Exploration of Empathy-Based Leadership in the Context of Employee Retention in the Creative Industry

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Abstract. The creative industry often faces high pressure and tight deadlines, making a work environment that supports employees' psychological well-being crucial. Empathy-based leadership is seen as an approach that can create harmonious relationships between leaders and employees, which in turn can enhance employee retention in a highly dynamic and competitive environment. This study focuses on exploring empathy-based leadership in the context of employee retention in the creative industry, a sector characterized by high demands for innovation, flexibility, and creativity. This study uses a literature review method with a qualitative approach. The data used in this research is taken from Google Scholar within the publication range of 2012-2024. The study results show that empathy-based leadership has a significant impact on improving employee retention in the creative industry. By understanding and responding to the emotional and professional needs of employees, empathetic leaders can create a supportive, inclusive, and collaborative work environment. This is particularly important in the creative industry, where high work pressure and innovation are key to success. Examples from various companies such as Kreavi, Agate International, and Pixar show that empathetic leadership can reduce turnover rates, increase employee satisfaction and engagement, and foster innovation.

Keywords: Empathy Leadership, Employee Retention, Creative Industry

1. Introduction

The creative industry is a highly dynamic sector, with high demands for innovation, flexibility, and creativity. The work environment in this industry often faces high pressure and tight deadlines, making it crucial to create a work atmosphere that supports the psychological well-being of employees [1]. In this context, empathy-based leadership is considered an approach that can create harmonious relationships between leaders and employees, which in turn can increase employee retention in a highly dynamic and competitive environment.

Indonesia has experienced significant growth in the creative industry, making it one of the key sectors in the national economy. However, this industry also faces major challenges, such as high employee turnover rates and a lack of loyalty [2]. These issues can harm company productivity and innovation. In this context, empathy-based leadership can be a solution to creating a more stable and attractive work environment for employees, thereby reducing employee turnover rates and increasing retention.

Empathy in leadership involves the ability to listen, understand, and respond to the feelings and perspectives of employees. In the creative industry, where work often involves high-pressure projects, empathy can play a crucial role in reducing employee stress and increasing job satisfaction. Empathetic leaders can build trust and create an inclusive and collaborative organizational culture, ultimately enhancing team productivity and creativity [3].

Previous research has shown that empathy-based leadership has a positive impact on employee retention across various industries. [4] developed a multi-level conceptual framework on the impact of empathy on leadership effectiveness in business management. The research findings indicate that empathy enhances leadership effectiveness through its broad influence on leader, follower, and organizational levels. Empathy contributes to increased self-awareness, the development of listening and mentoring skills, and the strengthening of leader-follower relationships. At the follower level, empathy in leadership is associated with improved well-being, empowerment, and the provision of role models for emotional intelligence development. Empathy

enhances organizational effectiveness by inspiring diversity and inclusion, increasing employee engagement and retention, and fostering a culture of responsibility, care, and innovation.

Meanwhile, [5] investigated the influence of leadership style, empathy, and motivation on the organizational culture of elementary school principals in Gorontalo City. The research subjects were 55 elementary school principals. The research data were collected through valid and reliable questionnaires. Statistical data analysis used path analysis with a significance level corresponding to the output of SPSS 22.0. The research findings showed a positive direct influence of leadership style, principal empathy, and motivation on the school's organizational culture. Additionally, there was a positive direct influence of leadership style on empathy and principal motivation.

However, specific studies exploring its impact within the creative industry are still limited. This indicates the need for further exploration of how the unique characteristics of the creative industry affect the effectiveness of empathy-based leadership. A deeper understanding of the relationship between empathy in leadership and employee retention in the creative industry can provide valuable insights for leaders and HR practitioners in designing more effective strategies.

Additionally, effective communication between leaders and employees is a key factor in empathy-based leadership [6]. In the creative industry, where collaboration and teamwork are essential, the ability of leaders to communicate empathetically can enhance team cohesion and reduce conflict. Empathetic and communicative leadership can build trust and support better cooperation, ultimately contributing to increased employee retention.

An organizational culture that supports empathy in leadership can be a key success factor in the creative industry. Organizations that promote empathetic leadership tend to have more engaged and satisfied employees. High employee engagement is often associated with better retention rates. Promoting an organizational culture based on empathy can be an effective strategy for improving employee retention in the creative industry.

Therefore, this research focuses on the importance of empathy-based leadership in the context of the creative industry in Indonesia. Understanding how empathetic leadership can influence employee retention can provide valuable insights for organizations in developing more effective management strategies. This research aims to fill the gap in the literature by providing a comprehensive review of the role and impact of empathy-based leadership in the context of the creative industry and its implications for employee retention.

1.1. Empathy Leadership

Empathy-based leadership is a leadership approach where leaders demonstrate the ability to understand, feel, and emotionally respond to the needs, feelings, and perspectives of employees [7]. Empathetic leaders not only focus on achieving business targets but also care about the emotional and psychological well-being of their teams [8]. They listen attentively, provide necessary support, and create an inclusive and respectful work environment. By showing empathy, leaders can build strong, trusting relationships with employees, which in turn can enhance engagement, job satisfaction, and employee retention within the organization.

1.2. Employee Retention

Employee retention is the effort by organizations to keep employees working for them for the long term, thereby reducing the turnover rate [9]. It involves various strategies and practices to increase employee satisfaction, engagement, and loyalty, such as offering competitive compensation, career development opportunities, a positive work environment, and work-life balance. Effective employee retention helps organizations reduce costs associated with recruiting and training new employees, increase productivity, and retain valuable knowledge and skills within the company [10].

1.3. Creative Industry

The creative industry is an economic sector focused on the creation, production, and distribution of goods and services derived from individual creativity, talent, and skills [11]. This industry encompasses various fields such as visual arts, music, film, design, fashion, architecture, publishing, digital games, advertising, and media. The creative industry plays a crucial role in the economy by driving innovation, enhancing cultural value, and creating employment opportunities [12]. In Indonesia, the creative industry has become one of the fastest-growing sectors, significantly contributing to the gross domestic product (GDP) and enriching cultural diversity and national identity [13].

2. Method

This study uses a literature review method with a qualitative approach to examine empathy-based leadership in the context of employee retention in the creative industry. The qualitative approach was chosen because it can provide a deep understanding of the phenomena being studied through descriptive analysis. The data used in this research was taken from Google Scholar within the publication range of 2012-2024. The initial search process resulted in 44 relevant articles. However, after a rigorous selection based on relevance, quality, and alignment with the research topic, the number of articles used was narrowed down to 23. These selected articles were analyzed in-depth to identify key themes, patterns, and relationships that support the understanding of the role of empathy-based leadership in improving employee retention in the creative industry.

3. Result and Discussion

Discussion on empathy-based leadership in the context of employee retention in the creative industry requires a deep understanding of how empathy influences the relationship between leaders and employees. Empathy-based leadership is an approach where leaders actively seek to understand and respond to the emotional and professional needs of their employees. In the creative industry, where employees often face high work pressure and constant demands for innovation, this approach becomes crucial. Empathy allows leaders to create a supportive work environment where employees feel cared for and valued [14]. When leaders show empathy, they improve employee well-being and enhance their motivation and commitment to the company. In this highly competitive industry, empathy helps build strong relationships between leaders and employees, which in turn supports employee retention and the long-term success of the organization.

An example of empathy-based leadership can be seen at Kreavi, a well-known graphic design company in Indonesia. Leaders at Kreavi are recognized for their empathetic approach, which includes actively listening to team needs and providing flexibility regarding work schedules and responsibilities. Kreavi's leaders can create a supportive and responsive work environment by understanding the pressures and challenges faced by employees. This approach has proven effective in maintaining employee motivation and reducing turnover rates. Employees feel valued and supported, contributing to their loyalty to the company. Kreavi demonstrates that empathy-based leadership can result in an inclusive and harmonious work culture, which is essential for maintaining employee retention in the high-pressure design industry.

Research by [15] provides additional insights into the positive impact of empathy-based leadership. This study shows that empathetic leadership increases employee engagement while reducing stress levels and improving overall well-being. Employees who feel understood and supported tend to have higher job satisfaction and are more committed to staying with the company. These findings are particularly relevant to the creative industry, where balancing work and personal life is often a significant challenge. Empathetic leadership helps address this challenge by creating a work environment that supports employee well-being, thereby reducing the likelihood of high turnover and enhancing retention.

A study by [16] also provides evidence that empathetic leadership can positively influence employee retention. This research examined the impact of empathetic leadership in a digital media company in Singapore and found that employees under empathetic leadership experienced higher levels of happiness, contributing to better retention. Leaders who show empathy can create a harmonious and supportive work environment, which is crucial in dynamic industries such as digital media. A harmonious and supportive work environment helps employees feel more engaged and satisfied, making them more likely to stay with the company.

The empathetic approach in leadership is also critical in managing diverse teams, which is often a hallmark of the creative industry. A study by [17] shows that empathetic leadership helps understand and manage differences in diverse teams more effectively. In the creative industry, teams typically consist of individuals with different backgrounds and perspectives. Empathetic leadership helps create a sense of inclusion and cohesion within the team, which is essential for effective collaboration and innovation. Leaders can build strong and respectful relationships among team members by showing empathy, which supports better cooperation and results in more innovative creative solutions.

Another example of empathy-based leadership can be seen at Agate International, a leading game company in Indonesia. Leaders at Agate International understand the importance of balancing work demands and personal life, and they provide flexible work arrangements and emotional support to employees. This approach helps Agate maintain high employee retention rates despite being in a highly competitive gaming industry. Agate has successfully retained talented employees and kept their motivation high by offering appropriate support and creating a work environment that supports employee well-being.

In the context of education and training in the creative industry, empathetic leadership also plays a vital role [18]. Binus School of Design in Indonesia implements an empathetic leadership approach in its education programs by conducting regular listening and discussion sessions with students to understand their needs and challenges. This approach increases student satisfaction and engagement and prepares them to become empathetic leaders in the future. Education that emphasizes empathy helps students develop effective leadership skills, which are crucial for facing challenges in the creative industry.

Furthermore, empathy-based leadership can contribute to innovation in the creative industry. According to research by [19], empathetic leaders are likely to create a safe environment for experimentation and risk-taking. In the creative industry, where innovation is key to success, empathy-driven leadership enables employees to feel comfortable presenting new ideas and trying creative solutions. This supportive environment can yield more effective innovative ideas and contribute to the long-term success of the organization.

Employees' perceptions of organizational justice are also influenced by empathy-based leadership. Research by [20] indicates that employees who perceive fairness and support from their leaders have higher organizational commitment and intention to stay. In the creative industry, where projects often involve intensive teamwork and tight deadlines, this sense of justice is crucial. Employees who feel treated fairly tend to be more motivated and committed, contributing to their retention within the company.

Implementing empathy-based leadership in the creative industry does face several significant challenges. One major challenge is leaders who may struggle to understand and respond to employees' needs when confronted with deadline pressures and project targets. In high-pressure situations, a focus on results often overrides attention to employees' emotional and professional needs. This can lead to a lack of emotional support and decreased job satisfaction, negatively impacting retention. Additionally, in some organizational cultures, empathy is still perceived as a weakness rather than a strength. The concept of empathy is often misconstrued as a sign of a lack of assertiveness or strong managerial skills, whereas empathy is actually a crucial component in building strong and supportive team relationships [21]. Therefore, to address these challenges, companies need to adopt strategies focusing on leadership training and development that emphasize the importance of empathy and how to apply it in real work situations.

One effective strategy is implementing comprehensive empathetic leadership training programs. This training should be designed to help leaders understand the concept of empathy deeply and learn how to apply it in various work situations. The training programs can include workshops on empathetic communication skills, active listening techniques, and how to provide constructive and supportive feedback. Through this training, leaders can learn to recognize and respond to employees' emotional and professional needs even under pressure. Additionally, the training should involve simulations of real work situations that allow leaders to practice and hone their empathy skills in relevant contexts.

Besides training, regular feedback sessions between leaders and employees can also help address these challenges. Regular feedback allows employees to openly express their concerns and needs, while leaders can offer support and adjust their approach accordingly [22]. This also provides an opportunity for leaders to gain direct perspectives on how their actions affect the team and make necessary adjustments. In the creative industry, where projects often involve intensive teamwork and rapid changes, open communication and constructive feedback are essential for creating a supportive work environment.

Developing an organizational culture that supports empathy is also a key step in addressing these challenges. An organizational culture that prioritizes empathy should include policies and practices that promote emotional support and employee well-being [23]. This can include flexible work policies, employee wellness programs, and initiatives to create an inclusive and supportive work environment. Companies should encourage leaders to adopt empathetic values in every aspect of their interaction with employees and ensure these values are reflected in the overall company culture.

A successful example of this can be found at Pixar Animation Studios, known for their empathetic culture. Pixar has created a supportive work culture through continuous training and openness policies that encourage two-way communication between leaders and employees. The company implements training programs emphasizing the importance of empathy and how to apply it in real work situations. Pixar also adopts policies that facilitate open and transparent feedback, making employees feel heard and valued. As a result, Pixar has one of the highest employee retention rates in the animation film industry, demonstrating that an empathetic culture can create a productive and harmonious work environment.

It is important to recognize that empathy-based leadership is not a one-size-fits-all solution. The effectiveness of empathetic leadership can vary depending on the organizational context and individual employees. Therefore, a flexible and adaptive approach is necessary to implement empathetic leadership successfully. Further research can help identify the conditions under which empathetic leadership is most

effective and strategies to overcome potential barriers. Companies can maximize the benefits of empathy-based leadership and significantly improve employee retention by understanding the relevant contexts and conditions.

Overall, this discussion emphasizes that empathy-based leadership can play a crucial role in enhancing employee retention in the creative industry. Through deep understanding and support of employees' needs, empathetic leaders can create a productive, innovative, and harmonious work environment. Case studies from various companies and previous research support the view that empathy in leadership not only improves employee well-being but also contributes to the long-term success of the organization..

Table 1. Empathy-Based Leadership Impact and Strategies for Employee Retention in the Creative Industry

Aspect	Discussion	Case Example
Role of Empathy	Understanding and responding to employees' emotional and professional needs, creating a supportive and motivating work environment.	Kreavi.
Increased Engagement	Employees who feel heard and supported are more satisfied and likely to stay with the company.	Digital Media in Singapore.
Work Flexibility	Providing work flexibility and emotional support to maintain a work-life balance.	Agate International.
Education and Training	Empathetic approaches in educational programs enhance student satisfaction and engagement and prepare future empathetic leaders.	Binus School of Design.
Strategies to Overcome Challenges	Empathy-based leadership training, two-way communication, and developing a supportive organizational culture.	Pixar Animation Studios.

4. Conclusion

Empathy-based leadership has been shown to have a significant impact on improving employee retention in the creative industries. By understanding and responding to employees' emotional and professional needs, empathic leaders can create a supportive, inclusive and collaborative work environment. This is especially important in the creative industry, where work pressure is high and innovation is key to success. Examples from companies such as Kreavi, Agate International, and Pixar show that empathic leadership can reduce turnover, increase employee satisfaction and engagement, and drive innovation. Empathetic leaders are able to build harmonious relationships with employees, which contributes to their psychological well-being and productivity. By creating a sense of inclusion and fairness, empathic leadership also helps in managing diverse teams and ensuring that every team member feels valued. Although there are challenges in implementing empathy-based leadership, appropriate strategies such as leadership training and the development of a supportive organisational culture can help overcome these barriers. Suggestions that can be given on the results of this study include:

1. Empathic Leadership Training: Companies in the creative industry should invest resources in leadership training programmes that emphasise the importance of empathy. This training should include active listening, understanding employees' needs, and providing necessary emotional support.
2. Work Flexibility Policy: To support employees' work-life balance, companies should consider a work flexibility policy. Flexibility in working hours and work locations can help reduce stress and increase job satisfaction.
3. Two-Way Communication: Encouraging open and two-way communication between leaders and employees is key to implementing empathic leadership. Regular feedback sessions and open discussions can help leaders understand employee needs and concerns.
4. Organisational Culture Development: Building an organisational culture that supports empathy and inclusion is an important step towards improving employee retention. Companies should encourage the values of empathy, fairness, and co-operation in every aspect of their operations.
5. Continuous Evaluation and Adjustment: Companies should regularly evaluate the effectiveness of empathic leadership and make necessary adjustments. This includes assessing employee satisfaction, retention rates, and performance results to ensure that employee needs are met and organisational goals are achieved.
6. Case Studies and Best Practices: Companies can learn from case studies and best practices from other organisations that have successfully implemented empathic leadership. Adopting strategies and approaches that have proven effective can help speed up the implementation process.

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