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Cultivating Empathy: New Perspectives on Educating Business Leaders

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Cultivating Empathy: New Perspectives on Educating Business Leaders

In recent years, leadership effectiveness has been examined extensively in connection with relational management as a critical factor for organizational success. Using empirical data, this new study takes a longitudinal view of business students' perceptions on leadership effectiveness, especially as it relates to the phenomenon of empathy. This article includes an extensive overview of recent developments in the studies of leadership development, builds a case for empathy as an essential component of the business environment, and, based on the findings of the study, offers potential enhancements to the methodology of training business students for future leadership roles.

Introduction and Background

When Debbie Shanks, Wal-Mart worker and mother of three, was injured as a result of a collision with a tractor-trailer, she became permanently disabled and was placed in a nursing home where she received continuous care. Her family eventually won a lawsuit against the trucking company involved in the accident, receiving \$700,000 in damages of which \$417,000 remained after deducting legal fees. That's when Wal-Mart's shrewd legal representatives referred to the small print in their workers' contract clause, stating that the company had the right to "recover" all medical costs if an employee successfully litigated a liability lawsuit. Wal-Mart, owned by the Walton family of billionaires, sued the Shanks family, demanding \$470,000 – the amount the company grosses every 38 seconds and its CEO makes each week. As can be deduced from these numbers, Wal-Mart's demand exceeded the net take-home award of \$417,000 that Ms. Shanks was expecting to use for her care. Commensurate with Wal-Mart's past litigation, the company won the lawsuit. No compromise was possible in dealing with the giant, led by some of the wealthiest people in the world (Durkin, 2008).

While only a corporate example, this case underscores the lack of empathy that has become embedded within the American business culture. Business narratives similar to the Wal-Mart example have impacted and convinced young people to regard empathy as irrelevant in

leadership. Debbie Shanks's situation may, therefore, trigger new thinking which may lead to the creation of a new business paradigm – underscoring the reasons for the study and the correlative findings presented in this paper.

In past discussions which have attempted to identify the fundamental underpinnings of authentic and genuine leadership, the authors surveyed perceptions of upper-level undergraduate business students on which qualities they considered essential prerequisites of leadership success. The striking observation that *empathy* consistently ranked lowest on the list of ten most desirable leadership qualities led to a mixed-methods study in order to explain the reasons for this phenomenon. From 2008 – 2013, a total of 191 undergraduate students enrolled in leadership courses as part of their Bachelor of Business Administration degree were surveyed. Using empirical data, this new study assumes a longitudinal view of business students' perceptions on what matters in leadership, and explores in detail the phenomenon of empathy in order to offer potential enhancements to the methodologies of educating business students for future leadership roles.

Empathy, viewed as the compassion for and attunement to others' emotions and circumstances, has been highlighted as an important aspect of effective leadership in research literature for several decades. Originally described as "leader empathy," this type of connection makes leaders better listeners who understand their followers, thereby inculcating trust in those group members being heard (Bass, 1960). Overall, emotional sensitivity to group members has been hypothesized to be positively linked with greater quality relationships between leaders and group members and evident in forming stronger networks (Riggio & Reichard, 2008). In simpler terms, "It's the ability to step outside of yourself and see the world as other people do" (Patnaik, 2009, p. 8). While empathy can be defined as a skill, trait, or ability (Bar-On, 1997; Cohen, 2012; Patnaik, 2009), for the purposes of this study, empathy was explained to respondents as "being able to understand how others feel."

Leadership can be defined as a position, process, action, or state. Leaders have followers. They assume responsibility, inspire, influence, support, and undertake risks.¹ Assuming leadership inherently involves trust (Northouse, 2013). Emotional management – which undoubtedly begins with empathy – is definitely a factor in leadership effectiveness. In recent years, especially, leadership effectiveness has been examined extensively in connection with relational management as a critical factor for organizational success – with strong positive correlations found between managers' abilities to connect with others and their employees' motivation and productivity (Drager, 2014; Bartock, 2013; Park, 2013).

Leadership

Leadership can pride itself on a number of interesting reputes. As a phenomenon, it is intricate, multidimensional, and extensively researched (Badshah, 2012). Its development has been strewn over many centuries, considering that notes about leadership development have been traced back to three major historical empires: ancient Persia (6000 BCE – 651 CE), ancient China (1500 BCE – 221 CE), and ancient Rome (509 BCE – 27 BCE) (DiCicco, 2003). The term "leadership" came into existence in the 17th century, and research on the phenomenon only began in the twentieth century (Bass, 1985; Stogdill, 1974). Yet, even

¹ In our study, participants were asked to reflect on the qualities, skills, and circumstances of a person they would willingly follow and rank the importance of these qualities in leadership effectiveness.

though there have been myriad scholarly papers on this topic and numerous theories developed, leadership remains a theme that Warren Bennis once labeled as “hazy and confounding.” James McGregor Burns described leadership as the “most observed and least understood” concept while Ralph Stogdill claimed it to have as many definitions as definers (Badshah, 2012, p. 49). Northouse (2013) adds to Stogdill’s observation: leadership is “much like the words democracy, love, and peace” (p. 2). This fundamentally indicates that we all have our own notion as to what this phenomenon means for each of us. Indeed, over the course of the past century, a variety of positions have been presented on the subject of leadership, ultimately resulting in a plethora of theories. Trait, style, contingency, behavioral, and situational theories (Avolio, 2007; House & Aditya, 1997) represent a sampling of the clusters in which leadership has been categorized. Northouse (2013) provides a brief overview of the development of leadership during the past century. From the beginning of the twentieth century until the end of its second decade, leadership was viewed as an instrument of domination and control by one individual over others. During the 1930s, the term became equated with positions of influence as individual traits were accentuated. The 1940s emphasized leadership within a group perspective, while the 1950s focused collectively on groups, shared goals, and effectiveness. According to Northouse, the sixties injected additional depth into the influence perspective of leadership while the seventies expanded the group focus to the organizational level. The 1980s witnessed a major increase in leadership research, yet still with its main focus on the leader being a dominant influence, holding specific traits, and transforming people and situations. With increased understanding and acceptance of the major differences and needs of world populations, as the century was about to turn, leadership scholars finally agreed on disagreeing about the meaning of leadership (Northouse, 2013).

Throughout the vicissitudes of the 20th century, several leadership theories repeatedly surfaced with one of the most salient emphasizing particular traits. Fortunately, there was significant progress made within the framework of this approach. For instance, the initial projection of leaders having immutable, inborn traits gradually became obsolete, and an awareness arose that leadership qualities could actually be developed (House & Aditya, 1997; Vroom & Jago, 2007; Zaccaro, 2007). Also, the notion of traits as heritable assets gave way to a more inclusive – and achievable – perspective of qualities. Traits could be developed and multifaceted. They were no longer limited to mere personality characteristics, but also included “motives, values, cognitive abilities, social and problem solving skills, and expertise” (Zaccaro, 2007, p. 8). Collectively, these personal and circumstantial traits could form a balanced behavior through which leaders would develop and display reliable and recognizable behavioral patterns (Zaccaro, 2007). In more specific terms, the contemporary notion about leadership traits postulates that, while leaders are still considered to have particular qualities which are useful in their performance, the content and context of these traits has changed. Physical attributes such as gender, height, and appearance have long yielded their prominence to psychological qualities such as perseverance, resilience, charisma, and intelligence. Yet, even in regard to the psychological features of leadership, we have witnessed a fascinating and desperately needed evolution over the past several decades. With the growing speed of electronic communications, employees became more aware and informed, and therefore increasingly vocal and resolute about the qualities they desire from their leaders (Boyatzis, 1982; Goleman, 1997, 2000, 2003; Harms & Crede, 2010). Hard skills, such as intelligence, analytical/technical prowess, determination, rigor, and vision – the defining leadership traits of the twentieth century – were maneuvered to

the backseat in order to make way for softer skills, which Goleman (2000) identifies as self-awareness, self-regulation, motivation, and empathy.

Contemporary Leadership Developments

Over the past decades, “successful leadership” has often been equated with outrageous or exaggerated (even psychopathic) behavior. This may be attributed to the fact that such figureheads are generally expected to be highly confident, even narcissistic individuals, often displaying a range of telling traits, such as grandiosity, exhibitionism, self-centeredness, and lack of empathy (Kets de Vries & Miller, 1985). Such an approach may explain why some authors (e.g., Andrews & Furniss, 2009) claim that there is a thin line between excessive narcissism and psychopathy. Numerous scholars (Hare, 1994; Babiak, 1995; Babiak & Hare, 2006; Clarke, 2005; Board & Fritzon, 2005) have even postulated that psychopaths are extremely successful in business settings because the environment seems to invite exactly those characteristics that such individuals harbor. Indeed, traits such as unctuous charm and extreme fearlessness have been considered to be valuable assets in several professions, including those grounded in politics, law, and business (Hall & Benning, 2006).

Yet, in the aftermath of corporate collapses resulting from leadership styles that were primarily focused on personal enrichment and grandeur, the adjectives used to describe the term “leader” have been shifting from result-driven and leadership-focused to stakeholder- and relationship-centered. Instead of decisive, authoritarian, and charismatic leaders, the multitude of embarrassing and damaging developments of recent years (e.g., Enron, HealthSouth, Tyco International, WorldCom, Freddie Mac, American Insurance Group, Lehman Brothers, Bernie Madoff, Martin Shkreli, Satyam, Volkswagen, GM, Wells Fargo, etc.) have fertilized the leadership field for new models and theories that are more focused on the intra- and inter-human aspects of actual *leading* rather than the attainment of temporary financial successes regardless of long-term, inimical consequences.

One of these paradigms is the six-zone model (Perrin, Perrin, Blauth, Apthorp, Duffy, Bonterre, & Daniels, 2012), which is not novel in regard to the leadership components it entails, but rather in the integration of these aspects. The six zones articulated in this model include: 1) ***reflection***, which encourages self-examination by asking leaders to examine their behaviors, attitudes, decisions, successes, and mistakes, and how these affect people and their respective environments; 2) ***society***, which reminds leaders to maintain economic, environmental, and ethical fairness to individual stakeholders as well as stakeholder groups; 3) ***diversity***, which exhorts leaders to value and embrace human differences in the broadest sense possible when making decisions; 4) ***ingenuity***, which inspires leaders to remain receptive to creative ideas in order to nurture a climate of continued innovation; 5) ***people***, in which engagement and the creation of a trustworthy and inspirational work climate become critical focus points for leaders; and 6) ***business***, in which leaders concentrate on trends, data analysis, and consumer demands to elevate the organization (Perrin et. al., 2012). What is interesting about the six-zone model is the fact that it considers both soft and hard skills as essential to promoting personal and organizational success.

A number of conscience-driven leadership approaches have also been introduced in recent years and are characterized by descriptors such as authentic, awakened, benevolent, emotionally-intelligent, moralized, responsible, spiritual — all intended to guide our workforces toward more consciously-attuned performance.

- ***Authentic*** leadership (George, Sims, McLean, & Mayer, 2007) proposes leading with purpose, and consistent consideration of one's values. The intention of leading authentically is to find one's true voice, establish relationships that matter for all involved parties, and achieve results in a collaborative fashion.
- ***Awakened*** leadership (Marques, 2006, 2013) promotes adaptability in leaders, so that they can perform collaboratively in different work environments. Awakened leaders are keen about involving both internal and external stakeholders, respecting one another's values, accentuating moral behavior, cultivating a climate of integrity, maintaining a compassionate stance, and balancing care and inspiration with determination and pragmatism – all while regularly engaging in reflection in order to maintain the ability to revise and adjust strategies when warranted.
- ***Benevolent*** leadership (Karakas & Sarigollu, 2012) focuses on establishing and nurturing a constructive climate in organizations through moral considerations in decision-making, focusing upon meaning, instilling hope and courage to empower constructive action, and ensuring a positive connection with the broader community.
- ***Emotionally-intelligent*** leadership focuses on achieving positive results through conscious decision-making, including rendering decisions which incorporate logical and emotional data while simultaneously managing behavior and navigating social complexities. “Emotional intelligence [EI]’ is a concept including perception, expression and control of emotions, self-control and empathy, communication, conflict resolution process, conscience, and perhaps many more” (Ioannidou & Konstantikaki, 2008, p. 118). Twenty years of studies on EI in the workplace (Perrin et al, 2012) have coalesced around the idea that a high EI score not only reflects better interpersonal skills, but improved professional performance. Leaders with high levels of EI are very well-equipped in putting others at ease. They tend to maintain a high level of self-awareness and responsible work-life balance while being honest, composed, good problem-solvers, and decisive (Greenockle, 2010). Individuals with high emotional intelligence and high reflective skills are likely to develop favorable leadership behaviors (Ramos-Villarreal & Holland, 2011). Empathy, specifically, is a critical component of EI in leadership, precisely because it establishes an unspoken mental and emotional connection that enables the carrier to understand the hidden meaning in and behind words (Ioannidou & Konstantikaki, 2008).
- ***Moralized*** leadership (Fehr, Kai Chi, & Dang, 2015) is an approach that views moralization as the primary process through which followers perceive their leaders as ethical. It assumes that leaders' moralized behaviors can positively influence the behaviors of followers by centering on six ethical leadership foundations: support of followers' welfare, fair treatment, team loyalty, practicing physical and spiritual purity, safeguarding collective performance, and granting followers their performance space.
- ***Responsible*** leadership (Voegtlin, Patzer, & Scherer, 2012) strongly relies on morality and equality, superseding the personal values of the leader in favor of responsible conduct within the work environment. In this way, it surpasses the limiting context of leader and follower to one that entails leader and stakeholder, and considers the leader's effectiveness in terms of the ability to establish rewarding, consensual solutions rather than just financial performance.
- Finally, ***spiritual*** leadership (Fry & Cohen, 2009) aims to achieve organizational transformation in such a way that employee well-being and corporate social

responsibility are prioritized without neglecting the company's growth, profitability, and performance. "Spiritual leadership is grounded in an intrinsic motivation model that incorporates vision, hope/faith, and altruistic love, theories of workplace spirituality, and spiritual well-being" (Fry & Cohen, p. 266).

What most of the above theories have in common is their component of interdependency between leaders and stakeholders which Hudson (2013) attributes to the attachment theory. The attachment theory focuses on relationships between individuals as well as within the group context. The "[a]ttachment theory helps to predict the actions of the leader and of the follower in their relationship" (Hudson, 2013, p. 148). This overview of contemporary theories serves to illustrate the positive developmental trend in leadership thinking that has emerged in recent years, focusing on reflection, authenticity, integrity, meaning, connection, fairness, values, and care: behaviors and skills that deviate from those that nurture psychopathic behavior which is so often manifested through excessive narcissism and lack of empathy.

Empathy

While empathy is perceived more and more as a professional ability, it is difficult to quantify. Empathy, being intangible, cannot be readily measured — an attempted feat commensurate with assigning numeric values to a company's goodwill. This has resulted in the scarcity of empirical studies on correlations between a company's efficiency and the role empathy plays in its organizational culture. Nevertheless, studies which tie empathy to business results have been attempted more frequently, especially in studies of sales and product development, with terms like "empathy marketing" and "user empathy," becoming mainstream.

Some researchers argue against the usefulness of empathy in business leadership models (Antonakis, 2003). For example, it has been posited that empathy can be counter-productive in decision-making. In this sense, being excessively familiar with, or sensitive to, others' feedback could lead to second-guessing, thereby decreasing management effectiveness (Elfenbein & Ambady, 2002). In such circumstances, it is argued, that a team may actually benefit from its leader being "desensitized" to others' interpretation of information (Antonakis, 2003). However, in the increasingly immediate, intimate world driven by rapid change, where there is a call to quickly identify evolving opportunities, the case for empathy in business could not be stronger. Companies make money by designing, producing, and selling what customers need (or want). Without understanding what customers desire, there is no business. Without empathy, the capacity to put oneself in others' situations and understand their wants is obviated; there is no understanding of the customers' needs.

A similar logic can be applied to employees: happy employees are more beneficial to the success of the organization than those who are dissatisfied or apathetic as profits are, to a large extent, a derivative of devoted staff (Hewerston, 2012; Keynes, 1964). Consequently, businesses should be concerned with the engagement of their personnel (Rich, LePine, & Crawford, 2010). At a time when — despite recent economic improvement — a substantial number of employees report lack of engagement (Brotherton, 2012; Christian, Garza, & Slaughter, 2011; Hewitt, 2013), empirical studies suggest that employee involvement promotes enhanced organizational outcomes, such as job performance and job satisfaction. This, in turn, often leads to business growth and profitability (Saks & Gruman, 2014). Research also shows that there is a positive connection between relational aptitude and

employee engagement, as well as a direct correlation between shared vision and positive mood with employee engagement (Mahon, Taylor, & Boyatzis, 2014). Collectively, this has been defined as an emotional and intellectual commitment to the organization. According to these authors, emotions are essential in concentrating attention, stimulating interest, and motivating people to act. They help cope with challenges and threats, and engagement is one of the key predictors of business performance (Gruman & Saks, 2011). Mahon, Taylor, and Boyatzis (2014) further establish that shared positive mood is correlated with organizational engagement. Accordingly, in order for organizations to leverage employee engagement as a competitive advantage, they should devote as much attention to these psychological factors as they devote to strategy formulation, demand forecasting, and budgeting. This can be accomplished through building employee trust and commitment — ultimately enhanced by the authenticity of their leaders (Bentley, 2013).

Companies do not do business with other companies as mere entities. Instead, people within these companies do business with each other, and successful individuals, and companies alike, do not operate in a vacuum. Consequently, in order for organizations to be effective in a contemporary business environment, they must be empathetic to resident differences, appreciate the emotional make-up of other people, and know how to build and manage relationships and networks. Indeed, everywhere, individuals need to communicate, work in teams, and relinquish the issues that interfere with their performance. Interpersonal skills — such as communication and relating to people from diverse backgrounds — are indispensable qualities for success in the workplace.

Unfortunately, focus on empathy, as well as employee and customer satisfaction, frequently becomes a victim of obsession with short-term corporate results. Nevertheless, there exists a potential correlating factor between emotional development and socio-economic behavior (Ackert & Church, 2001; Elster, 1998; Keynes, 1964). The basic theories within a free market economic system are tied to supply and demand, which are heavily influenced by emotions (McGregor, Slovic, Dreman, & Berry, 2000). So, perhaps it would be safe to suggest that in today's global economic system, supply and demand are not driven only by basic need, but also by emotional tendencies. Natale and Sora (2010) suggest that one of the reasons for the most recent economic collapse is that global corporations are losing touch with the stakeholders they serve. The authors believe that empathy may be part of the solution to the problem when incorporated in their decision-making without compromising business judgement. Therefore, it would be prudent to argue that an organization capable of recognizing and regulating both conscious and subconscious emotional drivers in itself and in others (and skillfully manage such sensitive situations of its stakeholders), would be capable of generating tremendous power and wealth given the opportunity to properly channel those tendencies into tangible products (Fernandes & Ferreira, 2009). Thus, within the sphere of business, emotions can be useful, as well as harmful (Hirshleifer, 2001; Kida, Moreno, & Smith, 2001). Therefore, the role empathy plays in organizational success deserves serious consideration.

Empathy, both cognitive and affective, combining understanding of both logical and emotional rationale (Hogan, 1969), is the driving power behind effective communication, so crisis stakeholders' communication strategies have gained increasing attention in recent research. A study by Bentley (2013) discusses the power of effective apology, which, from the stakeholder perspective, includes such important components as expression of remorse, acknowledgment of responsibility, and promise of forbearance — a combination of words

and behaviors that demonstrate empathy. Overall, social awareness and relationship management are increasingly highlighted in the workplace, and studies show that emotional functioning capacities are linked to workplace readiness. Lake (2004) examines how individuals within organizations use their emotional experience in critical incident management. His findings suggest that we tend to manage our own emotions by pushing feelings aside or compartmentalizing them, while we manage the feelings of others by showing concern and encouraging participation. This implies not only the need for stress management training, but also for leaders to be debriefed regularly.

Hence, the importance cannot be understated of understanding the multifaceted diversity in communities served by businesses and adapting corporate practices and behaviors based on constituents' values, work ethic, and business protocol. As poor understanding of the motives of others leads to unproductive conflict and sometimes even organizational failure, an effective manager has to be open to learning new patterns of social interaction. As a result, a leader's emotional skills, as well as the ability to leverage diverse points of view, are essential to successful communication (Colfax, Rivera, & Perez, 2010; Rahim & Marvel, 2011). Self-awareness juxtaposed against the emotional and logical profiles of others will help develop appreciation of these differences (Bentley, 2013; Boulouta, 2011).

Accordingly, a recent study on customer satisfaction and loyalty confirms a statistically significant relationship between empathy and customer loyalty (Larney, 2015). The results of this study illustrate that the perception of increased empathy toward customers raises the probability of becoming an active promoter of the business. Another recent quantitative study established that there are six determinants gaging the quality of service: reliability, responsiveness, assurance, empathy, quality of communication, and perceived value (Cuesta, 2014), and that they serve as reliable predictors of customer satisfaction. Cuesta (2014) suggests that decision-makers who implement these means of improving customer experience now have tangible tools to improve customer service at each organizational level through active observation and engagement. A study by Herson (2011) explored the relationship between service recovery process (actions taken in response to service failure) and customer satisfaction and loyalty. Not surprisingly, the results indicate that the ability to assume a customer's perspective has a significant, positive effect on that customer's satisfaction and loyalty.

One of the trademarks of a successful enterprise is its ability to harness creativity. Brenton and Levin (2012) explain the importance of nurturing the productivity of innovators and have identified the drivers of innovation. For example, the way innovators are treated at their respective workplaces is of prominent importance. The authors suggest that great leaders will "fire people up and instill passion" (p. 364). Among traits common to successful innovators, they name high levels of empathy, collaborative interpersonal style, and "mature intelligence" (p. 365), which is understood as humility to abdicate the need to be "the smartest person in the room" (p. 365). A corporate culture of innovation accepts that there are appropriate uses for all emotions. Even anger can be put to good use, for example, when an instance of injustice needs to be rectified. Happiness — characterized by positive mood and high energy — is a suitable emotion when we need to have an open mind to accept and generate creative ideas by using original thinking (Salovey & Mayer, 1990). Indeed, when we are happy, we tend to be less critical about our own actions and those of others. We are also likely better able to see the situation as a whole and pay less attention to small details (Caruso & Salovey, 2004). Experiencing pleasant mood and low energy is often described as

the best state to be in when meeting new people. Such positive mood ensures open-mindedness, while low energy minimizes the risk of overbearing potential new friends by our own narration. Conversely, low energy and unhappy mood likens attention to minute details because our mindset is critical. This mood, therefore, is perfect for checking and double-checking one's work for both major and minor errors, especially when the stakes are high (Caruso & Salovey, 2004).

Skillful relational management as applied to workplace situations implies recognizing the moods of our coworkers, knowing what moods would be appropriate for the task at hand, and, most importantly, having the skill to take the team from where they are to where they need to be by managing their emotions. Are they too happy to be trouble-shooting an accounting issue? If so, how can you lessen ebullient energy to encourage focused attention? Are they sad, fearful, indifferent? In this case, if you need them to be open for brainstorming creative solutions, how do you increase appropriate energy levels? Notably in entrepreneurship, empathy is essential to sustainable achievement. From shareholders to investors, from customers to employees, entrepreneurs benefit from tuning into the needs and outlooks of all their stakeholders. Empathy allows them to create bonds of trust, and such connection, in turn, allows them to run their businesses better. It is essential that stakeholders are confident that their interests are taken into account, and consequently, entrepreneurs need to be able to empathize with their stakeholders' anxieties and perceptions. Therefore, modern enterprises are challenged with the task of enhancing the emotional management skills of their leaders, who must acquire and practice their empathy and social skills through self-learning, as much as job-related training. Organizations may also need to refine their recruiting policies to focus on prospective leaders' emotional management skills to a greater extent than on their technical skills and experience (Brenton & Levin, 2012; Herson, 2011; Lartey, 2015).

In the following sections of this paper, the study will be presented which interprets participants' collective classifications of the listed leadership characteristics and initiates an exploration of possible correlations between these characteristics.

The Empirical Study: Research Design, Data Collection, and Analyses

As discussed, successful leaders display a wide range of characteristics. Which of these characteristics should every worthy leader possess? Of those characteristics, which ones are deemed to be more important than others? In this longitudinal research inquiry, a total of 191 Business Administration students at a Los Angeles-based university were asked to fill out a survey. Approximately 60% of the respondents were women. Most participants were in their 20s (ranged from 18 to 62). Data were collected and recorded over a six-year period, from 2008 to 2013. In the survey investigation, we listed ten factors possibly influencing the leadership effectiveness: intelligence, charisma, responsibility, vision, integrity, passion, courage, empathy, competence, and service. Respondents were asked to score each category on a scale from 1 to 10: 1 if they rated that factor as not important at all, and 10 if they thought that factor as extremely important. The scoring was not required to be unique or exclusive; that is, respondents could give the same score (e.g., 7) to multiple factors. The data collected were coded and processed by SAS Analytics, a software developed and distributed by SAS Institute, Inc. Descriptive and nonparametric statistics were calculated and are analyzed below.

Figure 1 shows the stacked yearly average ratings over the six-year period for each factor, ordering from the highest stacked sum (“responsibility”) to the lowest stacked sum (“empathy”). Based on the observations we obtained, responsibility and passion were frequently considered to be the most important factors for leadership figures by the respondents. Factors such as integrity, vision, courage, charisma, competence, and intelligence had mixed ratings, as their rankings often fluctuated over the years. Service and empathy were often ranked least important by the respondents. Overall, respondents rated the most important characteristics of a great leader as being “responsible” and “passionate,” but not necessarily “empathetic” or “eager to serve.”

Figure 1: 2008-2013 Stacked Average Ratings of 10 Factors

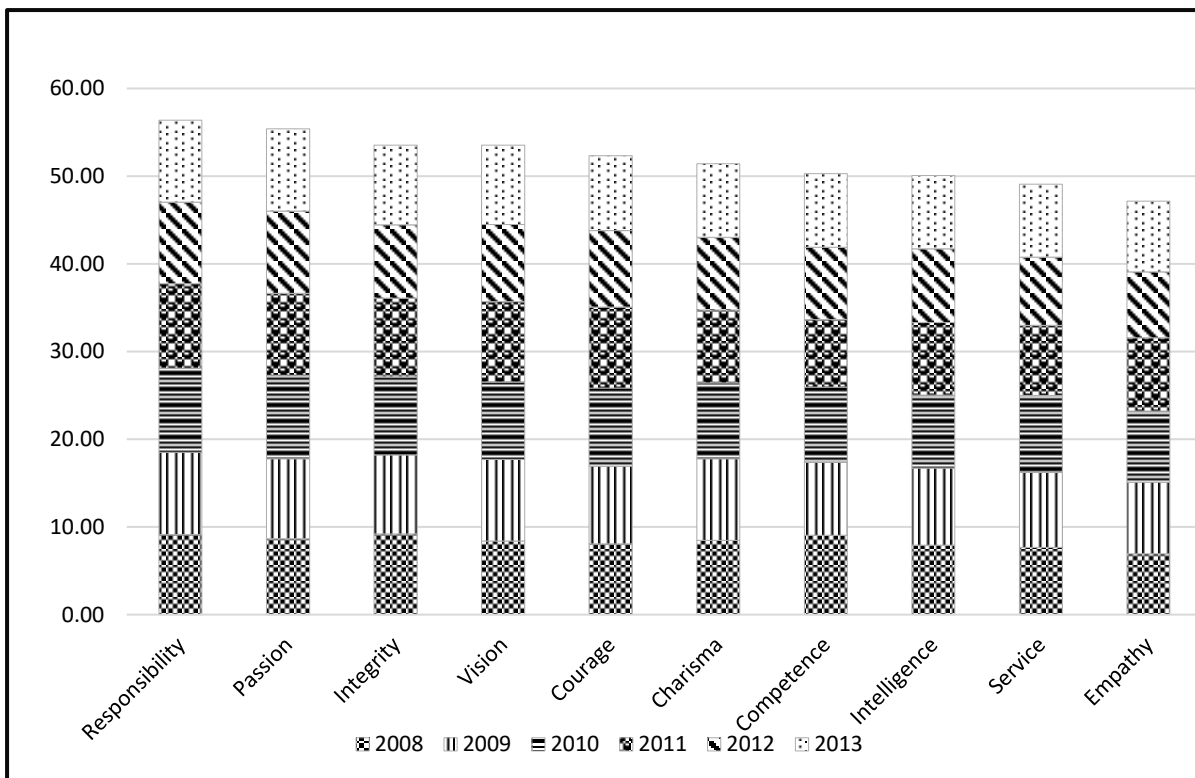


Table 1 displays a summary of detailed descriptive statistics including mean, standard deviation, coefficient of variation, median, minimum and maximum for each category, in order to further clarify the importance assigned to each characteristic by the study participants. Similar to the trend in the stacked yearly sum, “responsibility” has the highest overall average and smallest standard deviation, followed by “passion.” “Empathy” has the lowest overall ranking and highest standard deviation, right below “service.” Based on the mean and standard deviation, we then calculated the coefficient of variation for each factor. Coefficient of variation – defined as the ratio of the standard deviation to the mean – is a useful statistic for comparing the extent of variation among data sets. The higher the coefficient of variation, the greater the dispersion in the variable. Among the ten factors, “responsibility” and “passion” have the lowest coefficients of variations, while “empathy” and “service” have the highest coefficient of variation. Similar trends in rating dispersion have also shown in the median and range values (defined as maximum minus minimum).

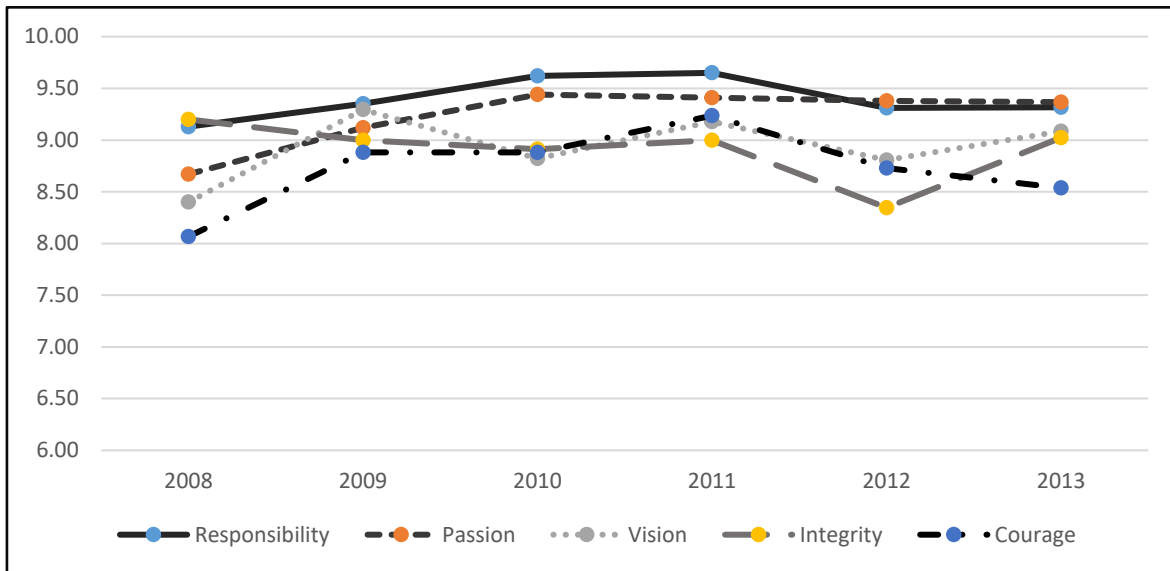
From the median values presented, “responsibility” and “passion,” the top two categories sorted by the overall rating, received the highest score (10) from at least half of the respondents, while “empathy” and “service,” the bottom two categories, received a rating of 8 or less from at least half of the respondents. Moreover, the range values showed that although all variables had the same maximum ratings of 10, “empathy” and “service” were the only two categories that received the lowest score (1), while all other categories displayed relatively less dispersions in their rating spectrum. These values indicate that respondents tended to have a greater dispersion in their ratings for “empathy” and “service.” That is, while most respondents agreed that “responsibility” and “passion” were key qualities, some had drastically different opinions concerning “empathy” and “service.”

Table 1: The 2008-2013 Overall Averages

Category	Average	Std. Dev.	C.V.	Median	Minimum	Maximum	Range
Responsibility	9.39	1.01	10.75%	10	4	10	6
Passion	9.31	1.05	11.26%	10	3	10	7
Vision	8.95	1.34	15.03%	9	4	10	6
Integrity	8.95	1.45	16.16%	9	2	10	8
Courage	8.68	1.46	16.79%	9	2	10	8
Charisma	8.50	1.52	17.85%	9	3	10	7
Competence	8.39	1.39	16.58%	9	3	10	7
Intelligence	8.36	1.43	17.14%	8	4	10	6
Service	8.27	1.71	20.71%	8	1	10	9
Empathy	7.91	1.74	21.96%	8	1	10	9

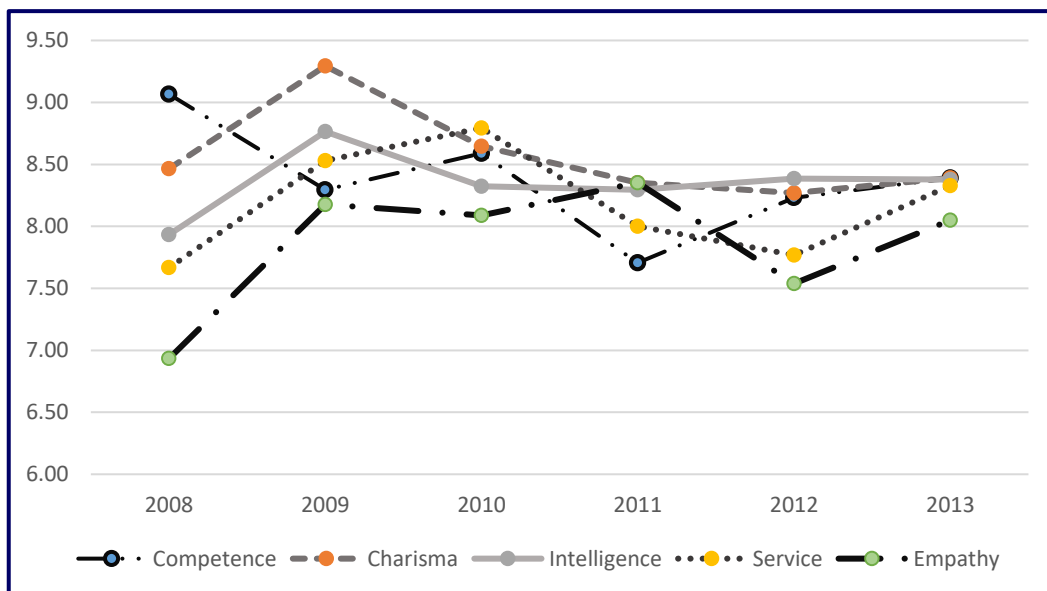
To better investigate the trends in average scores over the six-year period, we split the ten factors into two groups based on their overall average ratings: the upper five (“responsibility,” “passion,” “vision,” “integrity,” and “courage,” as summarized in *Figure 2*) and the lower five (“charisma,” “competence,” “intelligence,” “service,” and “empathy,” as summarized in *Figure 3*). As seen in *Figure 2*, “responsibility” has consistently scored as either the most or the second most important factor impacting leadership. Ranked fourth in 2008 and 2009, “passion” gradually gained in importance and advanced to the second place by 2010 and 2011, then further to the first place by 2012 and 2013, showing that more recently, respondents believed that the most important factor for an effective leadership was being passionate. In addition, all scores dropped in 2012, with the greatest decrease in “integrity” (from 9.0 to 8.35), which is likely associated with the prolonged economic downturn.

Figure 2. Upper Five Categories: Responsibility, Passion, Vision, Integrity, and Courage



As shown in *Figure 3*, “empathy” has consistently scored as the least important factor for leadership, with ratings in 2011 as the only exception (in which it was ranked 7th among the ten factors). “Service” and “intelligence” were the other two factors that often received lower ratings over the six-year period. One interesting trend, however, is the gap among the factors. At the beginning of the study in 2008, these lower five factors had rather dispersed ratings with a gap of 2.1 (or 24%) in average ratings between the highest-ranked factor (“competence,” 9.03) and the lowest ranked factor (“empathy,” 6.93). However, the gap had narrowed in recent years. By 2013, the gap was only 0.35 (or 4%) between the highest ranked factor (“intelligence,” 8.38) and the lowest ranked factor (“empathy,” 8.03). More respondents may have been expecting an effective leader to be more “well-rounded,” that is, to display positive characteristics in many dimensions, rather than leaving factors such as “empathy” or “service” completely out.

Figure 3. Lower Five Categories: Empathy, Service, Intelligence, Competence, and Charisma



To test the inter-relationship between the variables presented in the questionnaire, Spearman’s rank correlation coefficients were computed. As a nonparametric measure, Spearman’s correlation makes no assumptions of the probability distributions of the variables being assessed, which can be useful when the underlying relationship is not normal, or when the only information is ordinal.² The pairwise Spearman correlation coefficients and p -values between the ten factors are listed in Table 2.

Table 2: Pairwise Spearman Correlations

	Intelligence	Charisma	Responsibility	Vision	Integrity	Passion	Courage	Empathy	Competence	Service
Intelligence	1.0000									
Charisma	0.3141	1.0000								
	< 0.0001									
Responsibility	0.3078	0.1909	1.0000							
	< 0.0001	0.0173								
Vision	0.2922	0.2562	0.3171	1.0000						
	0.0002	0.0013	< 0.0001							
Integrity	0.4317	0.356	0.3485	0.3419	1.0000					
	< 0.0001	< 0.0001	< 0.0001	< 0.0001						
Passion	0.2485	0.3276	0.3302	0.3387	0.3211	1.0000				
	0.0018	< 0.0001	< 0.0001	< 0.0001	< 0.0001					
Courage	0.2967	0.3108	0.2602	0.3809	0.2956	0.5006	1.0000			
	0.0002	< 0.0001	0.0011	< 0.0001	0.0002	< 0.0001				
Empathy	0.4587	0.4079	0.3057	0.4027	0.4531	0.3811	0.3805	1.0000		
	< 0.0001	< 0.0001	0.0001	< 0.0001	< 0.0001	< 0.0001	< 0.0001			
Competence	0.4301	0.3851	0.2801	0.2076	0.3590	0.1750	0.1970	0.4217	1.0000	
	< 0.0001	< 0.0001	0.0004	0.0095	< 0.0001	0.0295	0.014	< 0.0001		
Service	0.3894	0.2383	0.3354	0.2942	0.3283	0.3659	0.4197	0.5674	0.3588	1.0000
	< 0.0001	0.0028	< 0.0001	0.0002	< 0.0001	< 0.0001	< 0.0001	< 0.0001	< 0.0001	

The strongest correlations are found between “passion” and “courage,” “empathy” and “integrity,” “intelligence” and “empathy,” and “empathy” and “service.” In the discussion section below, we provide a brief reasoning behind these correlations.

Discussion

By examining each of the constructs presented in this study, we aim to clarify how these combined phenomena have been perceived and manifested themselves in the leadership arena. Although speculating any causality between the factors is imprudent, the intention is

² “Ordinal” here pertains to the rank or order, rather than continuous values.

to add validity to the relationship between these factors, and therewith, further elucidate their importance.

Passion and Courage

Courage and passion are often mentioned in one breath when leadership is being discussed. Gallos (1997) refers to courage and passion as the pillars of real leadership, and calls for educators to develop and implement a pedagogy built upon these qualities. Cooper, Sarros, and Santora (2007) credit courage and passion as important qualities of transformational leaders as they inspire others to achieve visionary goals. Further, Batagiannis (2007) uses the concept of courage as a necessary and primary component of leadership, thereby stressing that an attitude of courage can inspire a leader to be guided by passion rather than fear.

Passion is an important instigator of courage: many courageous acts are built on passionate beliefs. Coats and Heuer (2007) posit that “passion fuels courage [and] courage is vital for challenging the process” (p. 53). The actions of leaders throughout the ages, namely, Gandhi, Martin Luther King, Mother Teresa, and Abraham Lincoln underscore this argument in that the courageous acts of all these people came forth from the passion they felt for their beliefs. In this way, passion often incites meaningful leadership.

Empathy and Integrity

No longer are empathy and integrity considered characteristics that need to be parked at the corporate door. Recent history has demonstrated the inverse correlation between these two qualities: lack of empathy is a fertile foundation for lack of integrity. If we consider Enron, and its top management team’s overwhelming greed, we can see how this led to dishonest practices, fueled by a total disregard for the well-being of the communities in which they operated. There have been numerous corporate and personal instances that have reiterated this relational trend. Bernard Madoff lacked a sense of empathy for those who trusted him with their investments, and enriched himself shamelessly with their money (Lewis, 2014). Al Dunlap lacked empathy for the workforces entrusted to him, and callously fired almost half of the employee-base to reduce overhead in the most basic and direct way, while simultaneously painting a deceptively flourishing picture of a corporation in order to pump up stock prices (Calandro Jr, 2011). Tim Durham lacked empathy for the hardworking people who invested their savings in Fair Finance Company, a long-trusted investment company in Ohio, which he acquired in the early 2000s. With a complete absence of integrity, Durham used Fair Finance’s funds to invest in his own mismanaged companies and to support his extravagant lifestyle, while investors lost their hard-earned money (Lowrey, 2011).

Integrity and empathy are increasingly evident as a critical duo in a leader’s behavioral arsenal. This can partly be attributed to the overwhelming manifestations of immoral and unconcerned behaviors among leaders, and partly to the process of horizon expansion and awareness elevation we experienced since the internet became a widely used commodity. In our progressively interconnected world, news travels incredibly fast. The widespread exposure of numerous arrogant, self-centered leaders, not only alerted the public about the close link between immorality and self-centeredness, but also the symbiotic connection between its counterparts of integrity and empathy. Furthermore, we have grown increasingly aware of the importance of these two aspects as salient elements of contemporary leadership. Stefano and Wasylyshyn (2005) discuss the “ICE” model for leadership, which is

comprised of three elements: integrity, courage, and empathy. In this model, integrity is defined as simply being truthful; courage as the ability to make bold decisions guide and support actions; and empathy as the balance between meeting one's own needs and caring for those of others.

Not only for leaders, but also in the case of corporate conduct, integrity and empathy are viewed as leading, interdependent tendencies. In assessing corporate moral behavior, Chun (2005) refers to integrity as one of the most prominent corporate ethical values of the last decade due to its close connection with trust and reputation. Empathy is depicted as the much-needed awareness of, and care for, others' feelings, in order to ensure longitudinal, stable, and mutually-rewarding relationships. Three years before this article, Chun and DaSilva (2002) published their book, *Corporate Reputation and Competitiveness*, in which they identified strong correlations between integrity and empathy, revealing that employees displayed the highest preference for these two values followed by customers and managers. As a result, Chun and DaSilva concluded that companies should focus on empathy and integrity to elevate customer satisfaction levels.

Intelligence and Empathy

The interaction of emotion and thinking has intrigued researchers for many years. Positive emotions have been found to encourage exploration and discovery, expand our thinking, help generate new ideas, and encourage us to consider various possibilities (Kibbar, 2012). Meanwhile, negative emotions also have a place in our lives as they also enhance thinking, but in a different way: they encourage a clearer focus and attention to detail, motivating search for errors and imperfections (Mayer & Salovey, 1997). How we feel, then, impacts our judgment, and the better the mood is matched to the message, the more focused our attention (Ho, Sze-Sze, & Chay Hoon, 2011). Overall, our decision-making and communication processes benefit from incorporating emotional data, helping shape rational thought, and therefore, those who are good at using emotions to facilitate thinking can be more effective motivators of others (Caruso & Salovey, 2004). As Hüther (2006) posits, it takes *intelligence* to be empathetic: "Empathy requires a tremendously refined level of perceiving and processing other people's nonverbally expressed feelings. The capacity for empathy can only be developed by people who are willing, and possess the necessary sensitivity, to place themselves within another person's world of feelings" (p. 114).

The first type of intelligence that comes to mind is Emotional Intelligence (EI) – as previously explained – specifically as it entails the part of our mind that is attuned into feelings. Mayer and Salovey (1997) define Emotional Intelligence as the ability to perceive emotions accurately, use emotions to enhance thinking, understand and label emotions, and regulate emotions in one's self and in others. While EI diverges somewhat from verbal intelligence, it is predominantly associated with constructive social interactions, while at the same time being inversely related to antisocial behaviors – including abuse of drugs and alcohol resulting in aggressive behaviors (Ivcevic, Brackett, & Mayer, 2007). In an effort to discover whether emotionally intelligent people are also more empathetic, Martos, Lopez-Zafra, Pulido-Martos, and Augusto (2013) conducted a study involving 242 employees in which they found that "the capacity for empathy begins with intrapersonal emotional abilities ([...] you must understand yourself to understand others). However, the socio-emotional skills (interpersonal aspect of the EI) have some predictive power in explaining empathy" (p. 412).

Humphrey (2013) summarizes this point in his assertion that “both emotional intelligence and empathy are important to leadership as well as to people’s well-being” (p. 292).

Yet, when it comes to empathy and intelligence, there are multiple angles of interpretation possible, such as the multiple intelligences that Howard Gardner has presented: linguistic, logical-mathematical, musical, spatial, bodily kinesthetic, naturalistic, interpersonal, and intrapersonal, with a ninth intelligence – existential – added later (Gardner, 2000; Gardner & Moran, 2006). In this way, “interpersonal intelligence processes information related to other people and interacting with them, [while...] intrapersonal intelligence processes information about the self” (Gardner & Moran, p. 229). More specifically, “interpersonal intelligence looks outward, toward the behavior, feelings, and motivations of others” (Gardner, 2011, p. 255). In other words, this perspective acknowledges that there are multiple ways in which intelligence can be related to empathy. In Gardner’s intelligence frames, both interpersonal and intrapersonal intelligence could be considered useful for empathetic senses: interpersonal intelligence for the obvious human interaction entailing decoding and interpretation of verbal and non-verbal signals transmitted to one another, and intrapersonal intelligence, as a personal frame of reference when considering the feelings of others.

Empathy and Service

The link between empathy and service naturally follows in part because empathetic people are capable of sensing and relating to the feelings, thoughts, and experiences of other individuals. In doing so, they oftentimes display a greater level of willingness to assist and support others. Assistance and support are forms of service, which may then explain the relationship between service and empathy. Yet, this link between empathy and service also works in reverse manner; not only does an empathetic mindset lead to greater service orientation, but a serving attitude also augments empathetic sentiments.

In an article with the telling title “No Empathy, No Service,” Tripp (2013) underscores the above reasoning in the context of diehard business performance by explaining that profits no longer emanate from increased productivity, but from serving stakeholders, which in turn, requires empathy. Tripp clarifies that empathy can provide us with the will and creativity to find opportunities to enhance our value through serving. She illustrates this assertion by mentioning a wide variety of service-oriented business entities, including Universal Studios, Apple, Coke, and even Tire Discounters. All have striven to identify and anticipate the needs and desires of their customers in such a way as to provide them with such well-attuned service – thereby rendering them loyal customers.

We are using personal and corporate examples interchangeably to discuss empathy or lack of it in this paper because we adhere to the perspective that business entities are led by humans, and that the behavior of businesses is determined by the presence or absence of empathy in their leaders. Wieseke, Geigenmüller, and Kraus (2012) support this notion by first hypothesizing that any work environment where there is an atmosphere of understanding, courtesy, and reciprocal attentiveness will lead to rewarding service outcomes, while refusal to connect and inability to relate will likely only lead to dissatisfaction, anger, and frustration. Wieseke et. al. (2012) subsequently present findings from a quantitative study, conducted among 214 employees and 752 customers at 93 travel agencies. The results confirmed that positive relationships between internal and

external stakeholders (in this case, employees and customers) lead to symbiotic interactions, enhancing mutual empathy and generating greater satisfaction and loyalty.

Limitations and Implications

This empirical study was exploratory and therefore had several limitations. Consequently, generalizing its results is cautioned, as they may be sample-specific. This study was based on a convenience sample of 191 datasets. During the time of this study (2008 – 2013), all participants were enrolled in an undergraduate business degree program at a small private university in Southern California. Data on participants' academic concentrations (management, accounting, or marketing) were not collected, nor were those of their ethnic backgrounds or the extent of their professional experience.

Unquestionably, empathy is a valuable business commodity, and for those of us to whom it does not come naturally, there is good news – it can be cultivated. Martinuzzi (2009) compares it to a muscle which strengthens with repeated use. According to Cohen (2012), schools should focus on nurturing empathetic practices in their business ethics courses instead of emphasizing moral reasoning as a tactic for creating mutually-favorable outcomes. According to this author, the reason for unethical behavior is not poor ethical reasoning, but rather the lack of understanding and caring about what others feel because we have never had similar experiences. As such, taking a personal interest in others, practicing being fully present, listening, and tuning into non-verbal communication clues are paths to training our “empathy muscles” (Martinuzzi, 2009).

Fittingly, Wilson (2011) found that service learning enhances empathetic behavior in college students. When considered in that context, “empathy is framed as a type of understanding that students can achieve through service-learning (SL) opportunities” (Wilson, 2011, p. 207). Wilson explains that many institutions of higher education have adopted service-learning programs in order to stimulate personal and social development in students – all of which establishes solid foundations for empathetic thinking. Engaging in these types of service-learning projects helps students prepare for a new way of contemplation and engagement; they will be able to better identify commonalities of thought and experience with others (Wilson, 2011). Concurring with Wilson are Sabbaghi, Cavanagh, and Hipskind (2013), who similarly evaluated the diverse effects of service learning, and found that “by doing good for others, true empathy develops”(p. 128).

It is increasingly apparent that businesses which do not espouse a greater purpose than generating profit will have a difficult time maintaining relationships with their investors, customers, and surrounding communities. But when an enterprise is in tune with the needs of its customers, it can provide solutions that meet the needs of many, often resulting in robust profitability. A study by Boulouta (2011) highlights the importance of corporate social responsibility strategies in delivering mutual benefits for the organization and for society proper. Boulouta suggests that companies, which espouse empathy-based moral reasoning are more likely to be socially and economically successful. Being attuned to and empathetic toward stakeholders' needs helps businesses formulate and hone strategies.

Locally and internationally, there are ongoing discussions about how to imbue the growth of graduate qualities, such as authenticity, creativity, and civic mindedness, into business degree programs. Empathy, as an ability to understand oneself and others (Eisenberg & Strayer, 1987), can be developed (Eriksen, 2009) through various learning activities. Social-

psychological interventions for learning offer a possible path for developing cognitive empathy (Walton, 2014). Without detracting from efforts spent on introducing leadership-related content, constructive activities will provide students with opportunities to develop qualities like empathy and leadership, which are essential to their intended professions and important for being able to critically analyze information and make decisions.

Empathy starts with awareness of the thoughts and feelings of others. In a business school context, this means being present – seeing and hearing what is going on. Effective listening, then, undoubtedly plays an important role in developing one’s sense of empathy. Unfortunately, few business school curricula give development of student listening skills much emphasis. Indeed, college reading, writing, and speaking classes are part of all general education curricula; we would be hard pressed to locate a course completely dedicated to listening at any level. Consequently, as part of the quest to develop empathetic business leaders, it would be prudent – in addition to incorporating service learning into the curricula – to integrate learning experiences that encourage students to hone their listening and interpretation abilities. Additionally, materials that illustrate how managers who are mindful of their internal beliefs and feelings lead more productive teams can be developed and practiced. Students can benefit from lessons which stress how effective managers ask questions, seek information, and use all available resources to be mindful in all aspects of a situation.

Furthermore, successful implementation of a curricula emphasizing empathy early in an academic career may facilitate students’ choices of more appropriate areas of academic concentration for their studies. This may later extend to a choice of career complementary to their emotional ability profiles. Committing resources to academic and business careers befitting not only aspirations but also strengths early in life would save students, universities, and society unneeded pain and disappointment, while redirecting students along more satisfactory paths.

Future researchers might consider examining the phenomenon of empathy further by enriching the current data through study replication with a demographically-different population, as well as by investigating possible relationships between gender and empathy and business concentrations and empathy. A deeper exploration of the relationship between an awareness of the importance of empathy as it relates to gender and/or ethnic backgrounds would contribute toward a better understanding of leadership effectiveness within the diverse body of business students. Over time, educators and practitioners who plan to enhance their curricula by incorporating instruction focusing on empathy and leadership could continue to measure potential effects of these changes in their students.

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