Empathetic Influence: Charting a Course for Employee Well-being Through Leadership in the Service Sector

Syeda Fatima Azeemi¹, Dr. Fouzia Ashfaq², Khurram Shahnavaz Rana³

Abstract
This study explores a crucial role of empathy in leadership style, focusing its impact on employee wellbeing. Through a comprehensive analysis it aims to inform leadership practices to develop a positive workforce environment, enhancing the overall organizational wellbeing. Empathetic leadership involves the understanding follower’s emotions and taking proactive caring actions, the leadership style works with the mediation of distributive justice that create a perception of fair and equal allocation of resources and rewards in organization. Such leadership style promotes positive relationships, enhanced teamwork and contribute in organizational productivity. Empathetic leaders possess skills that are crucial for adapting global trends and creating supporting work environment, particularly in adapting organizational change. Employee wellbeing is crucial for organizational success, which is significantly influenced by empathetic leadership with the perception of distributive justice, resulting in higher job satisfaction, organizational commitment and overall enhanced work environment.

Keywords: Empathetic Leadership, Distributive Justice, Wellbeing, Mediation

1. Introduction
The dynamic nature of the modern businesses requires, that management and multinational corporations develop a long-term competitive advantage generating effective strategies (Lamsa & Pucetaite, 2006). Gaining empathy and preserving employees trust within firms are two ways to be successful in the present global economy. According to Undung and Guzman (2009), empathy is a valuable tool for building leadership qualities which are essential for producing reliable and driven workers. Empathy is a fundamental aspect of human interaction that plays a crucial role in both personal and professional realms (Zahavi, 2010; Goldman, 2006; Khan & Wali, 2019). In the workplace, the significance of empathy is underscored by its potential to foster support, motivation, and ultimately, enhanced performance (Edmondson & Lei, 2014). Gruber, and Reppel (2010) assert that empathy enables workers to fully comprehend the thoughts and perspectives of others, improving productivity and enjoyment at work.
This study’s main objective is to examine the role empathy plays in effective leadership. Exploring the impact of empathetic leadership on employee well-being with a focus on the effects of distributive justice. By exploring these dimensions, we aim to provide insights that can inform leadership practices and contribute to develop healthier work environments, enhancing the overall organizational wellbeing.

According to Hetherington (2009), empathy is a crucial ability as it enables workers to recognize and express their feelings, thoughts, and concerns. Empathy has been found to be a crucial component in building trust and to enhance organizational performance (Feng, Lazar, & Preece, 2004). According to Colquitt et al (2001). The fairness in distribution of resources, assessing either employees receive what they perceive as their organizational rewards and resources is defined as distributile justice. When employees observe that organizational resources are fairly distributed, they are more likely to feel valued and respected, leading to higher levels of organizational commitment, job satisfaction, and motivation (Croppanzano et al., 2001). The inequality in resource allocation can cause a sense of injustice, hatred and reduced employee engagement (Greenberg et al., 1993). Employees strive for fairness in the rewards they receive within the organization and can perceive a sense of inequality if this distribution is disrupted (Thibaut & Walker, 1975).

The connection between leadership and employee well-being has been extensively studied, as highlighted by Nielsen and Taris, (2019). Tepper, (2000) contribute insights into the stress-inducing aspects of leader-subordinate interactions, emphasizing the critical role leader’s play in shaping employee well-being. Positive emotions and a subjective sense of overall job satisfaction are referred to as wellbeing at work. According to Fisher (2014) social ties have been proposed as a crucial element of an individual’s positive work experiences and as such, they should be included in conceptualizations of wellbeing at work and in general. Employee wellbeing in the workplace is a critical factor for organizational success and individual satisfaction (Abid et al., 2023; Butt et al., 2020; Saks, 2020; Ashfaq & Abid, 2022; Yousaf et al., 2019; Ismail & Ali, 2017; Akram, 2018; Abid et al., 2020; Hasan et al., 2020; Khan et al., 2021; Ilyas et al., 2022, 2023). Providing a supportive work environment that prioritizes employee health and happiness contributes to higher levels of productivity, engagement, and retention (Grant et al., 2019). Research indicates that employees who perceive their leaders with empathetic skills, report higher levels of job satisfaction, engagement, and overall enhanced wellbeing (Eisenbeiss & Knippenberg, 2020).

Organizations need to adapt their leadership approaches within the dynamics of modern work environments, where factors like remote work, diverse team structures, and technological advancements significantly influence leadership dynamics and employee well-being, the majority of studies on empathetic leadership and well-being lack a contextualized exploration on various factors that can highly effect the overall organizational wellbeing (Westerman, 2018). Organizations need to adapt their leadership approaches within the dynamics of modern work environments, where factors like remote work, diverse team structures, and technological advancements significantly influence leadership dynamics and employee well-being, the majority of studies on empathetic leadership and well-being lack a contextualized exploration on various factors that can highly effect the overall organizational wellbeing (Westerman, 2018).

¹ Lahore College for Women University, Lahore, Pakistan
² Corresponding Author, Lahore College for Women University, Lahore, Pakistan
³ CHRO, Netsol Technologies LTD, Lahore, Pakistan
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2. Theoretical Framework

2.1. Empathetic Leadership and Employee Wellbeing
The significance of employee wellbeing in context of leadership has gain more insights in studies over the past ten years (Nielsen K&Taris TW, 2019). Several literature reviews and meta-analyses have also been done in this field (Nyberg A, Bernin P, Theorell T, 2005). They all demonstrate the connection between an employee's well-being and the leadership of their manager. Employee well-being appear to be positively correlated with certain leadership philosophies, including transformational, relationship-oriented, and supportive leadership (Ashfaq et al., 2019, 2022, 2023). Despite coming from various leadership theories, these styles have one thing in common: they're all characterized by managers acting with care, support, and empathy. Research indicates that one of the most frequent causes of stress in businesses is the interaction between a leader and their subordinates (Landewerd & Boumans, Citation1994; Tepper, Citation 2000). Affective well-being, which includes the job satisfaction, general well-being, and burnout etc. is frequently used to assess wellbeing at work (Skakon et al., 2010. Since emotional wellbeing is a part of good mental health and promotes work-life balance, organizational commitment, employee engagement, and job satisfaction, it is the subject of special attention in this study (Sirgy and Lee, 2016).

H1: Empathetic leadership positively associated with employee well-being.

2.2. Distributive Justice and Empathetic Leadership and Employee Wellbeing

The term distributive justice revolves around the concept of allocation of resources, rewards and opportunities for development on the basis of equality (Colquitt et al., 2013). According to Cropanzano (2017) distributive justice and empathetic leadership have a multifaceted and interconnected impact on the employee wellbeing. Employees who perceive distributive justice within organization experience higher level of job satisfaction and overall wellbeing. This satisfaction is created by implementing fair and equal treatment in distribution of resources that creates a sense of commitment to the organization (Ambrose & Schminke, 2009). Similarly, empathetic leadership fosters a healthy work environment and promotes job satisfaction and organizational commitment (Liu et al., 2019). Empathy in leadership also creates a supportive relationship among employees that encourages emotional support, understanding, which also maintain wellbeing in the workplace (Lam et al., 2016).

H2: Empathetic leadership positively correlates with employee wellbeing with mediation of distributive justice.

2.3. Distributive Justice and Employee Wellbeing
Justice play a crucial role in every individual’s life such as in society, workplace or at home. Justice is also perceived as fairness, justice is an actions with compliance with the rule and laws (Maiese, 2003). Similarly, fair allocation of available resources to all employees in an organization which encourages a positive mindset of competition among the employees, is called distributive justice. John Rawls (1971) gave the theory on distributive justice, known as justice as fairness. According to this theory the principle of justice are important as they develop awareness among people who are in their original position dealing with the governing societal norms and rules, and the people who are not aware of their position in society. This enhances the perception to differentiate what is good and what is fair. Without distributive justice employees will feel that they are being treated unfairly, and will start questioning the system of inequality (Maiese, 2003). This can further lead to the perception of discrimination. Discrimination at workplace has a huge impact on mental, physical and overall employee performance.

The concept of distributive justice and employee wellbeing are closely intertwined that strengthens the relationship within an organization. (Greenberg, 2001).a leader who possesses empathetic nature is more likely to understand the importance of fair distribution of resources and ensures a fair decision making process in an organization (Brockner et al., 2000). The distribution based on equal and fair resources contributes to a positive work culture where employees feel valued and respected (Bies & Tripp, 2001).

H3: distributive justice is positively related to employee wellbeing.

2.4. Empathetic Leadership and Distributive Justice

According to Colquitt et al., (2001) a sense of trust and confidence in the organization is encouraged that leads to organizational commitments and over all wellbeing. Eisenbeiss & Knippenberg, (2015) has stated that empathetic leadership is an important element that understand and respond towards the needs of their employees. Additionally, empathetic leader’s leads to more equitable outcomes and higher levels of perceived distribution justice as these leaders are more likely to consider the impact of their actions on the employees (Leroy et al., 2015). Distributive justice and empathetic leadership are crucial element of organization that encourages a work environment regarded by fairness, collaboration and understanding (Bass et al., 2003). Organizations can create
a culture of trust, respect and enhanced organization wellbeing (Eisenbeiss & van Knippenberg, 2015). According to Smith, Johnson, & Davis, (2020) empathetic leadership and distributive justice does not only describes the organizational behavior but also are the key drivers of employee satisfaction, trust and effective performance. Empathetic leadership plays a crucial role in promoting distributive justice within the workplace as they characterize the qualities to understand, support and connect their employees. (Jones & Smith, 2018). This empathetic approach creates an encouraging environment for open communication, team work, which are essential for achieving organizational goals (Garcia & Martinez, 2016). According to the concept of Adams (1963) theory of equity, the employees compare their efforts or skills with the outcomes such as salaries or recognition and relate to the ratio between them. Organizations can contribute to the distributive justice by providing equal opportunities, unbiased reward system, promoting a fair performance evaluation system (Bies & Moag, 1986).

H4: empathetic leadership positively related to distributive justice.

3. Survey and Measures
   3.1. Empathetic Leadership
   The service industry workers responded about their perception regarding their supervisor, empathetic leadership using J.Mayfield et al., (2017) 5-items measure. A sample items included “My supervisor shows trust in me”. The items were responded through a 5-point Likert scale ranging from 1(strongly disagree) to 5 (strongly agree).

   3.2. Distributive justice
   The items of distributive justice were used to measure the extent to which outcomes are considered as being equitably distributed. Moorman et al., (1991) presented the 3- items scale for distributive justice. A sample item included “I consider my workload to be quite fair”. The items were responded through a 5-point Likert scale ranging from 1(strongly disagree) to 5 (strongly agree).

   3.3. Employee Wellbeing
   Employee wellbeing was assessed with 5-items using the scale developed by Diener et al., (2010). A sample items included “Our organizational culture encourages a balance between work and family life”. The items were responded through a 5-point Likert scale ranging from 1(strongly disagree) to 5 (strongly agree).

4. Data Analysis
   The analysis of data was carried using PROCESS macro by Hayes (2013) and smart PLS. For mean standard deviation, Cronbach’s alpha, correlation and regression analysis, smart PLS was used. For testing mediation and moderation, PROCESS macro Model 5 was employed. According to Hayes et al., (2013), process performs an estimation of specific indirect effects.

   4.1. Convergent Validity
   The degree to which each construct is measured and theoretically ought to be connected to each other are actually seen to be related to each other is known as convergent validity. Factor loadings, reliability analysis and composite reliability in accordance with Hair et al, 2010, can be used to investigate convergent validity. Additionally, average variance extracted was looked at as a statistic that might be helping in proving validity. Since the convergent validity can be examined it can guarantee that the variables, whether mediating or dependent, correlate well with one another inside their parent factor. The value must be more than 0.5 in average variance extracted. Table 4.3 in the study’s attachment contains the AVE data.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Cronbach alpha</th>
<th>Composite reliability (rho-a)</th>
<th>Composite reliability (rho_c)</th>
<th>Average variance extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DJ</td>
<td>0.702</td>
<td>0.713</td>
<td>0.835</td>
<td>0.628</td>
</tr>
<tr>
<td>E</td>
<td>0.871</td>
<td>0.872</td>
<td>0.907</td>
<td>0.661</td>
</tr>
<tr>
<td>EI</td>
<td>0.828</td>
<td>0.845</td>
<td>0.885</td>
<td>0.659</td>
</tr>
<tr>
<td>EW</td>
<td>0.763</td>
<td>0.766</td>
<td>0.841</td>
<td>0.515</td>
</tr>
</tbody>
</table>

*DJ= distributive justice, EL=empathetic leadership, EI=emotional intelligence, EW=employee wellbeing.

Most social scientific research consider a score of 0.70 or above to be acceptable (Secer et al., 2013). The reliabilities of both variables are higher as of this work in above table 4.2 (emotional intelligence Cronbach alpha=0.828<0.7, distributive justice Cronbach alpha=0.702<0.7 and employee wellbeing Cronbach alpha=0.763<0.7) than 0.07, therefore all the items related to variables internal consistency are in good condition.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Standard deviation</th>
<th>Excess kurtosis</th>
<th>Skewness</th>
<th>Number of observations used</th>
</tr>
</thead>
<tbody>
<tr>
<td>DJ</td>
<td>1.000</td>
<td>0.509</td>
<td>-0.576</td>
<td>249.000</td>
</tr>
<tr>
<td>EL</td>
<td>1.000</td>
<td>1.945</td>
<td>-1.052</td>
<td>249.000</td>
</tr>
<tr>
<td>EI</td>
<td>1.000</td>
<td>2.532</td>
<td>-1.137</td>
<td>249.000</td>
</tr>
<tr>
<td>EW</td>
<td>1.000</td>
<td>0.917</td>
<td>-0.576</td>
<td>249.000</td>
</tr>
</tbody>
</table>

*DJ= distributive justice, EL=empathetic leadership, EI=emotional intelligence, EW=employee wellbeing.

The mean, standard deviation, kurtosis and skewness for the study variable are shown in the above table. The distributive justice standard deviation used are respectively, 1. For empathetic leadership the standard deviation is 1. The standard deviation for
emotionai intelligence is 1. And for employee wellbeing its standard deviation is 1. The values of kurtosis and skewness for distributive justice, empathetic leadership, emotional intelligence and employee wellbeing. These values are 0.509, 1.945, 2.532, 0.917 and -0.576, -1.052, -1.137, -0.576, respectively. Every value for kurtosis and skewness falls in between -2 and +2. As a result, the data indicates that there is no irregularity in the data.

4.2. Correlation Analysis
A statistical method for determining the link between two variables is correlational analysis. The table shows that the relationship between distributive justice and empathetic leadership is positive, moderate and highly significant (r = 0.559, p<0.01). According to the table the relationship between emotional intelligence and empathetic leadership is positive and highly significant (r=0.322, p<0.01) and the relationship between employee wellbeing and emotional intelligence is positive, highly significant and moderate at (r= 0.287, p<0.01).

<table>
<thead>
<tr>
<th>Construct</th>
<th>DJ</th>
<th>EL</th>
<th>EI</th>
<th>EW</th>
</tr>
</thead>
<tbody>
<tr>
<td>DJ</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EL</td>
<td>0.559</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EI</td>
<td>0.488</td>
<td>0.322</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>EW</td>
<td>0.570</td>
<td>0.565</td>
<td>0.287</td>
<td>1.00</td>
</tr>
</tbody>
</table>

4.3. Hypothesis Testing
Mediation analysis was performed using PROCESS Macro by Hayes, model 5, to assess the indirect effect of empathetic leadership on employee wellbeing through distributive justice (i.e., Hypothesis 4). Table 4 displays the results of the mediation model.

In hypothesis 1, we propose that there is a positive correlation between empathetic leadership and the employee wellbeing. As in the table 4.10, shows empathetic leadership positively predicted the employee wellbeing (β =0.372, SD=0.070, LLCI= -.3399. ULCI= .2452). Hence, hypothesis 1 is supported.

In hypothesis 2, we postulated that empathetic leadership positively correlates with employee wellbeing through the mediator distributive justice. The analysis indicates a significant indirect effect of Empathetic leadership on employee wellbeing through the mediator Distributive Justice, (β=0.2068, SD=0.043, LLCI = .1393, ULCI = .2823). This suggests that empathetic leadership has an indirect influence on employee wellbeing through its impact on distributive justice.

In hypothesis 3, we stated that distributive justice is positively related to employee wellbeing. Based on the analysis, the standardized indirect effect of distributive justice on employee wellbeing is β: 0.376, SD=0.072, LLCI=0.1425 and ULCI=0.2869. The results obtained through analysis, conclude that distributive justice has a significant relation with employee wellbeing.

In hypothesis 4, we stated that empathetic leadership and distributive justice have a positive impact. As the study predicts that higher level of empathetic leadership are associated with higher levels of distributive justice in the organization as the p value shows p < 0.001, β = 0.561, SD= 0.052, LLCI= 0.1393 and ULCI=0.2823. Therefore, empathetic leadership and distributive justice plays an important role in promoting positive work environment.

Table 4: Hypothesis Testing

<table>
<thead>
<tr>
<th>Direct Effect</th>
<th>β</th>
<th>SE</th>
<th>T</th>
<th>P</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Empathetic Leadership → Employee Wellbeing</td>
<td>0.372</td>
<td>0.1772</td>
<td>-0.2675</td>
<td>0.0001</td>
<td>-0.3399</td>
<td>-0.2452</td>
</tr>
<tr>
<td>H2: Empathetic Leadership → Distributive Justice</td>
<td>0.5722</td>
<td>0.0544</td>
<td>10.5206</td>
<td>0.000</td>
<td>0.4824</td>
<td>0.6620</td>
</tr>
<tr>
<td>H3: Distributive Justice → Employee Wellbeing</td>
<td>0.3614</td>
<td>0.599</td>
<td>6.0311</td>
<td>0.000</td>
<td>0.2625</td>
<td>0.4604</td>
</tr>
</tbody>
</table>

Indirect Effect

<table>
<thead>
<tr>
<th>Effect</th>
<th>Boot SE</th>
<th>Boot LLCI</th>
<th>Boot ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4: EL→DJ→WB</td>
<td>0.2068</td>
<td>0.0436</td>
<td>0.1393</td>
</tr>
</tbody>
</table>

5. Discussion and Implication
The primary objective of this study was to examine the mediating influence of distributive justice on the relationship between empathetic leadership and employee wellbeing. The paper offers a thorough examination of the research topic, its objective, and the approach used to conduct the study and the methods employed for data analysis. Furthermore, this study presents recommendations for the future research directions, along with an analysis of its implications and limitations. The advantage of this study’s findings that may be utilized as future reference are its theoretical implications. Additionally, it was determined that the selected questionnaire contained valid and highly dependable items. This study has demonstrated that empathetic leadership has a positive influence on employee wellbeing and understanding the indirect effect of both variables through the mediating impact of distributive justice.

5.1. Practical Implications
This study empirically investigates the role of distributive justice as a mediator in the relationship between empathetic leadership and employee wellbeing. Furthermore, our study sheds light on the potential moderating effect of emotional intelligence, a variable that has been overlooked in previous research. We demonstrate that empathetic leaders not only build trust within the organization but also facilitate effective problem-solving and adaptation during difficult times. The organization need to invest in leadership development program, cultivating empathy among leaders such as training sessions, feedbacks, coaching. Similarly organizations should strive to ensure fair allocation of rewards and resources, strengthening the positive impact of empathetic leadership on employee wellbeing.
5.2. Future Recommendations

A longitudinal study should be conducted to examine a long term impact of empathetic leadership on employee wellbeing. Future researchers should conduct a test on another mediating factor in order to learn what other variables could mediate the link between independent variable and dependent variable. The organizations need to invest in leadership development program, cultivating empathy among leaders such as training sessions, feedbacks, coaching. Exploring the role of technology-mediated empathetic leadership could be a promising avenue for future research. With the increasing reliance on digital communication platforms in the workplace, understanding how empathetic leadership can be effectively conveyed and experienced through technology-mediated channels is crucial for modern organizational dynamics.

6. Conclusion

In conclusion, this research paper has contributed in understanding the critical role of empathetic leadership in promoting employee wellbeing with the mediation of distributive justice and moderation of emotional intelligence. Leaders who demonstrate empathy towards their employees creates a supportive work environment for their followers. The role of distributive justice in allocating resources or rewards, reinforces a positive effect of empathetic leadership on employee wellbeing. Overall the study’s objective and hypothesis have been fully satisfied.

References


