



What is Organizational Empathy?

"In general we may remark, that the minds of men are mirrors to one another, not only because they reflect each other's emotions, but also because those rays of passions, sentiments, and opinions may be often reverberated..."

~ David Hume, A Treatise of Human Nature, 1739

Organizational Empathy: Moving Beyond "Customer-Centric" to Drive Business Success

Empathy, defined as the ability to understand and share the feelings of another and to demonstrate that understanding is a core element of social interactions in the workplace and the marketplace. At the individual level, empathy helps us respond appropriately in social situations, build social connections, support emotional regulation, and encourage us to help others. At a more broad level, organizational empathy has been characterized both as the collective capacity of an organization to demonstrate empathy to all stakeholders as well as a commitment by the organization to develop a deep understanding of the needs of its customers.

Understanding Organizational Empathy

Both of these notions of organizational empathy are critical aspects of building a culture that drives business outcomes. Further exploration of the concept of empathy is helpful in understanding how the idea applies to organizations and how businesses can create empathic cultures for employees and customers.

Clark, Roberston, and Young's (2019) critical review of organizational research on empathy provides an in-depth analysis of the study of the topic and provides us with a comprehensive definition of the concept. According to the authors, most scholars agree that empathy is a multi-dimensional construct that operates at both the trait and state level. This means that the experience of empathy is comprised of three primary components all of which can be seen as stable quality or characteristic of an individual, as well as, an emotion that can vary significantly based on the context or circumstances a person experiences. Based on their review of the literature from 1983 – 2017, Clark, et al. (2019) define three elements of empathy:

- **Affective empathy**– Experiencing affective states (emotions or moods) that is congruent (mirrors) with another person's affective state.
- **Cognitive empathy**– Understanding another person's internal state (their thoughts, moods, or emotions).
- **Behavioral empathy**– Engaging in verbal and non-verbal behaviors that demonstrate cognitive or affective empathy.

When viewed together these three elements define empathy as the ability to put yourself in someone else's situation, share their feelings and thoughts as if you were experiencing something similar, and to behave accordingly. Empathy acts as a cornerstone for a wide range of pro-social behaviors at work from helping co-workers to exhibiting organizational citizenship behaviors, the discretionary contributions of employees to the organizations that employ them.

While there are many concepts similar to empathy in the world of psychology, empathy has a few distinguishing characteristics that set it apart from things like sympathy, emotional contagion, and compassion. Hein & Singer (2008) describe the distinction between sympathy and empathy as empathy is the idea of feeling as another while sympathy is feeling for the other. When you encounter a person who is stressed, empathy causes you to also feel stressed, while sympathy evokes feelings of concern for their emotional state. So, sympathy does not require feeling any kind of congruent emotion but is instead a more detached recognition that someone else is in need.

Emotional contagion occurs when people start feeling similar emotions because of their association with others – you start feeling joyful because other people around you are joyful (Stueber, 2019). However, unlike empathy, emotional contagion does not require recognition that the emotion you are experiencing is related to the emotions you are observing in others (Scheler, 1973 as cited in Stueber, 2019).

Finally, similar to sympathy, the idea of compassion can be thought of as feeling for rather than feeling with. Singer and Klimecki (2014) define compassion as “a feeling of concern for another person’s suffering which is accompanied by the motivation to help (p R875).” The specific activation of the feeling of concern, rather than the mirroring of the emotional state, makes the idea of compassion a more focused response than empathy, reducing the requirement that an empathetic individual is able to interpret the emotional experience of another and, in response, actually experience a congruent emotion.

This unique aspect of empathy – the idea of interpreting and mirroring the emotions of others -makes empathy a powerful capability for building trust and connection in the workplace which can yield positive impacts for employees and customers alike.

Why Empathy Matters for Your Organization

Research has shown empathy to be a valuable part of human social interactions with diverse benefits ranging from enhancing cooperation (Rumble, Van Lange, & Parks, 2009) and increasing the likelihood of helping behavior (Davis, 1996), to fostering desirable sales behaviors (Anaza, Inyand, & Saavedra, 2018) and more effective leadership (Rahman & Castelli, 2013). All outcomes that are beneficial for employees, customers, and businesses alike. But a growing body of research is demonstrating why building a more empathic organization is critical for organizational success.

Organizational Empathy and Your Employees

Building organizational empathy is a key element of business strategy for organizations trying to hire and retain top talent in an increasingly tight labor market. Research by the benefits technology firm, Business Solver (2019) reveals that empathy is a key driver of retention, motivation, and productivity. In their survey of 1,000 employees from a variety of businesses, the researchers found that 75% of those surveyed believe organizations with higher degrees of empathy have more motivated employees and 69% believe empathetic organizations have more productive employees. And CEOs in the survey overwhelmingly believe that empathy contributes to the financial performance of their organization.

Additionally, across all job levels in the survey, more than 90% of employees indicated they were more likely to stay with an empathetic employer – even being willing to trade off-hours and pay in favor of increased empathy (Business Solver, 2019). In an increasingly competitive talent environment where organizations are looking for ways to attract and retain the right talent, building a culture of empathy is emerging as a key part of the people strategy in forward-looking organizations.

The survey also observed a so-called “empathy gap” with 92% of CEOs believing their company empathetic while only 72% of employees held the same view. The gap was even wider when the survey asked if the average CEO is empathetic, with 86% of CEOs believing this is true but only 49% of employees responding affirmatively. Empathetic behavior from leaders shows employees they are valued, are being heard, and are appreciated, which in turn boosts morale, engagement, and retention. As such, CEOs and other leaders should attend to the empathy gap and work to align their perceptions of empathy with the point of view of their employees.

Organizational Empathy and Your Customers

Along with deepening the empathy in your organization to improve the employee experience, building empathy can also drive better business outcomes. In his 2011 book, *Thinking, Fast and Slow*, behavioral economist Daniel Kahneman highlighted the power of empathy in driving customer experience. Kahneman notes, “We are not thinking machines that feel, we are feeling machines that think,” and as such, truly understanding your customers requires you to get beyond investigating how they make purchase decisions and to tap into the emotions they experience when engaging with your organization.

The idea of designing products and services that respond to actual user needs and desires is not a recent phenomenon. The idea of empathetic design was first discussed in the late 1990s (Batterbee, Suri, & Howard, 2014) as a way to uncover the latent needs of customers and address them through the design process. But as new technologies, new ways of communicating, and new expectations for the impact businesses have on employees, customers, and society emerge, the products and services businesses deliver must increasingly be designed and delivered with an eye toward the broad range of stakeholders they will impact. And organizations that rate more highly on empathy have been shown to significantly outperform less empathetic companies.

A 2015 look at organizational empathy found that the top 10 companies in the Global Empathy Index increased in value more than twice as much as the bottom 10 and generated 50% more earnings (Parmar, 2015). Fortunately for organizations, empathy is a practice that can be improved.

A 2016 report by the World Economic Forum looked across highly empathetic companies to identify common practices of high empathy organizations that any organization can apply to improve empathy:

- **They care about their cultures** – Every organization has a culture that shapes behavior and drives performance. In the most empathetic organizations, the culture is actively stewarded to create a workplace where constructive behaviors are recognized and rewarded, where individuals are actively engaged, and where the value they create for the organization is appreciated. By intentionally creating cultures that inspire engagement and commitment, high empathy organizations create a fertile ground for high-quality customer experience.
- **They insist on transparency** – According to the World Economic Forum (2016) report, companies scoring high on the empathy index resist the urge to cover up and deflect attention from uncomfortable truths. Instead, they see full disclosure as the first step in dealing with challenges and embrace the opportunity to engage their workforce in productive problem-solving processes that drive progress toward needed improvements.
- **They share the brand’s backstory** – Sharing the story of where your organization comes from helps customers and employees make connections between the organization’s origins and their own personal journey and encourages them to experience their own empathetic connections with the people who navigated the organization through its earliest days. It helps people see the company as part of someone’s human journey, rather than a detached entity focused on making money.
- **Their social media practices reflect strong empathy** – Social media provides an unprecedented capability for organizations to dialog directly with their customers and employees. Organizations high on the empathy index capitalize on the opportunity to interact with their stakeholders through social media and recognize the opportunity to deliver messages with authenticity and humanity to a broad audience.
- **They see customer complaints as opportunities for insight** – It can be tempting to ignore customer complaints or chalk them up coming from the far extremes of your customer experience. And, in fact, a 2011 study by research company evolve24 (evolve24, 2011) found that only about 29% of customer complaints on Twitter received a response. But highly empathetic organizations recognize that even the most extreme negative feedback represents an emotional response from the customer and provides an opportunity for insight into the customer experience. Learning to learn from all forms of customer feedback and to empathize with the experiences you deliver is key to building a more empathetic organization.
- **They make ethics a priority**– Similar to the bias towards transparency exhibited by high empathy organizations, organizations scoring high on the index also prioritize ethics. In the words of the World Economic Forum (2016), the

need someone asking “should we” instead of “can we”. Customer expectations around ethical conduct are high – as they should be – and organizations who want to maintain positive brand images need to increasingly consider how they maintain the highest standards of ethics in all operations and decision making.

Increasing Empathy in Your Organization

It's clear that building your organizational empathy can have tremendous impacts on your business; from increased customer loyalty to enhanced employee engagement and retention, building an empathetic organization not only drives business results but makes you & your organization more authentically human in the process.

While there's no simple formula for increasing empathy in your organization, according to Reiss (2017) empathy can be learned. If you'd like to start the process of building a more empathetic organization, gothamCulture can help. Whether your next step is creating a more empathetic culture or introducing new tools to build empathy with your customers, our experts can help you design the solutions you need to grow your organizational empathy to drive better business outcomes.

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