Empathic Leadership during Covid-19: Distinguishing the Role of Cognitive Empathy

This paper aims to examine the intersection of two bodies of literature, namely organizational crisis, and empathic leadership. While some organizational crises are easier to detect, others are entirely unpredictable and caused by uncontrollable and extreme events and contexts. For instance, Hurricane Katrina (e.g., Hannah, Uhl-Bien, Avolio & Cavarretta, 2009) and the twin towers attack of 2001 (Comfort, & Kapucu, 2006; Gittell et al., 2006) fit the definition of extreme events beyond the control of the leaders. The current threat of the COVID-19 pandemic, similarly, is unprecedented in its unpredictability and uncertainty, leaving many business leaders in unfamiliar territory, needing to respond effectively in a novel context to both employees and customers, alike. A growing body of research considers a relational, other-oriented approach to leadership, such as depicted in servant, compassionate, or empathic leadership (Kock et al., 2019; Van Dierendonck & Patterson, 2015). Consideration of others may be of critical importance during an unprecedented organizational crisis, such as COVID-19. While no known empirical research examines empathetic leadership during such conditions, König and colleagues (2020) recently conceptualized the value of empathetic leadership during times of organizational crisis. Empathy, or one's ability to understand (cognitive dimension), and feel the emotions of another (affective dimension) (Batson et al., 1995), may enable leaders to respond faster to crises by sensing the crisis and making decisions to address it promptly. Such an empathic response can be met positively by organizational employees and may even lead to favorable ratings by customers. For example, Kock and colleagues (2019) found a positive relationship between empathetic leaders and employee performance outcomes. König and colleagues (2020), similarly propose that empathetic leaders, in the short term, lead to favorable outcomes during an organizational crisis. However, they suggest that a leader's empathy might lead to a "too much of a good thing" phenomena (König et al., 2020, p. 134), such that too much empathy in the executive leadership position could have deleterious organizational outcomes. In this current study, we aim to empirically test König et al.'s propositions during the onset and early stages of COVID-19.

Distinguishing between empathy and perspective-taking
Recent scholarly work has criticized the multi-dimensional conceptualizations of empathy, suggesting that the affective and cognitive components of empathy hold distinct meaning and are best measured as separate dispositions (Longmire & Harrison, 2018; Stietz et al., 2019). In considering empathetic leadership, König and colleagues (2020) concurrently conceptualized empathy as an emotional component and a cognitive component, namely perspective-taking. Stietz and colleagues (2019) argue that emotional empathy and cognitive empathy (i.e., perspective-taking), while similar in the involvement of others, have different neurological and conceptual meanings. Empathy is emotion-based and is reflective of seeing another's emotion and, in turn, enables sharing a similar emotional response as another. In contrast, perspective-taking is a cognitive process that allows one to make inferences that represent another's intentions, goals, or motives. Research suggests that individual motivation, driven by both state and trait characteristics, is necessary for one to take the perspective of another (Ng, Hsu, & Parker, 2019; Stietz et al., 2019). This is a notable distinction, because while personality might innately influence perspective-taking (Ng et al., 2019), the context, such as an external crisis, also impacts leader cognitive empathy. In this case, leaders can cognitively perceive the concern of another and gain another's respect (Goldstein, Vezich, & Shapiro, 2014) without feeling or taking on another's distress (König et al., 2020). That is, if leaders focus on emotion, they are likely to repress the cognitive dimension and vice versa, suggesting that the

cognitive and affective dimensions of empathy may be mutually exclusive. Thus, to disentangle the nuances in the dimensions of empathy, we consider the distinct role of leaders' cognitive empathy and their responses during COVID-19.

Study Hypotheses

We believe our focus on cognitive empathy will mitigate the potential negative impact that might arise in the affective empathy dimension. Instead, as described in our full paper, we test the following four (4) hypotheses that map onto König et al.'s (2020) propositions. At the onset of a crisis, the CEO's cognitive empathy will allow them to (1) understand and acknowledge the crisis faster, and (2) be more attentive in making strategic decisions. In turn, as the crisis develops, employees will report a (3) positive approval of their empathetic CEOs, and a (4) positive company outlook, more broadly, in companies with more empathetic CEOs.

Methodology

Sample. To test the study's hypotheses during the onset and first wave of the COVID-19 crisis[1], we used two data sources for the US-based retail companies (47 companies) in the Fortune 500 list. The data sources included company press releases from January through April 2020 and employee responses on Glassdoor.com from March and April 2020.

Coding. We first reviewed and coded the press release data qualitatively looking for CEO statements that included an other-focused, cognitive empathetic understanding (i.e., perspective-taking) of how COVID-19 might be impacting both employees or customers[2]. We believe expressions of cognitive empathy are distinguishable and evident in written material. We also coded the number of strategic decisions made related to COVID-19 that the companies' reported in the press releases. Notably, we found that all the companies made similar strategic decisions (e.g., safety, store cleaning, employee health checks, limiting store hours, etc.). However, the companies' implementation time of these decisions varied. To assess the time differences in CEO responses, we used the date when COVID-19 was declared a national emergency (March 13, 2020), categorizing the companies as either "early" or "late initiators" if the CEO acknowledged and initiated strategic decisions before or after this date, respectively. Second, we used Glassdoor.com data to review employee perceptions as COVID-19 developed. We used numerical ratings[3] of employee "perceptions of the CEO" and "company outlook" in our tests.

Findings

We tested our hypotheses using regression and MANOVA, given the nature of our data. We found support for all the study's hypotheses. In our testing of the press release data, for Hypothesis 1, we found that the number of CEO empathic statements was positively related with their speed in publicly acknowledging COVID-19 in their company press release [$\beta = 0.30$, $p < 0.05, R^2 = 0.12, (CI\ 0.06\ 0.54)$]. We found a positive relationship between the number of

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[1] We recognize that the first wave of the COVID-19 pandemic, as reported by medical professionals, is currently still in progress. Our study's timeline starts at the onset of the crisis and examined data through May 15, 2020, the date that most US state governors made the decision to reopen.

[2] Examples of CEO's cognitive empathy: *"I'm not alone in being grateful for the work you are doing."*, *"Despite many challenges, all of you have shown an unwavering commitment to each other, our customers and brands."*, *"Let's work to protect and care for one another. We're all in this together. Stay safe, stay healthy and for just a little while longer, stay home."* CEO statements were coded as "none" =0, "low" = 1-4; and "high" = 5 or more.

[3] This was an average rating to account for the range in number of employee responses across the company size.

empathetic statements made by CEOs and their timeliness in making strategic decisions addressing the pandemic [$\beta = 0.38, p < 0.05, R^2 = 0.17, (CI\ 0.13\ 0.63)$], supporting Hypothesis 2. We used MANOVA to test Hypotheses 3a & 3b using the CEO cognitive empathetic statements in the press releases in conjunction with employee ratings on Glassdoor.com data. For Hypothesis 3a we found that the level of CEOs cognitive empathic statements ("none", "low", "high") is positively related to employee approval of their CEO ("approves", "neutral", "doesn't approve") (F = 3.223, $p < 0.05$), such that CEOs who made high levels of empathetic statements had a higher employee approval rate. Finally, in support of Hypothesis 3b, we found that the "high" category of CEO empathetic statements was positively associated with employees' positive company outlook (F = 3.104, $p < 0.05$), as compared to a neutral or negative outlook. The post hoc tests for Hypothesis 3a & b found that there were significant differences between the categories, further supporting our results. We found no differences between essential and non-essential companies in our hypotheses.

Discussion
    We believe we contribute to research that examines the intersection of empathetic leadership and organizational crisis. First, we examined one dimension of empathy, namely cognitive, and we find that cognitive, empathetic leaders, at least in our sample of Fortune 500 retail companies, were beneficial at the onset of COVID-19. Empathetic leaders were faster to acknowledge publicly that a crisis was occurring. Moreover, CEOs who expressed higher levels of cognitive empathy were also quicker in initiating strategic decisions to address the pandemic within their companies. This is notable because while all companies ultimately made similar strategic decisions, it appears that leaders high in cognitive empathy were the leaders with the strategic vision to address the pandemic. Other company CEOs then followed the lead of the empathetic CEOs. Thus, it appears that CEOs with higher levels of cognitive empathy were more adept at understanding the environmental changes, acknowledging the necessary change, and responding to the crisis-related conditions as compared to their counterparts with lower levels of cognitive empathy. We also find that employee responses on Glassdoor.com during the early months of COVID-19, similarly, report positive relationships between CEOs with high cognitive empathy and CEO approval and company outlook. Again, we appear to find initial support for empathetic leaders that moved beyond their swiftness in addressing the crisis and also positively influenced their employees. Lastly, and contrary to König et al.'s. (2020) claims, our initial findings during the onset and first two months of the COVID-19 fail to depict a downside to leaders high in *cognitive* empathy, such as a display of narrow-thinking or emotional overload that may stem from too much *affective* empathy. Instead, it appears that heightened levels of cognitive empathy or perspective-taking are valuable to CEO effectiveness in responses to an organizational crisis. Future research should continue to distinguish between leaders' dimensions of affective and cognitive empathy.
    We recognize that our study is not without limitations. Our findings address the early stages of a crisis in one business sector. Also, our data from company press releases could be subject to impression management bias. However, we did find differences in our coding of empathetic statements, with some CEOs making no empathetic comments. Our use of Glassdoor data is limited in that the employee responses may not be direct responses to CEO actions during COVID-19. However, the ratings were made during the pandemic, and some employees directly mentioned COVID-19 in their narrative comments. In sum, we believe that our data highlights the value of cognitive empathy to CEOs responses to the extreme crisis of COVID-19.

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