures since the self-report data in this study may be subject to social biases e.g., participants may overestimate their level of empathy (Loewenstein, 2005).

There are significant opportunities in extending the study based on the existing research of empathy and leadership effectiveness. For example, it would be useful to extend the study by including smaller organizations, private, and non-business organizations. The study may also provide valuable insights if lower positions of business leadership are included in the sample, such as managers, team leaders, supervisors, and other positions as these leaders may collectively work more closely with most of the employees in the organizations, unlike CEOs and Presidents of companies.

Future research should extend the study to investigate the outcomes in the percentage of male and female business leaders and also to investigate the extent of outcomes based on different positions of business leaders in the United States and Malaysia. Future research should also expand the study to investigate the relationship between empathy and leadership effectiveness in other countries. In this study, the evaluations of business leaders were based on self report. The comparisons between self report and employee rating should be included in future research to provide a deeper and more accurate understanding about the impact of empathy on leadership effectiveness between these two cultures.

Empathy and leadership effectiveness is critical to the success of organizations around the world, especially in multinational organizations. While this study provides new insights and valuable findings in understanding the impact of empathy on leadership effectiveness between two countries, future research should expand the countries represented in the study, and include additional demographic factors to probe further these impacts on the relationships between empathy and leadership effectiveness.

#### **Conclusion**

This study supports previous research and provides significant evidence that high levels of empathy skills are pivotal to achieve leadership effectiveness (Gardner & Stough, 2002; Rosete & Ciarrochi, 2005; Shipper et al., 2003). This study presented results from the first empirical investigation to our knowledge of

the impact of empathy on leadership effectiveness among American and Malaysian business leaders. The study expands the growing body of knowledge on how empathy positively impacts leadership effectiveness and organizational performance.

The information from this study can be used to enhance empathy skills among business leaders, and to improve leadership effectiveness as well as organizational performance. The study expands the growing body of knowledge about leadership effectiveness and provides new understandings in how business leaders and organizations could improve their organizational performance by utilizing empathy as a tool to foster better teamwork and improve productivity. The study confirms the positive impact of empathy on leadership effectiveness. Business organizations should provide training on empathy and educate their leaders on how to acquire and effectively use empathy as an important business skill.

The study showed that United States business leaders have higher empathy skills compared to Malaysian business leaders, and this may be due in part to the fact that the United States is an individualistic and a low power distance culture in contrast to Malaysia that is a collectivist and a high power distance culture. The study also showed that higher empathy skills lead to higher leadership effectiveness as well as to higher organizational performance, which reaffirms previous hypotheses on its effectiveness and usefulness as an organizational tool.

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**Figure(s) & Table(s)**

Figure 1: Conceptual model of the research

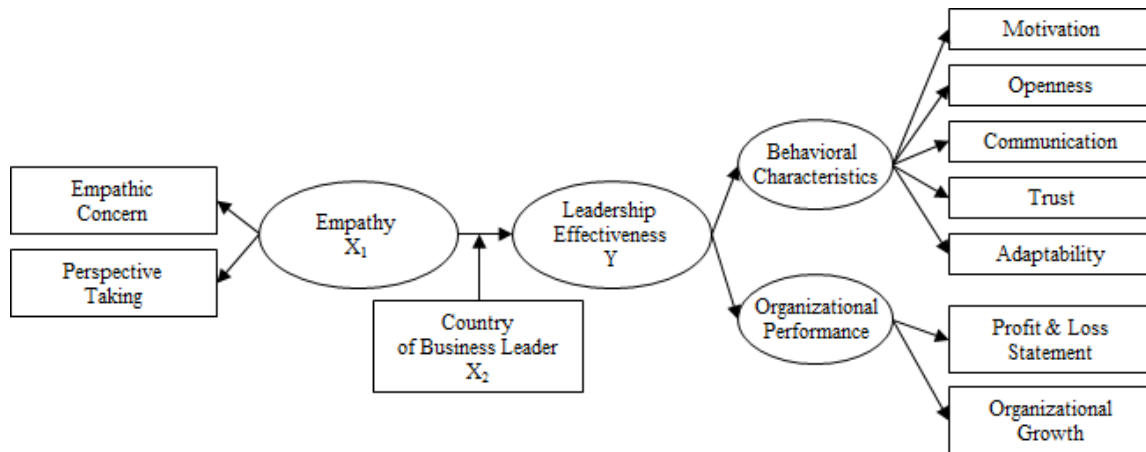


Figure 2: A model of empathy and leadership effectiveness

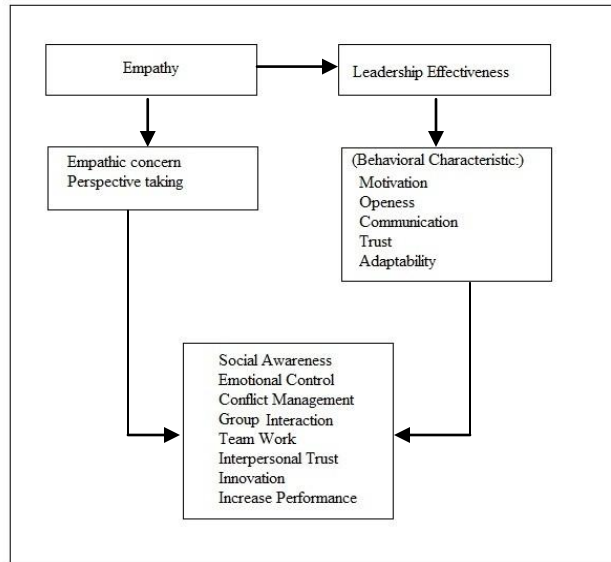


Table 1: Characteristics of sample by gender, age, and position

Characteristic	n	%
Sample	216	100.0
Country		
U.S.	112	51.9
Malaysia	104	48.1
Gender		
Male	163	75.4**
Female	53	24.6
Age		
18-29	7	3.2**
30-39	42	19.4
40-49	87	40.3
50-59	52	24.1
60-69	28	13.0
>70	0	0.0
Position		
Other	2	0.9**
Assistant Head of Department	23	10.7
Head of Department	73	33.8
Treasurer	6	2.8
Vice President	26	12.0
COO	14	6.5
CFO	13	6.0
Director	32	14.8

CEO	20	9.3
President	7	3.2

Note. Sample frequency is expressed as % of all participants, N = 216.

\*\*  $p < .01$  Chi-square test for equality of distribution.

Table 2: Psychometric properties of empathy items

Items	Grand Mean <sup>1</sup>	SD	Comp. Mean <sup>2</sup>	SD	Original Alpha	Factor <sup>4</sup>
Empathy Full Scale (14 items)	3.14	.66	43.98	9.23	.852	
Empathic Concern (7 items)	2.94	.74	20.53	5.18	.760	.972
Have tender, concerned feelings			3.60	1.06		.706
Does not feel sorry for others			2.07	1.18		.111 <sup>ns</sup>
Feel protective of victims			3.53	1.07		.705
Other's misfortunes are not disturbing			2.20	1.25		.133 <sup>ns</sup>
Feel no pity for those treated unfairly			2.09	1.37		.220
Touched by what I see happen			3.64	1.05		.814
Describe myself as a soft-hearted person			3.45	1.09		.739
Perspective Taking (7 items)	3.33	.67	23.34	4.67	.725	.889
Difficult to see another's perspective			2.30	1.17		.043 <sup>ns</sup>
See both sides of argument before decide			3.70	.93		.697
Seeing the world through another's eyes			3.69	.92		.786
Doesn't listen to arguments of others			2.89	1.37		.137 <sup>ns</sup>
I believe there are two sides of situations			3.85	.90		.778
Always try to put myself in their shoes			3.38	1.14		.669
Before criticize I try to feel their feelings			3.42	1.13		.750

Notes: Psychometric properties were evaluated in empathy data from N = 216 business leaders from the United States and Malaysia. Tests of model fit for confirmatory factor analysis (CFA):  $\chi^2 = 198.814$ ,  $df = 64$ ,  $p < .001$ ; RMSEA (90% CI) = .099 (.083-.114); CFI = .912. <sup>1</sup>Grand mean is the normalized composite mean of 14 items where each item is measured on a 5-point Likert scale, 1 = Describes me poorly, 5 = Describes me excellent. <sup>2</sup>Composite mean is calculated on 14 items. <sup>3</sup>Cronbach's alpha reliability measure of internal consistency. <sup>4</sup>Factor loading scores from CFA significant at  $p < .05$  unless otherwise noted as non-significant (ns).

Table 3: Psychometric properties of leadership effectiveness items

Items	Grand Mean <sup>1</sup>	SD	Comp. Mean <sup>2</sup>	SD	Original Alpha	Adjusted Alpha <sup>3</sup>	Factor <sup>4</sup>
Leadership Effectiveness (21 items)	3.01	.50	63.11	10.51	.928	n/a	n/a
Behavioral Characteristics (15 items)	3.86	.68	57.85	10.18	.945	n/a	n/a
Motivation (3 items)	3.97	.73	11.90	2.18	.804	.891	1.046
Take risks and make good decisions			3.84	.88			.765
Make decision to give good impact			3.98	.86			.727
Participate and improve the team			4.05	.86			.775
Openness (3 items)	3.74	.74	11.21	2.21	.642	.782	1.034
It's leadership when employees failed			3.16	1.14			.432
Leadership enhance effectiveness			4.01	.87			.645
Willing to learn to be a better leader			4.03	.86			.721

Communication (3 items)	3.94	.73	11.82	2.19	.760	.864	.995
Approach employees when have issues			3.83	.88			.711
Help others to reach their success			4.02	.88			.652
Assign tasks and communicate often			3.98	.89			.706
Trust (3 items)	3.83	.76	11.48	2.27	.799	.888	1.008
My employees see me for issues			3.72	.91			.686
Easily establish relationships with others			3.87	.87			.792
Trust others to take risks			3.90	.91			.778
Adaptability (3 items)	3.74	.78	11.21	2.33	.846	.917	1.016
I can easily access morale in any groups			3.60	.90			.767
Aware of current situations and trends			3.80	.85			.827
I adapt easily with my surrounding			3.77	.91			.754
Organizational Performance (6 items)	.87	.23	5.20	1.38	.766	n/a	n/a
Profit and Loss Statement (3 items)	.87	.24	2.62	.73	.562	.720	.627
2011			0.85	.36			.507
2010			0.92	.28			.766
2009			0.86	.35			.299
Organizational Growth (3 items)	.86	.26	2.59	.80	.660	.795	1.025
2011			0.84	.37			.515
2010			0.90	.31			.905
2009			0.84	.36			.471

Notes: Psychometric properties conducted on Leadership Effectiveness data from N = 216 business leaders. Tests of model fit for confirmatory factor analysis (CFA):  $\chi^2 = 328.714$ ,  $df = 172$ ,  $p < .001$ ; RMSEA (90% CI) = .069 (.058-.080); CFI = .938. <sup>1</sup>Grand mean is the normalized composite mean of 15 items where each item is measured on a 5-point Likert scale, 1 = Describes me poorly, 5 = Describes me excellent. <sup>2</sup>Composite mean is calculated on 15 items. <sup>3</sup>Cronbach's alpha reliability measure of internal consistency. Alphas for constructs with less than six items were adjusted for a 6-item construct according to the Spearman-Brown prophecy formula:  $\rho_{FF}^* = \frac{2\rho_{xx'}}{1 + \rho_{xx'}}$  where  $\rho_{xx}' =$  predicted reliability and  $\rho_{xx} =$  current reliability. <sup>4</sup>Factor loading scores from CFA significant at  $p < .05$  unless otherwise noted as non-significant (ns).

Table 4: Descriptive statistics of leadership effectiveness

Demographic	Leadership Effectiveness		Behavioral Characteristics		Organizational Performance	
	M	SD	M	SD	M	SD
Sample	3.01	.50	3.86	.68	.87	.23
Country						
U.S.	3.12**	.53	3.97*	.74	0.92**	.20
Malaysia	2.86	.44	3.74	.59	0.81	.25
Gender						
Male	3.01	.51	3.87	.70	0.87	.22
Female	2.98	.48	3.80	.63	0.87	.26
Age						
18-29	3.04	.46	3.89	.62	0.93	.13

30-39	2.89	.47	3.72	.62	0.82	.26
40-49	3.00	.46	3.86	.63	0.87	.23
50-59	3.01	.53	3.85	.72	0.86	.22
60-69	3.15	.60	4.05	.83	0.93	.21
Position						
Other	3.02	1.11	4.07	1.32	0.42	.59
Assistant Head	2.85	.38	3.59	.53	0.92	.16
Head	2.87	.46	3.68	.62	0.83	.26
Treasurer	3.14	.60	4.00	.84	1.00	.00
Vice President	3.19	.48	4.11	.66	0.91	.18
COO	3.12	.56	4.03	.71	0.86	.28
CFO	3.06	.66	3.93	.86	0.90	.20
Director	3.15	.47	4.06	.66	0.92	.16
CEO	2.98	.49	3.85	.67	0.82	.22
President	3.10	.60	4.02	.82	0.81	.38

Note. Data are mean and standard deviation (SD) Leadership Effectiveness scores, Behavioral Characteristics scores, and Organizational Performance scores across each demographic variable.

\*  $p < .05$  \*\*  $p < .01$  Significant difference between scores within demographic characteristic according to ANOVA.

Table 5: Results of independent samples t-tests of empathy scores between US and Malaysian business leaders

	U.S.		Malaysia		<i>t</i> -Stat	Df	p
	Mean	SD	Mean	SD			
Empathy	3.38	.72	2.88	.47	5.87**	179	.000
Empathic Concern	3.18	.80	2.67	.57	5.38**	191	.000
Perspective Taking	3.57	.72	3.08	.50	5.81**	191	.000

\*\* $p < .01$  *t*-test of difference between U.S. and Malaysian business leaders on empathy, empathic concern, and perspective taking scores.

Table 6: Results of independent samples t-tests of leadership effectiveness between U.S. and Malaysian business leaders when empathy was low, medium or high

	LE: U.S.		LE: Malaysia		<i>t</i> -Stat	df	p
	Mean	SD	Mean	SD			
Empathy: Low	2.66	.32	2.70	.47	0.39	46	.697
Empathy: Medium	2.92	.49	3.02	.32	1.00	42	.321
Empathy: High	3.42	.44	3.14	.28	3.09**	48	.003

\*\* $p < .01$  *t*-test of difference between U.S. and Malaysian business leaders on leadership effectiveness (LE) scores.