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Empathetic Language of Leadership in Religious-based Non-Profit Organizations: The Case of Waqf Institutions in Malaysia

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Abstract

This study aims to extend the empathetic language model derived from the motivating language theory. Empathetic language provides a model of how leaders can understand their subordinates via the emphasis on emotional support, specifically the selection of words, which is proposed to affect management effectiveness. This paper also proposes the moderating effect of LMX in the relationship between empathetic language and management effectiveness. The current finding indicates a non-significant relationship between empathetic language and management effectiveness due to the prevalence of a power distance culture in the context of Malaysia. However, the relationship was found to be significant when moderated by Leader-Member Exchange. These findings enrich the existing body of knowledge about empathetic language and management effectiveness among NPOs.

Introduction

There has been increasing pressure on NPOs to evaluate their operations and demonstrate their competence and credibility. Waqf institutions are also affected particularly due to the numerous and long unresolved problems that raised questions about their integrity and accountability (Sharfizie et al., 2019a). Thus, more effective and ethical leadership skills are required to enhance the survival and continuity of these institutions. Empathetic language is a pivotal 21st century leadership tool on top of good interpersonal relationship skills among leaders which has been proven to improve both employee and organisational performance. This study examines the effect of empathetic language usage by leaders on the management effectiveness of Waqf institutions, and investigates the moderating role of Leader-Member Exchange (LMX).

Waqf institutions are religious-based non-profit organisations (NPOs) (Kahf, 2003; Thaker et al., 2016) categorised under the third sector organisation (TSO) (Mohd Arshad & Mohamed Haneef, 2016) of which objective is to uphold justice and human wellbeing. NPOs are basically identified as part of the non-profit sector, the third sector or voluntary sector (Kolb, 2018). NPOs are fundamentally focused on creating social values as opposed to generating profits (Othman et al., 2012). They aim to serve the community or undertake other non-profit initiatives (Pervez, 2006). The management of NPOs are often viewed as incompetent or

poorly trained as compared to commercially-driven organizations (Morris et al., 2011). Hasan & Siraj, (2017) asserted that Waqf institutions have lost a significant effect on the economy due to dwindling public trust which resulted in less donor involvement. All this indicates that these institutions need to raise their level of competitiveness which would in turn ensure their viability and the achievement of their social objectives. Towards that end, effective leadership leading to effective management is pertinent. Moreover Sharfizie et al., (2019b) argue that effective leaders are crucial in building camaraderie that leads to producing coordination which in turn enhancing the overall effectiveness of management.

Effective leadership is a critical 21st century element in organizational management (Holt & Marques, 2012). Leaders need to have the immeasurable capabilities of identifying changes, motivating people and providing support, with a critical emphasis on situational leadership for facing various circumstances (Dumas & Beinecke, 2018). The 21st century also brings with a set of new challenges and demands thus drastically changing the way leaders perform. Today's highly educated and skilful workforce requires flexible leadership (Holt & Marques, 2012). Traditional leadership techniques such as transformational and transactional leadership are fast becoming obsolete; in their place today is visionary leadership which is more effective at raising employees' aspirations and tapping into their sentiments (Hayes, 2014). Leaders need to choose their words carefully to ensure clear information delivery, reinforce dyadic leader-member relationship (Luthra & Dahiya, 2015), and guarantee shared understanding of organisational objectives (Murphy & Clark, 2016). Effective leadership communication can lead to an effective organisation as it inspires and motivates employees (Naile & Selesho, 2014). It also enables the leader to understand the employees' job situation and ensuing emotions, and thus provide the support needed. On top of that, effective communication facilitates the leader in establishing a cooperative relationship with a member built upon mutual trust. Ethical leadership values entail respect for the employees' wellbeing and the disposition to protect, support, improve and encourage them (Mahsud et al., 2010). A leader with such values is better able at developing and sustaining a cooperative relationship with his subordinates, which in turn can drive the formation of an exchange relationship.

Only a small number of existing studies have examined the relationship between empathetic leadership language and organizational effectiveness specifically in religious-based institutions such as Waqf institutions as well as other NPOs. Adnan et al., (2013) described Waqf institutions as NPOs managing endowment funds and properties in Muslim-majority countries. Studies on Waqf institutions typically emphasize the following aspects:

Table 1: Issues pertaining to Waqf property management

Themes	Effects	Scholar
Lack of professionalism and role ambiguity	Interruptions in the implementation and completion of <i>istibdal</i> . Failure to register property ownerships under the SIRC's. Under-utilization of Waqf properties.	(Abas & Raji, 2018; Abdul Majid & Said, 2014; Audit, 2014d; Azmi et al., 2014; N. Hassan et al., 2018; Ihsan & Adnan, 2009; Ismail et al., 2015; Mohd Puad et al., 2014)

	Failure to gazette Waqf lands. Encroachment.	
Encroachment of Waqf lands	Obstructions in developing Waqf lands. Failure to generate rental revenues. Owners not trusting Waqf institutions.	(Abdul Majid & Said, 2014; Abdul Rashid et al., 2015; Audit, 2014a, 2014b, 2014c; Ismail et al., 2015; Ismail et al., 2015; Megat Abd Rahman et al., 2006)
Lack of awareness among Muslims	Non-awareness about the encroachment of Waqf lands. Non-awareness about <i>istibdal</i> .	(Ibrahim & Ibrahim, 2013; Ismail et al., 2015; Mohd Puad et al., 2014)
Inefficient rental system	Rising rental arrears. Unobtainability and non-renewal of lease agreements. Non-payment of commissions on leaseholds. Very low rental rates, non-revision of charges. Ineffective or non-collection of rental charges.	(Abdul Majid & Said, 2014; Audit, 2014a, 2014b, 2014c, 2014d; Mahmood & Markom, 2013;)
Data storage problems	Poor Waqf property record. Untitled Waqf lands. Encroachment. Incomplete/non-updated Waqf properties list.	(Audit, 2014a, 2014c, 2014d; Ismail et al., 2015; Rabitah Harun et al., 2012)
No standard procedures	Encroachment. Non-identification of land ownership documents.	(Audit, 2014c, 2014a; Ihsan & Adnan, 2009; Ismail et al., 2015; Ismail et al., 2015; Rabitah Harun et al., 2012)

The above shows that most NPOs fail to provide the needed information or public goods in justifying their purpose (Wallis & Dollery, 2006). In Malaysia, for instance, there is a

information asymmetry between NPOs and the donors (Zainon et al., 2012). On top of that, Malaysia does not possess a uniformed framework for NPOs unlike other countries such as the USA (Zainon et al., 2014) whilst the degree of its NPOs' transparency, accountability and good governance is not enforced by law (Ruhaya et al., 2012). According to Zainon et al. (2014), information disclosure for NPOs remains optional in Malaysia which indirectly affects the institutions' productivity and effectiveness as the lack of legal and legislative requirements leads to information asymmetry (Zainon et al., 2014). All this indicates the need for proper leadership practices and ethics to ensure the effective management of Waqf Institutions in Malaysia. Furthermore, Sharfizie et al., (2019a) also argue that in order to ensure the Waqf institution continues to be successful, the recognition of core competencies is strongly encouraged. Herman and Renz (1999) asserted that effective NPO management reflect proper management practices, leading to overall organizational effectiveness. In the case of religious-based NPOs such as Waqf institutions, the leadership reflects the practice of Islamic principles in the organization. Hence, leaders play an important part in driving ethical thinking and practice among the organizational members via effective interactions and clear communications of expectations in achieving shared objectives (Sharfizie et al., 2019a). Ethical leaders are empathetic and respectful towards others and their opinions, exhibiting personal warmth and sympathetic tendencies (Heres & Lasthuizen, 2010) with the ability to understand and interpret behaviours. An empathetic leader hence can better understand and respond to the needs of his followers in such a way that improves their performances (Kock et al., 2019). A leader that can anticipate the needs of his followers also has the ability to determine the best management technique to improve their performance (Gavin et al., 1995). However, empathetic leaders need to have an affectionate disposition moderated via a leader-member exchange relationship, which makes it easier to achieve improved behavioural outcomes such as work effort.

This study intends to underline the relationship between empathetic leadership language and management effectiveness in the context of Waqf institutions as there are very few existing studies on the subject. This study also intends to test the moderating effect of leader-member exchange (LMX) in strengthening the relationship between *empathetic language and management effectiveness in Waqf institutions. Ultimately, this study aims to contribute to the development of NPOs especially Waqf institutions in terms of organizational leadership and management in the 21st century. Dumas & Beinecke, (2018) asserted that 21st century leaders need to have excellent interpersonal skills which are part of the emotional component essential for creating an inspiring vision that leads to the development of an atmosphere that encourages new meaning.

Hypothesis Development

Leaders who are able to understand the employees' emotional concerns are also better able at building a positive bond with them on top of displaying sincere concern about their emotional well-being (Mayfield & Mayfield, 2010; Mayfield & Mayfield, 2016) Leaders basically use empathetic language to show their gratitude for the employees' efforts (Mayfield et al., 2017) and to signal their acknowledgement of the employees' opinions and feedbacks (Alqahtani, 2015). This is one of the ways for showing appreciation and support towards the employees as human beings (Holmes, 2016). As such, empathetic leaders must also possess the trait of humility. This is in line with the Islamic values of humility which, in Islamic corporate culture, indicate the way the leader displays his appreciation of the employees' contributions (Khan et al., 2010). Humility is when the leader is willing to admit

that his subordinates have better skills on top of granting the employees autonomy and support in order to earn their trust (Owens & Hekman, 2013). Khan et al. (2010) highlighted the importance of trust, respect, integrity and faithfulness in a leader-employee relationship as per Islamic teaching. Allah SWT decrees in the Quran: *“Whenever you judge between people, you should judge with (a sense of) justice”* (Chapter 4: verse 58). This verse emphasizes the significance of respect and justice to all including in a leader-employee relationship. An employee who feels valued and appreciated by the leader is more likely to contribute and engage more within the organisation (Katz & Kahn, 1979), ultimately improving organisational productivity and effectiveness. It is also the leader’s role to communicate to the employees about the significance of their contribution in driving organizational success (Anitha, 2013). Based on the above, it is believed that empathetic language can boost employee motivation and morale towards producing and maintaining productivity. It is also highly impactful in recognizing good work (Mayfield & Mayfield, 2007). Employees prefer to continue working in organisations with an ethical climate and effective employee-leader communication (Robbins & Judge, 2012). Hypothesis 1 hence proposes that:

Hypothesis 1: Empathetic Language (EL) has a positive effect on the Management Effectiveness of Waqf properties in Waqf Institutions in Malaysia.

The quality of a leader-employee exchange relationship affects the leadership’s effectiveness. Effective leaders typically have good interpersonal skills that influence the aptness of their behaviours and the efficient application of those behaviours on the employees (Mahsud et al., 2010). A highly empathetic leader has the ability to recognize significant behaviours in a relationship and use proper emotions and feelings to address employee needs (Haynie et al., 2018). It has been suggested that empathetic leaders can create high quality relationships that lead to positive employee and organisational outcomes (Hassan et al., 2013; Haynie et al., 2018).

Empathetic leaders have also been indicated to be able to identify employee satisfaction or dissatisfaction with regards to task delegation, rewards and benefits as well as the provision or lack of support (Mahsud et al., 2010). Employees who feel valued and appreciated have a greater tendency to contribute more and exhibit higher commitment. Haynie et al. (2018) suggested that the significant impacts contributed by the empathetic leader should be tailored to expedite the LMX interaction, thus leading to behavioural compliance. According to Mahsud et al. (2010), employees who see their leaders as empathetic will also have the impression of high quality LMX, as Sharfizie et al., (2019a) argue that a good LMX relationship can play a vital role in generating productivity in an organisation that in turn, can influence their behaviour. Hence, it can be concluded that greater LMX can strengthen the usage of empathetic language by the leader towards improving management effectiveness. Based on the discussion above, the following hypothesis is established:

Hypothesis 2: The effect of Empathetic Language on Management Effectiveness is strengthened by higher LMX than low LMX.

Methods

Sample

This study employs the census technique. As demonstrated in Table 2, this study has a sample size of 216 consisting of employees from Waqf institutions throughout Malaysia, which is considered small. According to Hair Jr. et al. (2014), the sample size is critical in all statistical analysis. The more complex and advanced the statistical analysis, the bigger the sample size

required (Oke et al., 2012). As such, a number of scholars had suggested a sample size of at least 200 (Bagozzi, 2012; Harris & Schaubroeck, 1990) to ensure the robustness of the structural equation modelling (Kline, 2011). Other researchers recommended a larger sample size ranging between 300 and 400 (Yuan et al., 2009) but less than 400 or else an elusive analysis occurs (Hair et al., 2014). Oke et al. (2012) proposed that the best sample size should be between 200 and 400. This justifies the usage of the census technique in this research.

Table 2: Total Number of Permanent Employees

N o	State	Waqf Institutions/SIR Cs	Numb er of Staff		(Selangor Waqf Corporation)	
1.	Perlis	Majlis Agama Islam dan Adat Istiadat-Istiadat Melayu Perlis (Perlis Islamic Religious and Malay Custom Council)	5	7.	Negeri Sembilan Perbadanan Wakaf Negeri Sembilan (Negeri Sembilan Waqf Corporation)	9
2.	Kedah	Majlis Agama Islam Kedah (Kedah Islamic Religious Council)	19	8.	Malacca Majlis Agama Islam Melaka (Malacca Islamic Religious Council)	9
3.	Pulau Pinang	Majlis Agama Islam Negeri Pulau Pinang (Penang Islamic Religious Council)	8	9.	Johor Majlis Agama Islam Johor (Johor Islamic Religious Council)	20
4.	Perak	Majlis Agama Islam dan Adat Melayu Perak (Perak Islamic Religious and Malay Custom Council)	23	10.	Pahang Majlis Ugama Islam dan Adat Istiadat Melayu Pahang (Pahang Islamic Religious and Malay Custom Council)	27
5.	Wilayah Persekutu an	Majlis Agama Islam Wilayah Persekutuan (Federal Territory Islamic Religious Council)	10	11.	Terenggan u Majlis Agama Islam dan Adat Melayu Terengganu (Terengganu Islamic Religious Council)	18
6.	Selangor	Perbadanan Wakaf Selangor	50	12.	Kelantan Majlis Agama Islam dan Adat Istiadat Melayu Kelantan	6

	(Kelantan Islamic Religious and Malay Custom Council)		14	Sarawak	Tabung Baitulmal Sarawak (Sarawak Baitulmal Fund)	7
13	Sabah	Perbadanan Baitulmal Sabah (Sabah Baitulmal Corporation)	5			
					TOTAL	216

Considering the small population of Waqf officers throughout Malaysia, the census technique is more appropriate as the sampling technique will cause the occurrence of an out-count of the elements and ultimately the failure to represent the actual targeted group of respondents (Daniel, 2012). As a matter of fact, owing to the serious issue of ineffective management in Waqf institutions throughout Malaysia, the credibility of this study's findings is expected to be based on a census instead of sampling.

Measurement Items

Empathetic language is measured via the empathetic dimension of the motivating language scale (J. Mayfield et al., 2017; Mayfield & Mayfield, 2016) using a total of 5 items. This scale focuses on the way leaders demonstrate their emotional support and understanding. The effectiveness of Waqf property management in the Waqf institutions is measured using 23 items adapted from Siraj (2012). Finally, the construct of leader-member exchange (LMX) is used as the moderating variable for measuring the strengthening effects. LMX is measured using 12 items adapted from Graen and Uhl-Bien (1995). This study employed a 7-point Likert scale whereby 1=Strongly Disagree and 7=Strongly Agree.

Data Collection Procedures

The self-administered questionnaires were disseminated to the 216 employees in Waqf institutions throughout all the states in Malaysia. The census method was employed considering the small number of populations. Questionnaire distribution was carried out using the drop-off technique i.e. by going to all the states in Peninsular Malaysia and meeting directly with the representative in each institution. The completed questionnaires from eight states (i.e. Johor, Malacca, Negeri Sembilan, Wilayah Persekutuan, Selangor, Perak, Kedah and Pahang) were self-collected by the researcher while those from the two Northern states (Pulau Pinang and Perlis) and the two East Coast states (Kelantan and Terengganu) were returned by air mail using the self-addressed return envelope that the researcher had provided along with the questionnaire. As for Sabah and Sarawak, an enumerator was assigned to distribute and collect the questionnaires. Earlier, the researcher had contacted the representatives of the institutions in the two states and requested them to cooperate with the enumerator.

Data Analysis

Due to the small sample size, this study benefits more from the usage of the PLS-SEM rather than the CB-SEM. Haenlein and Kaplan (2010) indicated the capability of the PLS-SEM to analyse 30-100 samples. Meanwhile, due to the non-parametric approach, PLS enables a non-

normal data distribution (Hair Jr. et al. 2014), PLS is also the best choice for addressing the inadequate sample size and violation of normality assumption (Hair Jr et al., 2014; Urbach & Ahlemann, 2010). Hair et al., (2018) argued that social science studies commonly fail to adhere to the normal data. Reinartz et al., (2009) further stated that with a limited dataset, CB-SEM may generate abnormal results as opposed to PLS-SEM which would demonstrate greater robustness. Hence, the best data analysis approach for this study is the PLS-SEM.

The non-response bias analysis was carried out by categorizing the respondents as early and late respondents. Both groups were then compared with each other in terms of their responses to the Likert scale questions using the Mann-Whitney-U-test. The results are presented in Table 3 which indicates an insignificant non-response bias, with values of not less than or equal to 0.05. No differences were found in the responses of both groups; therefore, the findings can be generalized to the entire target population (Miller & Smith, 1983 as cited in Lindner et al., 2001)

Table 3: Non-Responses Bias

	MEAN_EL
Mann-Whitney U	3065.500
Asymp. Sig. (2-tailed)	.600

Meanwhile, Podsakoff et al., (2003) indicated that the collection of data from a sole respondent using the same questionnaire can cause the occurrence of common method bias. As a procedural remedy, Harman's single factor test is utilised to detect the presence of common method bias in situations when a single factor is the predominant explanation of the variances (Podsakoff et al., 2003). In this current study, Harman's single factor test was carried out using the SPSS software. The first factor only explained 24.820 percent of the total variance, indicating the absence of common method bias.

A total of 216 questionnaires were disseminated to the respondents in all the states in Malaysia and a total of 162 responses were usable for the final analysis i.e. a return rate of 75 percent. Table 4 presents the respondents' demographic profile. Most of the respondents are aged between 21 to 30 years old (48.7%) with a mean of 31.35 percent. A majority of the study population are males (53.7%). Position wise, after omitting the three (3) missing data for this question, it was found that 34.6 percent of the respondents are non-supervisors, 30.9 percent are mid-level managers, 25.3 percent are first level managers, and 7.4 percent are supervisors. In terms of work tenure, 38.3 percent have served in the institution for over 6 years; 25.9 percent for 4 to 5 years; 27.8 percent for 1 to 3 years, and 8.0 percent for less than 12 months. A total of 39.5 percent have been serving under the same leader for 1 to 3 years and only 16.7 percent for less than 12 months.

Table 4: Respondents' Profile

		Frequency	Percent	Mean	Std Deviation
Age	21-30	73	48.7		
	31-40	64	42.7	31.35	6.47
	41-50	12	8		
	51-60	1	0.7		

Gender	Male	87	53.7
	Female	75	46.3
Position	Non-Supervisor	56	34.6
	1 st Level Manager	41	25.3
	Supervisor	12	7.4
	Mid-Level Manager	50	30.9
Organisation	Less than 12 months	13	8.0
	1-3 years	45	27.8
	4-6 years	42	25.9
	More than 6 years	62	38.3
Leader	Less than 12 months	27	16.7
	1-3 years	64	39.5
	4-6 years	36	22.2
	More than 6 years	35	21.6

Measurement Model Assessment

This section presents the measurement model assessment test results. As shown in Table 5, all the constructs have AVE values ranging from 0.503 to 0.56 i.e. exceeding the threshold value of 0.5 proposed by Byrne (2010); Hulland (1999). This indicates that the measurement model has adequate convergent validity.

Table 5: *Items Loadings, Composite Reliability and the Average Variance Extracted for the Measurement Model*

Construct /Item	Loading	CA	CR	AVE	Exchange (LMX)	
Empathetic Language (EL)		0.805	0.863	0.56	B1	0.721
A1	0.85				B2	0.659
A2	0.807				B3	0.686
A3	0.772				B4	0.812
A4	0.59				B5	0.67
A5	0.695				B6	0.712
Leader-Member		0.892	0.91	0.503	B7	0.671

B8	0.73 5				D22	0.65 8
B9	0.76 6					
B10	0.64 3					
Management Effectiveness (ME)		0.93	0.9	0.51		
		9	46	1		
C1	0.69 5					
C2	0.68 2					
C3	0.71 6					
C4	0.67 1					
C5	0.58 7					
C6	0.71 3					
C7	0.64 3					
C8	0.73					
C9	0.77 1					
C10	0.86 5					
D14	0.83 1					
D15	0.86 9					
D16	0.75 5					
D17	0.65 2					
D18	0.65 4					
D19	0.57 2					

Next is the assessment for discriminant validity via HTMT. As the Fornell and Larcker (1981) criterion for evaluating discriminant validity has been greatly debated, this study uses the Heterotrait-Monotrait (HTMT) ratio proposed by Henseler et al., (2015) which examines the ratio of the correlation within the constructs to the correlation between the constructs (Ramayah et al., 2018). In assessing the HTMT inference, Henseler et al. (2015) suggested the value of 1 to indicate a lack of discriminant validity (Ramayah et al., 2018). As shown in Table 6, all the values meet the HTMT criterion whereby the confidence interval for all the constructs does not indicate a value of 1 (Ramayah et al., 2018). Hence, discriminant validity is verified for the measurement model.

Table 6: *Discriminant Validity using HTMT*

	EL	LMX	ME
EL			
LMX	0.221		
ME	0.460	0.307	

Results

Next is the structural model assessment. The significance level was measured by generating the t-statistics using the Smart PLS bootstrapping function. Before assessing the structural model, there is a crucial need to address any possible collinearity issue. Despite fulfilling the requirements for discriminant validity, the presence of lateral collinearity can result in misleading findings (Ramayah et al., 2018). Hence, each set of the predictor construct must be evaluated individually for each subset of the structural model. The results of the lateral collinearity test are shown in Table 7. All the Inner VIF values for the independent variable (Empathetic Language) are less than five indicating the absence of any lateral multicollinearity in this study (Hair Jr et al., 2014). Based on the path coefficient assessment results shown in Table 7, it is found that empathetic language (EL) ($\beta = 0.154$, $p > 0.05$) has a positive but non-significant effect. Therefore, H1 is not supported. The R^2 value is 0.416 which is higher than the 0.26 threshold proposed by Cohen (1988), suggesting that the model is substantial. Next is the evaluation of the effect size (f^2) i.e. to identify the impact size of the exogenous construct on the endogenous construct (small, medium or large) (Hair Jr et al., 2014). According to Ramayah et al. (2018), the p value only indicates the existence of an effect, but not its size. Therefore, the identification of both the effect size and p value is crucial. The effect size is measured based on the guideline provided by Cohen (1988) which states that a value of 0.02 has a small effect, 0.15 a medium effect and 0.35 a large effect. The f^2 result revealed that empathetic language (EL) (0.030) has a small effect in generating the R^2 for management effectiveness (ME).

Meanwhile, the model's predictive relevance (Q^2) is assessed using the blindfolding procedure. Hair et al., (2017) suggested that a Q^2 greater than 0 indicates that the model has predictive relevance for a given endogenous construct. In this current study, the Q^2 value is 0.192 suggesting adequate predictive relevance for the model. Table 7 presents the summary of the hypothesis testing in relation to the direct effects.

Table 7
 Summary of the Hypothesis Testing Related to Direct Effect

Hypothesis	Hypothesis Path	Standard Beta	t- value	p-value	f ²	VIF	Results
H1	EL → ME	0.154	1.406	0.080	0.030	1.349	Not Supported

Moderating Effect

The next research question seeks to determine the moderating effect in the model. Ramayah et al. (2018) defined moderating effect (d) as the third variable that influences the correlation between the independent variable and the dependent variable. According to the authors, an interaction occurs between the moderator and the predictor variable resulting in an effect on the dependent variable. In this current study, the Product Indicator Approach is employed to measure the interaction term (Moderator Analysis). This is based on the suggestion of Ramayah et al. (2018) who stated that the product indicator approach would be the best if all the constructs (IV and Moderator) are reflective. The R² change is significant in measuring the moderator. On the main effect model, the R² shows a value of 0.416 whilst following the interaction with the effect model, the R² shows a value of 0.443 i.e. an R² change of 2.7% (additional variance) (see Figure 4.2). The subsequent step entails the effect size f² calculation using the formula below:

$$\begin{aligned}
 f^2 &= \frac{R^2 \text{ included moderator} - R^2 \text{ excluded moderator}}{1 - R^2 \text{ included moderator}} \\
 &= \frac{0.443 - 0.416}{1 - 0.443} \\
 &= \mathbf{0.048}
 \end{aligned}$$

Based on Cohen’s (1988) guideline for f² interpretation, the value of 0.048 is deemed as a small effect size. According to Chin et al., (2003) a small effect size f² does not essentially indicate a negligible underlying moderator effect: “Even a small interaction effect can be meaningful under extreme moderating conditions, if the resulting beta changes are meaningful, then it is important to take these conditions into account” (Chin et al., 2003, p. 211). Despite reporting a beta coefficient of EL*LM (-0.071), there is still a need to determine the statistical significance of the beta. The subsequent step in testing the interaction involves the t-value derivation via the bootstrapping procedures.

Table 8 shows the outcomes of the hypothesis testing in relation to the moderating effect. H2 which proposed that the impact of empathetic language (EL) (β = -0.171, p <0.05) on management effectiveness (ME) is strengthened by high LMX is supported. Therefore, a high LMX strengthens the path from EL to ME.

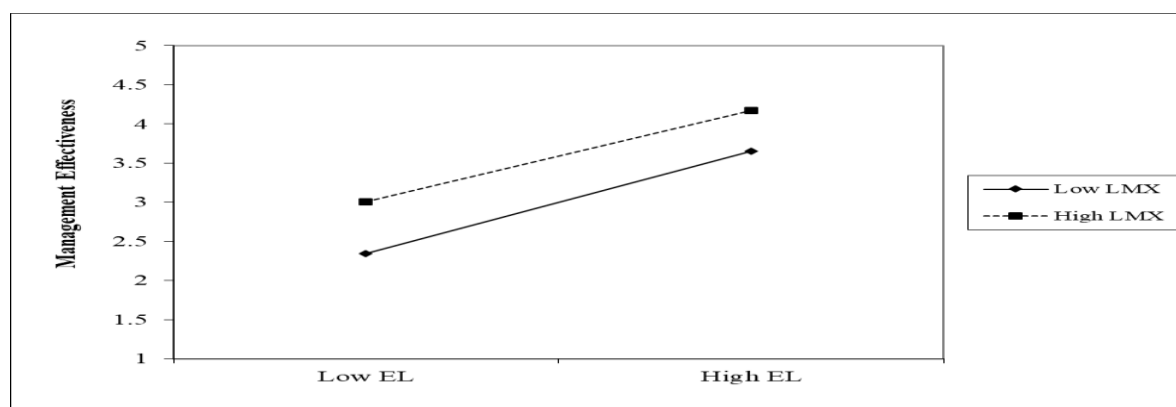
Table 8: Summary of the Hypothesis Testing Related to Moderating Effect

Hypothesis	Hypothesis Path	Standard Beta	t- value	p-value	f ²	Results
H2	EL*LMX-ME	-0.071	2.300	0.011	0.041	Supported

Conclusion and Discussion

Based on the results derived, empathetic language (EL) ($\beta = 0.154$, $p > 0.05$) is determined to have an insignificant effect on the management effectiveness of Waqf institutions. Interestingly, the results suggest that culture has an effect on the language used by the leader. In the study by Madlock and Sexton (2015), the organisational culture prevalent in Mexican firms renders the employees to be less affected by instructions delivered using empathetic language. Similarly, the findings of this current study also suggest that empathetic language has no effect in creating positive work outcomes owing to the existing organisational culture in Waqf institutions in Malaysia. Gentry et al., (2016) state that Malaysia practices a high power distance culture and according to Hofstede et al., (2010), high power distance culture is “the extent to which less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally” (p.61). In an organisation with a high power distance culture, the employees identify organisational hierarchy as an indication of power inequality between those in higher level and lower level positions (Hofstede et al., 2010). In such conditions, the employees are inclined to act according to their leader’s instructions and directions (Duran-brizuela et al., 2016) and abstain from going against those directives for fear of being deemed as disrespectful (Puni & Anlesinya, 2017). Despite the findings by Gentry et al. (2016) of the significant and positive effect of empathetic language in improving the performance of high power distance organisations, this culture inculcates the notion that employees must respect their leaders and that leaders expect compliance from the employees. As such, the employees typically abstain from participating in any decision-making process as they prefer to remain submissive (Erkutlu & Chafra, 2016). As the employees continue to become highly dependent on their leader, a huge leader-employee gap is thus created (Hofstede et al., 2010). The discussions above justify the reason as to why empathetic language is not applicable for employees in Waqf institutions in Malaysia.

The results also show that the correlation between empathetic language (EL) and management effectiveness (ME) ($\beta = -0.171$, $p < 0.05$) is significantly strengthened by a higher LMX rather than a low LMX. Figure 1 shows this interaction i.e. the effect of empathetic language (EL) on management effectiveness (ME) is high and strengthened when the LMX is high, thus supporting Hypothesis 2. This result is consistent with that of Hassan et al. (2013) and Haynie et al. (2018) which suggest that empathetic language use by leaders produces better leader-employee relationship which in turn creates improved employee performance. Although there is no direct relationship between



empathetic language (EL) and management effectiveness (ME), LMX is found to enhance leadership
Figure.1. Interactive Effect of Empathetic Language (EL) and LMX on ME

communication among the employees of the Waqf institutions. And although empathetic language is indicated to be inapt in creating effectiveness in high power distance countries such as Malaysia, the leader can take advantage of the employees' perception of their competence and utilize it to create employee compliance and commitment so as to achieve the goals and objectives of the organisation (Lo et al., 2010). This in turn creates greater compromise among the employees leading them to accept the effective utilisation of empathetic language. The Social Exchange Theory (SET) by Blau, (1964) explains these findings as such: employees tend to demonstrate higher commitment and deliver greater contributions when there is a perception that their leader provides them with practical and rightful material sources, information and support. The higher this perception, the greater the LMX would be between both parties. In general, the results show that the path from empathetic language (EL) to management effectiveness (ME) depends upon the mutual leader-employee relationship, of which impact is strengthened by a higher LMX rather than a low LMX. As such, employees need to establish a high reciprocity with their leader in order to achieve management effectiveness. A strong reciprocal relationship facilitates the usage of empathetic language in driving management effectiveness.

With these findings, Waqf institution leaders can establish a multitude of language approaches so as to generate positive organisational outcomes. Interpersonal exchanges have been proposed as a viable approach in driving employee performance. The scale employed in this study could be used as a mechanism for identifying flaws in the prevailing communication skills of the leaders. Using the scale, leaders can attain in-depth insight on how management effectiveness can be achieved via the usage of suitable leadership language. Additionally, the leader-member exchange (LMX) scale can also be used to determine factors that drive reciprocal exchanges between the two parties. Credibility and leader communication skills are another two aspects highlighted in this study. In Islamic-based organisations, the elements of trust and faith are of utmost importance. Therefore, the leaders need to walk the talk and lead by example in the effort to materialize positive individual and organisational outcomes.

As a conclusion, demonstrating empathetic is a vital aspect of leadership success, and it also enhances interpersonal relations in general and can contribute to more effective communication and better outcomes for both workers and organisations.

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