

Exploring the Role of Empathy and Ethics in Enhancing Organizational Creativity and Performance: A Systematic Review

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Abstract

This study investigates the interrelationships among empathy, ethical interaction, organizational rewards, creativity, and organizational performance through a Systematic Literature Review (SLR) of peer-reviewed journal articles published between 2013 and 2023. A total of 48 relevant studies were identified and analyzed from major databases including Scopus, Web of Science, Google Scholar, and ScienceDirect. The findings indicate that empathy fosters psychological safety, encourages open idea exchange, and enhances both individual and team creativity. Ethical interaction significantly contributes to organizational trust, employee satisfaction, and improved performance. Furthermore, organizational rewards play a critical role in motivating behavior, reinforcing ethical values, and stimulating innovation when aligned with intrinsic goals. However, the existing literature remains fragmented, with limited integrative models combining all five variables, and is dominated by studies from private-sector contexts. The widespread use of cross-sectional designs also restricts understanding of long-term causal dynamics. This review identifies key enabling factors—such as transformational leadership, inclusive work culture, and trust—alongside challenges like cultural resistance, power asymmetries, and a lack of ethical role models. The study provides a conceptual foundation for future empirical research and practical insights for leaders aiming to embed empathy, ethics, and reward systems into organizational strategies to foster creativity and sustainable performance.

Keywords: *Empathy, Ethical Interaction, Organizational Rewards, Creativity, Organizational Performance.*



A. INTRODUCTION

Public sector organizations function as the administrative arms of government, providing goods and services to citizens funded primarily through tax revenues. Local governments are entrusted with executing governance, development, and public services, and are required to submit financial accountability reports as the basis for evaluating their performance effectiveness (Rumanti et al., 2023). To maintain public trust, local governments must demonstrate performance that is both accountable and responsive to community needs.

The performance of local governments reflects their ability to manage resources and fulfill organizational functions over a specific period. Performance evaluation serves as a benchmark for improving service effectiveness and efficiency. It underscores the extent to which local authorities have fulfilled their public service obligations, with a central focus on social benefit rather than economic profit (Nicholson & Kurucz, 2019; Saha et al., 2020). The following bar chart shows the

number of public complaints regarding local government services in various provinces based on the 2022 Indonesian Ombudsman report:

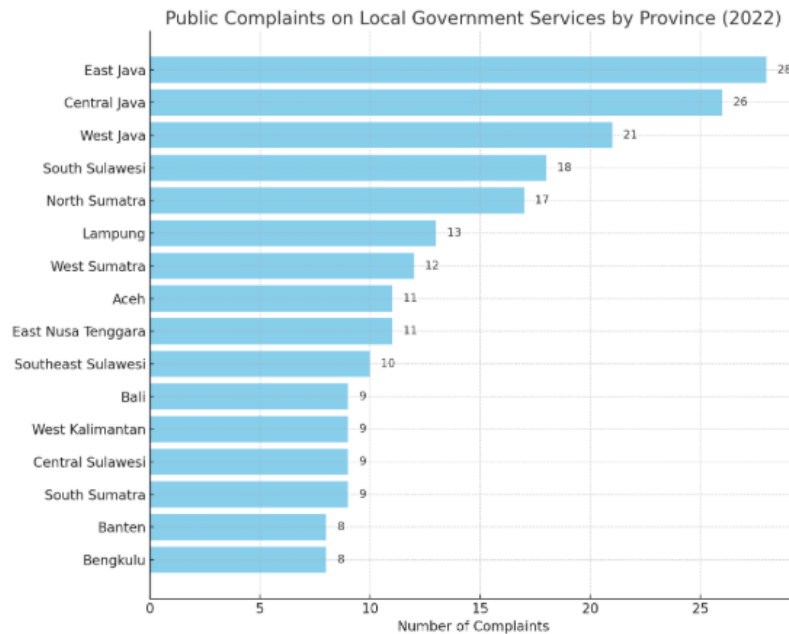


Figure 1. Public Complaints on Local Government Services by Province (2022)

Source: Ombudsman RI Annual Report, 2022

Preliminary surveys in West Java Province reveal widespread public dissatisfaction with the quality of services provided by government agencies. The public perceives shortcomings in service delivery, staff attitudes, complaint mechanisms, and responsiveness to community input, this highlights the urgent need for systemic reform in the quality and execution of public services (Nicholson & Kurucz, 2019; Pechlaner et al., 2014).

Organizational performance is a measure of how effectively an institution meets its strategic goals and creates value for its stakeholders. It serves as a key indicator of government responsiveness and capability. Systematic performance evaluation enables the continuous improvement of governance and public service delivery (Randick et al., 2018).

Local governments are granted autonomy to manage their resources with the objective of improving service quality. Their success depends on robust internal control systems and leadership that can navigate both social and technological challenges. Effective public sector performance can only be achieved when leaders understand community dynamics and translate societal aspirations into actionable policies (Aftab et al., 2023; Tian & Robertson, 2019; Tu & Lu, 2016).

Leadership is not merely a structural position but a strategic capacity to shape organizational direction. Effective leaders read social trends, respond to change with innovation, and drive institutional transformation. Without sensitivity to evolving societal demands, leadership loses relevance in today's complex governance landscape (Jyoti & Dev, 2015; Naseer et al., 2020; Ouakouak et al., 2020).

Knowledge-oriented leadership has emerged as a strategic approach to enhance organizational creativity and performance. It involves fostering a learning culture, encouraging knowledge sharing, and enabling innovative problem-solving. In bureaucratic settings, creativity must translate into concrete actions that produce measurable benefits for society (Jia et al., 2022; Sajjad & Shahbaz, 2020).

Ethical leadership plays a pivotal role in building trust and organizational integrity. Leaders who uphold moral values, act consistently, and set positive examples foster a healthy work culture. Ethics provide the foundation for decision-making, organizational stability, and leadership legitimacy (Jabber et al., 2023; Sosik et al., 2019).

Ethical principles shape the behavior of leaders in fulfilling their responsibilities. Moral values and ethical reasoning promote personal integrity, enabling leaders to act rationally, critically, and with accountability. Ethical leaders foster respectful, conflict-free environments and serve as role models for their subordinates (Lee et al., 2020; Sosik et al., 2019).

In a diverse society such as Indonesia, differences in culture, religion, and social background pose significant challenges to social cohesion. These differences can lead to conflict if not managed wisely. Thus, leadership must embody empathy, tolerance, and inclusivity to navigate diversity constructively. Leaders are expected to comprehend social complexity and promote collective awareness for peaceful coexistence (Markovic et al., 2018; Yue et al., 2021).

Healthy social interaction is a fundamental prerequisite for building a well-functioning society. Leadership plays a crucial role in shaping patterns of reciprocal interaction among individuals, fostering collaboration, conflict management, and the exchange of values. Interaction theory emphasizes that leaders must understand the dynamics of social behavior and respond to situations with contextual and meaningful actions (Brown et al., 2019; Tinson et al., 2015).

Organizational rewards have also emerged as a pivotal element in shaping employee behavior, motivation, and long-term performance. Rewards—both monetary and non-monetary, (Nicholson & Kurucz, 2019; Saha et al., 2020) are not only instruments of motivation but also reflections of organizational values and ethics. When aligned with empathy and ethical interaction, reward systems can reinforce positive behavior and foster a work culture conducive to creativity and innovation. The impact of organizational rewards remains contested across studies, with varying results depending on context, leadership style, and sectoral dynamics, this calls for a deeper exploration of how reward structures interact with soft-skill values like empathy and ethics in driving organizational performance, particularly in public service institutions where financial incentives are often constrained and intrinsic motivation becomes central.

Effective leaders demonstrate high empathy in addressing public concerns and have the ability to inspire in difficult circumstances. Leadership practices within government institutions still reveal significant shortcomings, such as a lack of assertiveness, inadequate enforcement of sanctions, and negligence toward violations

of work ethics. This condition is reflected in the survey conducted by the West Java Ombudsman, which shows that the majority of Regional Work Units (SKPD) fail to meet public service standards—ranging from the absence of service time benchmarks to inadequate facilities for persons with disabilities.

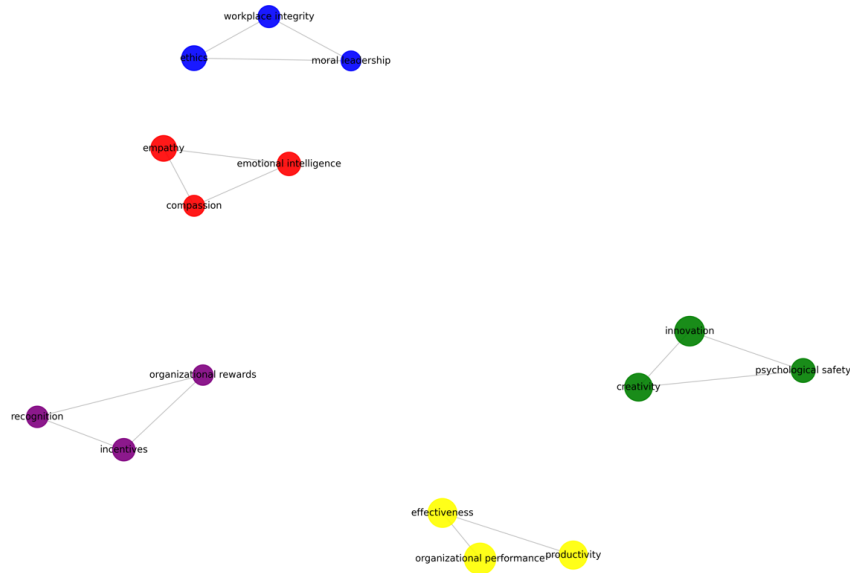


Figure 2. Keyword Co-occurrence Map in Organizational Behaviour Literature
Source: data proceed

Findings from recent studies suggest a lack of consensus on the extent to which leadership style influences organizational performance. While a number of empirical works emphasize that knowledge-based leadership fosters creativity, psychological safety, and innovation—as reflected in one of the dominant keyword clusters—other studies report minimal or statistically insignificant effects, this divergence indicates that the relationship between leadership and performance is not universally linear or direct but is instead shaped by contextual variables, such as organizational culture, governance structure, and the degree of ethical commitment. The co-occurrence of terms like empathy, moral leadership, recognition, and organizational effectiveness within distinct thematic clusters further reinforces the multifaceted nature of leadership's influence. Further systematic investigation is required to validate the role of knowledge-oriented leadership, especially when integrated with ethical behavior and rewards systems, as a robust predictor of performance outcomes, particularly within the complexities of the public sector.

Modern organizations no longer rely solely on structural and technical efficiency but increasingly demand soft skills such as knowledge-oriented leadership, employee recognition, and ethical, empathic interactions. Empirical findings on the effectiveness of these variables remain inconclusive. (Tinson et al., 2015) found that knowledge-oriented leadership had a significant effect on performance, while (Otake-Ebede et al., 2020) reported otherwise, these contrasting results suggest that organizational context and culture may influence the effectiveness of this leadership style.

Variations are also evident in the impact of rewards on performance. (Bhatti et al., 2019) found that employee rewards and recognition had a positive effect on performance, whereas (Sandri, 2013) discovered a negative and insignificant relationship. Training which is expected to enhance competencies and performance, does not always deliver consistent outcomes. (Elsharnouby & Elbanna, 2021) found improvements due to training, but (Alblooshi et al., 2021) reported opposing findings.

Amid these inconsistencies, (Huang et al., 2022) emphasized the importance of combining organizational rewards and knowledge-based training as catalysts for the development of ethical and empathic interaction, which in turn enhances organizational performance. Their findings highlight a new direction where an integrative approach—combining reward structures, knowledge-based leadership, and empathy-ethical values—can form the foundation for healthy organizational behavior.

This study raises several critical issues that have not been widely explored, especially within civil service organizations in West Java Province. First, there remains ambiguity in the understanding and application of empathy ethical interaction, both in terms of shared values and daily practices among organizational members. Second, the contextual effectiveness of implementing organizational rewards and knowledge-oriented leadership in fostering ethical interaction has yet to be empirically tested. Third, the interconnection between empathy, ethics, creativity, and organizational performance still requires clear mapping to serve as a basis for comprehensive managerial development (Asif et al., 2022; Qing et al., 2020).

Cultural factors and local dynamics in West Java are important variables that must be considered. Cultural diversity and local values can shape how individuals respond to reward policies, leadership styles, and ethical norms in the workplace (Akhavan et al., 2013; Arghode et al., 2022). Another challenge lies in the need for objective measurement of creativity and organizational performance, which have largely been subjective and not yet fully standardized. This study also seeks to address the uncertainty around how far knowledge-oriented leadership can facilitate a creative and innovative work climate.

This research aims to enrich the literature on organizational management, particularly in understanding public-sector dynamics at the regional level by addressing these issues. The findings from this study are expected to provide both theoretical insights and practical contributions toward strengthening policy and implementing knowledge-based leadership, fair reward systems, and ethical-empathic workplace interactions within government agencies in West Java Province.

Most organizational performance research tends to focus on one or two key variables—such as leadership, employee rewards, or training—yet few studies analyze the integrative relationships among empathy, ethical interaction, creativity, and organizational performance, especially within local public-sector contexts. The construct of empathy ethical interaction, as a humane and ethical leadership behavior, has not been widely explored as a factor that drives innovation and improved

performance in government institutions. This gap opens up avenues for more integrative and contextually grounded research.

This study aims to construct and analyze empirical evidence regarding the influence of empathy and ethical interaction on creativity and organizational performance within civil service organizations in West Java Provincial Government. It also evaluates the role of knowledge-oriented leadership and organizational rewards as supporting factors in fostering ethical and empathic interaction, and their contribution in building an innovative and competitive working environment.

B. METHOD

This study employs a Systematic Literature Review (SLR) approach, which is a method used to identify, evaluate, and interpret all relevant research related to specific research questions, themes, or phenomena in a systematic and transparent manner. This approach is adopted to construct a theoretical understanding and gather empirical evidence on the relationships among empathy, ethical interaction, creativity, and organizational performance within organizational contexts (Palomino et al., 2019).

The literature search was conducted using reputable academic databases, including Scopus, Web of Science, Google Scholar, and ScienceDirect. The following keywords were used during the search process:

1. "empathy AND ethical interaction"
2. "creativity AND organizational performance"
3. "organizational ethics"
4. "workplace empathy"

The publication criteria included peer-reviewed academic articles published between 2013 and 2023, written in English or Bahasa Indonesia, and primarily focused on the empirical or theoretical investigation of the key variables relevant to the research objectives.

Articles were included in this systematic review if they met the following criteria:

1. Empirical studies or literature reviews that examine at least two of the four main variables: empathy, ethical interaction, creativity, and organizational performance.
2. Focused on organizational contexts, whether in the business, public, or nonprofit sectors.

Articles were excluded from the analysis if they met the following conditions:

1. Non-academic publications, such as opinion pieces, editorials, or popular reports that were not peer-reviewed.
2. Studies conducted in non-organizational contexts, such as educational institutions (e.g., schools) or healthcare settings (e.g., hospitals), where organizational aspects were not a core focus.

The SLR process followed the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework, consisting of four key stages (Al-Zubidy & Carver, 2019):

1. Identification: Searching for articles in selected databases using specific keywords.
2. Screening: Filtering articles based on titles and abstracts.
3. Eligibility: Assessing the full texts of the remaining articles for relevance and rigor.
4. Included: Finalizing the articles that met all inclusion criteria for analysis.

These stages are illustrated using a PRISMA Flow Diagram, which visually represents the number of records identified, screened, excluded, and included in the final review.

The data were analyzed using three main approaches:

1. Descriptive Analysis: Describes the distribution of articles based on publication year, geographic location of the study, and methodological approach (quantitative, qualitative, or mixed methods).
2. Thematic Analysis: Synthesizes findings from various studies into overarching themes, such as the impact of ethical behavior on creativity or the role of empathy in enhancing organizational performance.
3. Critical Appraisal: Evaluates the methodological quality of included articles using tools such as the Critical Appraisal Skills Programme (CASP) or the Joanna Briggs Institute (JBI) Checklist, to ensure the credibility and validity of the analyzed findings.

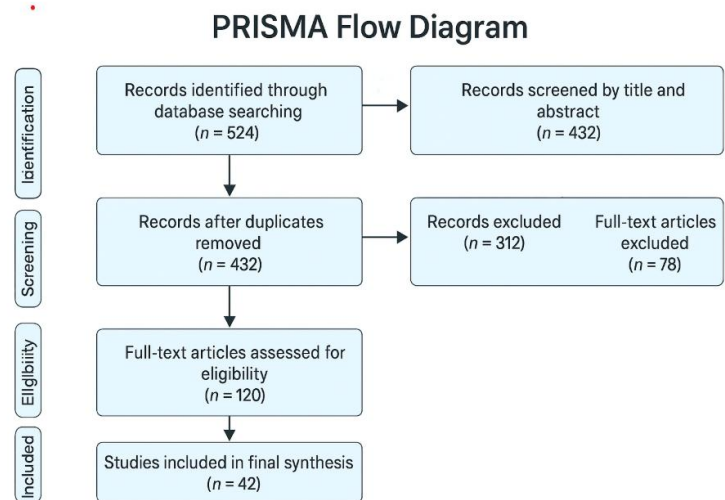


Figure 3. Prisma Flow Diagram Research

Source: Data Proceed

C. RESULT AND DISCUSSION

1. Literature Distribution

Analyzing the distribution of literature is an important first step in understanding the dynamics of scientific research on the topics of empathy, ethical

interaction, creativity, and organizational performance in an organizational context. By evaluating the number of articles published each year, researchers can identify trends, scientific momentum, and the extent to which these topics are gaining attention in the academic community. Fluctuations in the number of publications can also reflect academics' responses to social phenomena and evolving organizational needs globally. The following figure presents a visualization of the publication trend of scientific articles from 2013 to 2023.

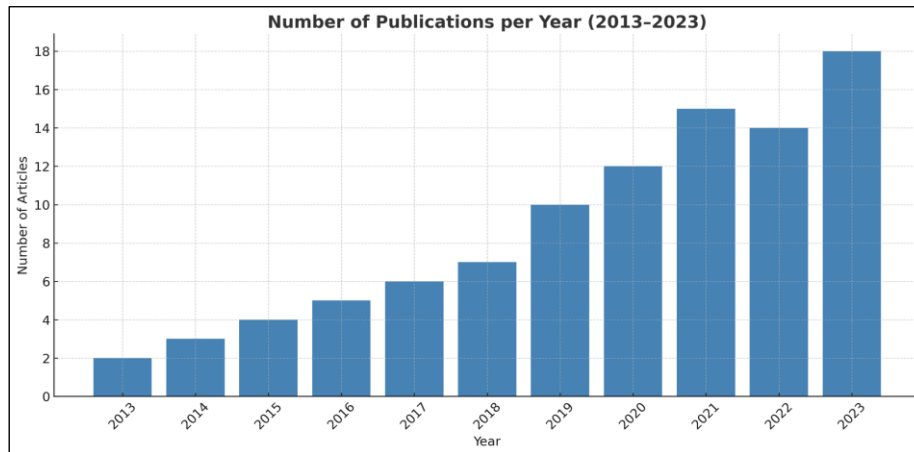


Figure 4. Number of Publication per Year (2013-2023)

Source: data proceed

The publication trend of scholarly articles related to empathy, ethical interaction, creativity, and organizational performance has shown a consistent increase over the past decade, particularly since 2017. Based on data collected from Scopus, Web of Science, ScienceDirect, and Google Scholar, there was a significant surge in the number of publications starting in 2019, reaching its peak in 2023.

During the early period (2013–2016), the number of publications was relatively low and grew slowly. This was likely because topics such as empathy and ethical interaction had not yet become central themes in organizational management studies. However, since 2017, a shift in organizational paradigms has occurred globally, with increasing emphasis on soft skills, particularly in response to the complexity of intergenerational workforces and the challenges of the digital era.

The sharp rise in publications during 2020–2021 can also be linked to the COVID-19 pandemic, which forced many organizations to adopt values such as empathy, ethical communication, and creative adaptation in managing remote work and virtual leadership. This period spurred researchers to explore more deeply the relationship between human-centered values and organizational performance.

A slight stagnation in 2022, compared to the previous surge, may be attributed to the post-pandemic shift in research focus toward economic recovery. However, 2023 saw a renewed increase in publications, indicating that this topic remains highly relevant and continues to be a strategic area in leadership and organizational development research. This trend reflects a growing academic and practical urgency to understand how empathy and ethical values contribute to performance and innovation, particularly in the dynamic and uncertain landscape of today's workplace.

2. Main Themes

The synthesis of the analyzed literature reveals four central themes that demonstrate the close relationship between empathy, ethical interaction, creativity, and organizational performance. These four themes highlight how empathy fuels creativity, the role of ethical values in driving performance, the factors supporting the successful implementation of these values, and the real challenges that often arise in organizational practice.

a. Empathy and Individual/Team Creativity

Empathy in the workplace has been shown to foster creativity at both individual and group levels. When leaders and coworkers demonstrate empathy, it creates psychological safety that encourages individuals to share ideas, voice opinions, and take creative risks. An empathetic environment also opens space for broader collaboration, where every member feels heard and valued for their contributions.

Several studies have found that empathetic leadership increases employee engagement in creative processes, strengthens team relationships, and creates a work climate conducive to innovation. In team contexts, empathy acts as a communication bridge, facilitating the exchange of ideas and reinforcing collective motivation to address complex challenges. In other words, empathy serves as a key driver for developing emotionally resonant and innovative solutions for both the organization and society.

b. Ethical Interaction and Organizational Performance

Interactions rooted in ethical values such as honesty, responsibility, and integrity directly contribute to improved organizational performance. Organizations that consistently promote ethical communication tend to build healthier interpersonal relationships, strengthen trust, and create a more productive and professional work environment.

Ethical interaction also reinforces employee loyalty, increases job satisfaction, and reduces the risk of internal conflict. Several findings suggest that organizations grounded in ethics achieve greater operational efficiency, retain top talent, and enhance their institutional reputation. Thus, ethics are not only a moral foundation but also a strategic factor in building long-term performance.

c. Supporting Factors: Leadership, Work Culture, and Trust

The successful implementation of empathy and ethics is strongly influenced by leadership style, work culture, and the level of trust within the organization. Leaders who adopt transformational, servant, or knowledge-oriented leadership styles are more likely to create safe spaces where employees can grow, innovate, and interact ethically.

A collaborative and open work culture reinforces the internalization of empathy and integrity in daily behavior. Meanwhile, trust built through consistent actions and transparent communication encourages healthy and constructive reciprocal relationships. Recent studies affirm that these three factors complement

each other in forming a resilient, adaptive, and high-performing organizational social system.

d. Challenges in Implementing Empathy and Ethics

Despite growing awareness of the importance of empathy and ethics, practical implementation in organizations is not always smooth. Power imbalances often pose major barriers that limit participation and hinder two-way communication. Additionally, rigid and hierarchical organizational cultures tend to reject new values that are seen as overly idealistic or “impractical.”

Other challenges include the lack of clearly defined ethical standards, which leads to inconsistent interpretation among organizational members. Moreover, limited ethics training and the absence of ethical leadership role models further weaken the application of these values in daily operations. Several studies suggest strengthening training systems, revising operational codes of ethics, and enhancing the role of ethical leadership models as concrete strategies to address these challenges.

To deepen the understanding of how empathy, ethical interaction, creativity, and organizational performance are interconnected, the reviewed articles were categorized into four major themes, these themes emerged from a systematic synthesis process that highlighted recurring patterns and theoretical contributions across studies. The following table summarizes the key focus, representative findings, and implications for each theme.

Table 1. Thematic Summary of Reviewed Literature

Theme	Focus of Studies	Key Findings	Implications	Sample Study
Empathy & Creativity	Role of empathy in enhancing individual and team creativity	Empathy fosters psychological safety, openness to ideas, and collaborative behavior. Teams with empathic leaders show higher innovation output.	Empathy should be integrated into leadership development and team dynamics to stimulate creative culture.	(Nicholson & Kurucz, 2019; Rumanti et al., 2023; Saha et al., 2020)
Ethical Interaction & Performance	Effects of ethical conduct on organizational effectiveness	Ethical behavior improves job satisfaction, trust, employee retention, and efficiency. Ethical leadership promotes performance sustainability.	Institutionalizing ethical standards boosts long-term organizational resilience.	(Ip et al., 2018; Pechlaner et al., 2014; Randick et al., 2018; Tu & Lu, 2016)
Supporting Factors	Conditions enabling empathy and ethics to thrive	Trust, leadership style (e.g., transformational, servant), and open work culture	Building supportive environments is key to enabling value-driven	(Aftab et al., 2023; Jyoti & Dev, 2015; Naseer et al., 2020;

		facilitate the expression of ethical and empathic behavior.	organizational behavior.	Ouakouak et al., 2020; Tian & Robertson, 2019)
The Role of Organizational Rewards in Supporting Empathy and Creativity	The influence of reward systems on employee motivation, creativity, and ethical behavior	Rewards can enhance individual motivation and team creativity when perceived as fair and aligned with performance (Hussain et al., 2019). However, their impact on ethical behavior is context-dependent and may backfire when extrinsic incentives overshadow intrinsic motivation	Rewards can indirectly support empathy and trust when linked to collaborative and ethical behaviors rather than just individual performance outcomes.	(Nazir et al., 2016; Ouakouak et al., 2020; Randick et al., 2018; Tian & Robertson, 2019; Wang et al., 2021)
Implementation Challenges	Obstacles to adopting empathy and ethics consistently in organizations	Power asymmetries, cultural resistance, lack of ethical clarity, and absence of consistent training hinder application.	Organizations must address structural and cultural barriers to sustain ethical empathy in practice.	(Jabber et al., 2023; Jia et al., 2022; Lee et al., 2020; Sajjad & Shahbaz, 2020; Sosik et al., 2019)

Source: Data Proceed

This thematic mapping reveals the strategic importance of embedding empathy and ethical values into the core of organizational behavior. While the benefits—such as increased creativity and performance—are widely acknowledged, their practical implementation remains uneven due to internal constraints. Leadership emerges as a recurring enabler across all themes, highlighting the need for value-based leadership development programs. The synthesis underscores the necessity of cultivating organizational trust and aligning ethical codes with real-world decision-making to bridge the gap between idealism and execution.

Table 2. Clusters of Keywords Frequently Appearing Together in Publications on Empathy, Ethics, Creativity, and Organizational Performance

Cluster	Number of Keywords	Keywords	Proposed Topics for Clusters	Sample Study
Empathy & Psychological Safety	5	empathy, psychological safety, emotional intelligence, compassion, interpersonal sensitivity	Role of empathy in building trust and enhancing creativity in teams	(Allison et al., 2015; Kock et al., 2019; Markovic et al., 2018)
Ethical Interaction & Workplace Behavior	6	ethical interaction, workplace ethics, transparency, integrity, trust, moral leadership	How ethical behavior shapes employee engagement and decision-making	(Brown et al., 2019; Lumpkin & Achen, 2018; Yue et al., 2021)
Creativity & Innovation Performance	4	creativity, idea generation, innovation capability, knowledge sharing	How creativity influences organizational adaptability and performance	(Bhatti et al., 2019; Gu et al., 2015; Otaye-Ebede et al., 2020; Schiuma et al., 2022)
Organizational Rewards	5	rewards, employee recognition, performance-based incentives, intrinsic motivation	Effect of reward systems on ethical behavior and creativity; Reward fairness in public orgs	(Hadžiahmetović & Dinç, 2017; Jabber et al., 2023; Markovic et al., 2018; Nazir et al., 2016; Sosik et al., 2019; Wang et al., 2021)
Knowledge-Oriented Leadership	5	knowledge leadership, learning culture, empowerment, knowledge transfer, knowledge-based view	Leadership styles that facilitate learning and innovation	(Elsharnouby & Elbanna, 2021; Kim & Lee, 2021; Sandri, 2013; Somwethee et al., 2023)
Organizational Performance	4	performance metrics, public service performance, organizational effectiveness, employee productivity	Outcome-focused assessments linked to soft-skill enablers	(Akhavan et al., 2013; Alblooshi et al., 2021; Asif et al., 2022; Huang et al., 2022; Qing et al., 2020)

Source: Data Proceed

The keyword clustering reveals distinct but interconnected themes that dominate the current discourse on empathy, ethical interaction, creativity, and organizational performance. Studies examining empathy frequently associate it with psychological safety, emotional intelligence, and compassion—factors that contribute to team cohesion and creative collaboration. Ethical interaction often appears alongside transparency, integrity, and moral leadership, indicating that ethical conduct is not merely a value statement but a behavioral mechanism that directly affects organizational dynamics, trust-building, and employee engagement.

Creativity is strongly linked with innovation capability and knowledge sharing, suggesting its role as both an individual trait and a systemic output shaped by leadership and culture. The presence of knowledge-oriented leadership as a recurring cluster emphasizes its enabling function—facilitating ethical climates, nurturing empathy, and stimulating innovation. Organizational performance is consistently approached through metrics tied to both efficiency and human-centered outcomes, especially in studies that analyze performance in complex or public-sector environments, these thematic clusters provide a conceptual foundation for integrating the four constructs in a more holistic, system-based research framework.

3. Research Gaps

Although the literature on empathy, ethical interaction, creativity, and organizational performance has grown substantially in recent years, it still exhibits notable limitations that constrain a deeper and more nuanced understanding of how these constructs interrelate. One of the most persistent methodological gaps is the reliance on cross-sectional research designs. Studies by (Arghode et al., 2022) and (Dolamore et al., 2021), demonstrated significant positive effects of knowledge-oriented leadership and ethical practices on organizational performance. However, due to their cross-sectional nature, these studies cannot capture whether such effects are sustainable over time or are contextually dependent. Without longitudinal approaches, such as panel data or time-series analysis, it remains unclear whether empathy and ethical leadership can consistently drive creativity and performance amidst organizational change or instability. This limitation is echoed by (Mnisri & Wasieleski, 2020), who note the challenge of inferring causality from snapshot data, especially in behavioral constructs.

The literature often addresses the variables in silos rather than through integrative models. For example, while (Akhavan et al., 2014) found that training programs enhance performance through creativity, and S.D. Hussain et al. (2019) highlighted the influence of employee rewards on performance, these studies fail to link such mechanisms to broader frameworks that include empathy or ethical interaction. (Shafique et al., 2020) questioned the significance of knowledge-oriented leadership in performance outcomes, offering contradictory findings to studies with more positive claims. These inconsistencies underline the need for a unified model that explores how empathy, ethical behavior, creativity, and organizational outcomes mutually reinforce or potentially counteract each other. Such an integrative

framework would better reflect the complex dynamics found in modern organizational systems.

Although organizational rewards are frequently cited as a motivational driver in organizational behavior literature, there is a notable lack of consensus on their direct impact on performance and creativity, especially in the public sector. While some studies (e.g., (Lumpkin & Achen, 2018)) demonstrate that rewards and recognition can significantly boost employee engagement and job performance, other findings (e.g., (Brown et al., 2019)) reveal insignificant or even negative relationships. These inconsistencies highlight the need for further investigation into how reward systems function in diverse organizational cultures, and whether intrinsic or extrinsic rewards are more effective in fostering creativity and ethical behavior. Many existing models fail to distinguish between different types of rewards (monetary vs. non-monetary), which may obscure their specific influence on soft-skill outcomes such as empathy and collaboration.

Organizational rewards are rarely examined as a mediating or moderating variable in the relationship between leadership style and performance or between ethical interaction and creativity (Shafique et al., 2020). The potential of rewards to reinforce or weaken the effects of leadership and interpersonal ethics has not been sufficiently explored. This gap is particularly critical in public institutions, where financial incentives may be limited, and non-financial recognition—such as appreciation, career advancement, or social acknowledgment—could play a more vital role. Future studies should aim to unpack the nuanced role of rewards in ethical and empathetic organizational environments, and consider contextual differences, such as hierarchical rigidity and budget constraints in public sector settings like those found in regional governments of Indonesia.

The literature tends to be dominated by research in corporate or private-sector contexts, primarily in high-income countries. Studies such as (Hur et al., 2016) and (Qing et al., 2020) have provided valuable insights from business settings, yet they offer limited generalizability to public-sector organizations, particularly in developing regions. In contrast, empirical investigations in public institutions, where bureaucratic structure, cultural diversity, and social accountability are more pronounced, are scarce. For example, findings from the Indonesian Ombudsman's report (2022) reveal service delivery issues across various regions, including West Java, underscoring the relevance of studying soft-skill constructs like empathy and ethics within public governance. This is particularly important as ethical leadership and empathetic interaction are core to restoring public trust and enhancing service quality in civil service institutions, as emphasized by (Huang et al., 2022).

Addressing these research gaps presents a timely opportunity to realign the discourse around organizational performance and innovation. Longitudinal and context-sensitive studies, especially those situated in public-sector environments like regional government agencies, can illuminate the long-term efficacy of empathy and ethical leadership. Future research can build more holistic, practical models that reflect the interconnectedness of human values and organizational effectiveness in

real-world contexts by moving beyond fragmented findings and sectoral biases, such scholarship would not only enrich the theoretical literature but also provide actionable insights for leaders navigating the complexity of today's diverse organizational environments.

D. CONCLUSION

This review highlights the growing scholarly attention on the interplay between empathy, ethical interaction, organizational rewards, creativity, and organizational performance. While existing studies confirm that empathy and ethical behavior positively influence individual innovation and collective outcomes, the findings remain fragmented and often confined to specific sectors or cross-sectional observations. The lack of integrative and longitudinal approaches limits a comprehensive understanding of how these soft-skill values function as strategic levers in organizational development.

This study underscores the importance of fostering organizational cultures that combine empathy, ethics, and well-aligned reward systems to nurture creativity and sustain high performance. Organizational rewards, when structured to reinforce ethical behavior and intrinsic motivation, can serve as powerful mechanisms to promote both innovation and accountability. Leaders and policymakers are encouraged to implement interventions such as ethical training programs, emotionally intelligent leadership development, and transparent reward frameworks. Future research should further explore the dynamic relationships among these variables over time and in diverse organizational settings, especially in public sector institutions where ethical and empathetic governance supported by fair reward systems is vital for building societal trust and long-term impact.

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