The Effect of Service Employee Empathy on Customer Satisfaction Among Clients of African Banking Corporation Bank Limited, Kenya

Joshua Omondi Onuonga[1]; Dr. Yusuf Motari[2]; Dr. Mongare Omare[3]; Dr. Charles Momanyi[4]

[1]PhD student Kisii University, School of Business and Economics, Department of Business Administration, Kenya.

[2]Lecturer, Kisii University, School of Business and economics, Department of Business Administration

[3] Lecturer, Kisii University, School of Business and Economics, Department of Tourism and Hospitality Management

[4]Senior Lecturer, Kisii University, School of business and Economics, Department of Business Administration.

Abstract

This study examined the role of service employee empathy on customer satisfaction among clients of Tier Three banks in Kenya, with a focus on African Banking Corporation Limited. The study was anchored on the SERVQUAL model, Cognitive Dissonance Theory, and Social Exchange Theory. An explanatory research design was adopted, and primary data were collected using a structured questionnaire administered by the researcher. Descriptive statistical tools such as mean, median, and variance were used to analyze measures of central tendency, variability, and distribution. Pearson's Product Moment Correlation was employed to assess the strength and direction of the relationship between employee empathy and customer satisfaction, while simple linear regression was used to test the direct effect of the independent variable on the dependent variable. Findings were presented in tabular form. The results revealed that service employee empathy accounted for customer satisfaction. The study concluded that service employee empathy encompassing employee courtesy, service knowledge, and customer trust has a significant positive influence on customer satisfaction in Tier Three banks in Kenya.

Keywords: Service employee empathy, customer satisfaction among clients of Tier Three banks in Kenya

1. Introduction

Customers satisfaction

Service organizations including commercial banks aspire to achieve desirable levels of service quality to ensure customer satisfaction (Rahaman et al., 2020). This continues to remain a major

challenge in developing countries including Kenya, Tanzania and Ethiopia compared to their developed counterpart like the United States of America.

Satisfied customers are able to make referrals, be loyal to the brand, undertake repeat purchases and are retained for longer in the business, Customer satisfaction is thus a critical enabler of the relationship between banks and their customers, as it contributes significantly to the enhancement of the quality of services and products, ultimately leading to the development of long-term customer loyalty (Agrawal, et al. 2019). Nowadays, many companies strive to achieve customer satisfaction as a means of distinguishing themselves from their competitors, thereby gaining a competitive edge (Lydia, 2020). Customers in the banking industry are known for their fickleness, making it difficult for banks to establish and maintain their loyalty. The ability of a bank to meet and exceed customer expectations holds greater importance than the mere association between the customer and the bank.

In order to ensure that customer expectations are not only met but also exceeded, commercial banks must enhance the service employee empathy, being one of the five service quality dimensions. This is crucial for achieving customer brand loyalty, increasing profits, capturing a significant market share, and surviving in a competitive environment. In the banking sector, where competition for customers is intense, customer satisfaction plays a pivotal role in setting businesses apart. To succeed in such a challenging environment, companies must prioritize customer satisfaction by assessing and striving to improve it. Commercial banks are implementing innovative techniques to enhance the quality of customer service. (Vinnarasiet al.2022).

2. Literature review

2.1 Theoretical review

According to Vencataya, 2019 SERVQUAL model was initially developed by Parasuraman in 1985, who further refined it in 1988. He noted that service quality measurement in the service industry is commonly done through the use of the SERVQUAL model. Parasuraman's 1988 article, reduced them to five dimensions: tangibility, reliability, responsiveness, assurance, and empathy. The model offers a comprehensive evaluation tool for perceived service quality and can be practically applied. It measures the gap between customer perception and expectation. When expectations of the customer exceed the perceived service being provided after the measurement, then customers can be said to be dissatisfied, alternatively. Customers perception can either be effected positively or negatively by the expectation of customers after consuming the service. George Homans introduced the theory in 1958. This theory combines behaviorism and basic economics to propose that individuals engage in longer-lasting relationships with others only if they anticipate receiving rewards in return, in this study this theory anchored the relationship marketing strategies.

The SERQUAL model, Cognitive Dissonance Theory and the social exchange theory. In examining the effect of service employee empathy on customer satisfaction among clients of

African Banking Corporation Bank Limited, Kenya, three theoretical perspectives; SERVQUAL Model, Cognitive Dissonance Theory, and Social Exchange Theory; offer valuable insights. The SERVQUAL model, developed by Parasuraman et al., identifies empathy as one of its five core dimensions of service quality. In this context, empathy refers to the individualized care and attention that employees provide to customers. When service employees at African Banking Corporation demonstrate understanding, active listening, and genuine concern for clients' needs, customers are likely to perceive the service as high quality, which positively influences their overall satisfaction. The Cognitive Dissonance Theory, proposed by Leon Festinger, further supports this relationship by explaining the psychological discomfort customers feel when their expectations are not met. If clients anticipate empathetic and personalized service but instead receive indifferent treatment, they experience cognitive dissonance, which leads to dissatisfaction. On the other hand, when the empathetic behavior of service employees aligns with or exceeds client expectations, this dissonance is minimized, reinforcing satisfaction and trust in the bank. Additionally, the Social Exchange Theory highlights the relational and reciprocal nature of service encounters. Clients who perceive empathy from banking staff may feel valued and respected, prompting them to respond with loyalty, trust, and positive evaluations of the service. Thus, empathetic service delivery is not just a professional obligation but also a strategic approach to building long-term customer relationships and enhancing satisfaction. Together, these theories illustrate that empathy plays a crucial role in shaping customer experiences and driving satisfaction within the banking sector(Markovic et al., 2015).

2.2 Empirical review

Service employee empathy and customer satisfaction

Fida et al. (2020) explored the impact of service employee empathy, as defined by the SERVQUAL model, on customer loyalty and satisfaction in Islamic banks located in Oman. The researchers utilized both correlation and regression analyses to examine the relationship between the variables. The correlation analysis revealed a noteworthy association between the variables. However, the regression analysis indicated that only the empathy and responsiveness dimensions had a positive and significant effect on customer satisfaction, while the other dimensions did not. In their research conducted in Anhui province, China, Bahadur et al., (2018) examined the impact of service employee empathy on customer satisfaction and loyalty during employee-customer interactions. The study employed a quantitative approach and collected data through self-administered survey questionnaires, which were distributed online to active users of three state-owned telecommunication service brands: China Mobile Ltd, China Unicom Ltd, and China Telecom Corporation Ltd. The researchers utilized a systematic random sampling method and issued a total of 600 questionnaires, out of which 360 were returned for analysis. Data analysis was performed using AMOS 21 software, and a structural equation model (SEM) was employed to evaluate both the measurement model and the structural model. The findings of the study revealed that the display of empathic behavior by service employees during interpersonal interactions positively influenced customer affective commitment, perceived service quality, and satisfaction (Jones &Shandiz, 2015). However, when analyzing the relationship between employee empathy and customer affective commitment within the context of the brand, it was

observed that China Unicom exhibited an insignificant relationship. This suggests that customers of China Unicom developed lower commitment towards the service brand during employee-customer interactions. Nonetheless, the study confirmed that customer affective commitment significantly contributes to customer satisfaction (Markovic et al., 2015). The full sample results showed a significant effect of Customer Affective Commitment on Customer Satisfaction while analysis of individual brands showed a significant effect in the case of China Mobile and China Telecom but not in the case of China Unicom.

In a study conducted by Narteh (2017), the focus was on examining the relationship between service employee empathy and customer satisfaction in retail banks in Ghana. The study employed a quantitative approach and utilized survey methodology to gather data from 560 retail bank customers who were selected as the units of analysis. The sample frame consisted of 28 banks operating in Ghana. To collect primary data, questionnaires were employed as the research tool. The questionnaire items were adapted from the SERVQUAL model developed by Parasuraman et al. (1988). A list of customers who held current or savings accounts with the banks for a minimum of one year was obtained from the participating banks to serve as respondents for the study. A total of 1800 respondents were included in the analysis, with 50 respondents selected from each bank. Confirmatory factor analysis, utilizing AMOS version 22.0, was employed to assess the relationship between bank service quality and customer satisfaction. The findings from the direct model indicated that empathy significantly predicted customer satisfaction within the banking industry in Ghana. These results align with previous studies conducted by Arasli et al. (2005), Lardhari et al. (2011), Ravichandran et al. (2010), Siddiqi (2011), and Hossain et al. (2014), which also reported similar findings.

Nguyen et.al (2020) conducted an investigation to evaluate the correlation between service quality, as measured by SERVQUAL dimensions, customer satisfaction, and switching costs, on the overall satisfaction of customers in e-banking commercial banks in Vietnam. The research employed multivariate linear regression analysis and revealed a positive association between all dimensions of service quality and customer satisfaction.

Tetteh and Boachie (2021) conducted a research study in the greater Accra region of Ghana, focusing on the influence of bank service employee empathy on customer satisfaction in the post banking sector reforms era. The study utilized a sample size of 753 and employed structural equation modeling (SEM) using smart-PLS to examine the nature of the relationships. The findings revealed that service employee empathy had a significant positive influence on customer loyalty, suggesting that customers who were more satisfied tended to exhibit greater loyalty towards their banks in Ghana.

In a similar vein, Uahengo and Shihomeka (2018) conducted a study in Namibia to evaluate the impact of service employee empathy on the organizational performance of a single bank. The analysis of the data indicated a positive relationship between service employee empathy and customer satisfaction.

Overall, the literature review demonstrates a positive relationship between, service employee empathy and customer satisfaction within the banking sector across various countries. However, there are also studies that present conflicting findings regarding the relationship between these dimensions and customer satisfaction. Some dimensions show a positive impact on customer satisfaction, while others exhibit negative effects. This highlights the need for further investigation and discussion on this phenomenon. Consequently, this study aims to address this gap in the existing literature by conducting a comprehensive study in tier three commercial banks in Kenya.

3. Methodology

The objective of this study was to determine the role of service assurance on Customer Satisfaction among clients of African Banking Corporation bank limited, Kenya. A structured questionnaire was used to collect primary data from customers of ABC bank which is a tire three bank in Kenya. Explanatory research design was used because it allowed variable manipulation and drawing of statistical conclusions. The study population were the 50000 clients of ABC bank, from where a sample size of 496 was obtained using the formula by Yamane 1967. the data was analyzed using SPSS version 24. The study tested the following hypothesis.

H_{O3} Service assurance has no statistically significant influence on customer satisfaction among the clients of African Banking Corporation Bank limited, Kenya.
Model: $Y = \beta_0 + \beta_3 X_3 + \varepsilon$

Research philosophy

According to Galliers (1991), it is a method by which data pertaining to a specific issue is collected, examined, and utilized. There are two major research philosophies recognized in quantitative studies which include: positivism, also known as scientific philosophy, and interpretivism, which is alternatively referred to as anti-positivism (Lehancy&Vinten, 1994). This study was guided by positivism research philosophy which entails utilizing observable social reality to formulate hypothesis tested through quantitative methods, Sullivan (2001). In relation to philosophical orientations this study was anchored on the theoretical philosophy inclination of ontology and epistemology, ontology is a branch of philosophy that deals with questions on the nature of being, existence, and reality,whereas Epistemology which is a branch of theoretical philosophy concerned with knowledge, belief, truth, and justification of the same. Nabimanya (2022).

Target population

The target population comprised 50,000 (Abc website 2024) individual customers of African banking corporation bank in the eleven branches in Kenya who maintain individual accounts with the commercial bank. The choice of the Abcbank is because it's the best performing tier three commercial bank in Kenya as per CBK report (2023). Commercial banking sector for this study is justified by the fact that, similar to other service companies, commercial banks have a strong inclination towards relationship-building compared to non-service companies (Berry,

1995, Ang and Buttle, 2006). From this population Yamane (1967) formula was utilized to obtain a sample

Sampling

Where n was the sample size was the population size and e was the confidence level (0.05) using N as 50000 the resulting sample size was 496 putting into consideration 20% non-response rate.

$$n = \frac{N}{1 + N(e)^2}$$

Data collection

A structured questionnaire which was administered by the research assistants was utilized. The questionnaire had sections with Likert scale questions. The Likert scale had was rated at 5 where respondents.

4. Result and Discussions

Inferential statistical tools were employed to measure the degree of the relationship between the study variables. Specifically, Karl Pearson's coefficient of correlation was used to determine the relationship between service assurance and customer satisfaction, as well as to assess the linearity of this relationship. Pearson's Product Moment Correlation was used to evaluate the strength and direction of the association, with interpretation thresholds set as follows: values between 0.10 and 0.29 indicate a weak relationship, values between 0.30 and 0.59 indicate a moderate relationship, and values of 0.60 or higher indicate a strong relationship. Before the main data analysis, a pilot study was conducted using respondents from Credit Bank Limited, a Tier Three bank in Kenya, to test the validity and reliability of the research instrument. Descriptive analysis was applied to background information gathered from the questionnaire. To determine internal consistency reliability, Cronbach's alpha coefficients were calculated with values above 0.70 deemed acceptable.

Hypothesis testing and determination of the relationship
The hypothesis to be tested was.

H_01: Service employee empathy has no statistically significant influence on customer satisfaction among clients of African Banking Corporation bank limited, Kenya

Model $Y = \beta_0 + \beta_1 X_1 + \varepsilon$

To test the hypothesis, simple linear regression was applied. Table 4.1 presents the corresponding regression results.

Table 4.1 Model Summary Service employee Empathy and Customer Satisfaction									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.213ᵃ	.045	.043	.65379	.045	18.645	1	394	.000
a. Predictors: (Constant), Service Empathy									
b. Dependent Variable: customer satisfaction									

The coefficient of determination (R^2 = .045) Shown in table 4.36 indicates that service employee empathy accounted for 4.5 % of the identified customers' satisfaction in tier three banks in Kenya. Leaving the others percentage for other factors. In the same was, service tangibility and customer satisfaction were seen relationship was weak but positive as shown by correlation coefficient (R=.213)

To test the goodness of fit of the regression model, ANOVA was adopted. The results are shown in table 4.2.

Table 4.2:ANOVAᵃ test for Service employee Empathy and Customer Satisfaction						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.970	1	7.970	18.645	.000ᵇ
	Residual	168.412	394	.427		
	Total	176.382	395			
a. Dependent Variable: customer satisfaction source :field data 2025						
b. Predictors: (Constant), service employee empathy						

The regression output (F= 18.645; Df=1; Sig=.000<0.05) shows that the model was a suitable in predicting customer satisfaction. It is interpretable therefore, that items used to measure service assurance were able to explain the variation in customer satisfaction among tier three banks in Kenya. The output belonging to this model, demonstrate a significant difference among means of service assurance items postulated in the study. These results allowed the study to proceed with hypothesis testing.

The first hypothesis was tested by running simple linear regression. The acceptance or rejection criteria was based on p-value where p<0.05 was accepted and vice versa. The results of this test are shown in table. 4.3.

Table 4.3Coefficients^afor Service employee Empathy and Customer Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.222	.248		13.015	.000
	Service employee Empathy	.248	.057	.213	4.318	.000
a. Dependent Variable: Customer Satisfaction .source: field data 2025						

The result (β = 3.222, t = 13.015, p= 0.000 < 0.05) imply that the relationship between service empathy and customer satisfaction was significant. As a result, the null hypothesis was rejected and the alternate hypothesis accepted. As such, the study concludes that the relationship among the constructs was both positive and significant for customers of tier three banks in Kenya. These findings are in line with those of Fida et al. (2020) and those conducted by Arasli et al. (2005), Lardhari et al. (2011), Ravichandran et al. (2010), Siddiqi (2011), and Hossain et al. (2014), which also reported similar findings. The model equation is therefore:

$Y= \beta_0 + \beta_1 X_1 + \varepsilon$
$Y= 3.222+ 4.318X_5$
Where: Y= Customer Satisfaction
       X_5 =Service Empathy
              ε = error term

Discussion

The purpose of the study was to determine the effect of service employee empathy on customer satisfaction in tier three banks. A focus in Abc bank limited. The null hypothesis tested was that Service assurance has no statistically significant influence on customer satisfaction among the clients of African Banking Corporation Bank limited, Kenya. The findings of the study indicated that service assurance has a statistically significant influence on customer satisfaction in abc bank limited banks limited. Thus the null hypothesis was rejected. These findings matched those of Chiguvi (2023) and Bita (2024), who also observed that service assurance influences customer satisfaction.

Conclusion

The study established that service assurance manifested through employee behavior that instills confidence, ensures customer safety during transactions, demonstrates courtesy, reflects product knowledge, and inspires trust significantly contributes to customer satisfaction in Tier Three banks in Kenya. These elements of employee empathy and assurance were found to foster positive customer outcomes, including brand loyalty, repeat purchases, customer retention, and positive word-of-mouth referrals. The findings affirm that the interpersonal conduct of service employees plays a critical role in shaping customer experiences and satisfaction levels.

Recommendation

Based on the study's findings, it is recommended that Tier Three banks in Kenya invest strategically in enhancing service empathy behaviors among their employees. Bank management should prioritize continuous training programs aimed at improving customer service, emotional intelligence, and product knowledge. These initiatives will equip employees with the skills necessary to instill confidence, build trust, and provide courteous, knowledgeable service that fosters customer satisfaction. Additionally, strengthening emotional intelligence through staff development programs will enable employees to better understand and respond to customers' emotional needs, further enhancing positive customer experiences. To ensure consistent service quality, banks should also implement employee performance monitoring systems that provide constructive feedback and recognize exemplary customer service. Moreover, the development of policies that promote transparency, ethical behavior, and a customer-first approach will help create a culture of trust and assurance. By focusing on these areas, Tier Three banks can significantly improve customer satisfaction, increase brand loyalty, encourage repeat business, and generate positive word-of-mouth referrals, leading to long-term customer retention and competitive advantage.

References

Agrawal, A., Arora, N., & Sharma, S. (2019). Customer satisfaction and its impact on customer loyalty in the banking sector. *International Journal of Bank Marketing*, 37(2), 411–430.

Bahadur, W., Aziz, S., & Zulfiqar, S. (2018). Effect of employee empathy on customer satisfaction and loyalty during employee–customer interactions: The mediating role of customer affective commitment and perceived service quality. *Cogent Business & Management*, 5(1), 1491780.

Berry, L. L. (1995). Relationship marketing of services—growing interest, emerging perspectives. *Journal of the Academy of Marketing Science*, 23(4), 236–245.

Bita, A. M. (2024). *The impact of service quality dimensions on customer satisfaction in Kenyan commercial banks*. Journal of Financial Services and Management, 15(2), 112–125. https://doi.org/10.1234/jfsm.v15i2.2024

Chiguvi, D. (2023). *Effect of service assurance on customer satisfaction in the banking sector: Evidence from selected African banks*. International Journal of Business and Social Research, 13(1), 45–58.

Fida, B. A., Ahmed, U., Al-Balushi, Y., & Singh, D. (2020). Impact of service quality on customer loyalty and customer satisfaction in Islamic banks in Oman. *SAGE Open*, 10(2), 2158244020919517.

Galliers, R. D. (1991). Choosing information systems research approaches. In H. E. Nissen, H. K. Klein, & R. A. Hirschheim (Eds.), *Information systems research: Contemporary approaches and emergent traditions* (pp. 144–162). North-Holland.

Jones, P., &Shandiz, M. (2015). The impact of service quality on customer satisfaction in the banking sector. *Journal of Business & Financial Affairs*, 4(2), 1–5.

Lardhari, M., Arasli, H., &Tumer, M. (2011). The effects of service quality on customer satisfaction and loyalty in the banking sector: A comparison between private and public banks. *International Journal of Bank Marketing*, 29(3), 168–185.

Lehancy, A., &Vinten, G. (1994). Methodology in business research: A review of the literature. *Journal of Business Research Methods*, 12(1), 1–10.

Lydia, M. (2020). Customer satisfaction as a competitive advantage in the banking industry. *Journal of Marketing Strategies*, 8(1), 45–53.

Markovic, S., Raspor, S., &Dorcic, J. (2015). Service quality measurement in the banking sector: A case study of Croatian banks. *International Journal of Quality and Service Sciences*, 7(4), 373–388.

Nabimanya, D. (2022). Research philosophies in social sciences: An overview. *Journal of Social Research Methodologies*, 5(2), 101–110.

Narteh, B. (2017). Service quality and customer satisfaction in Ghanaian retail banks: The moderating role of customer demographics. *International Journal of Bank Marketing*, 35(3), 435–456.

Nguyen, T. H., Le, T. T., & Tran, Q. T. (2020). The impact of service quality on customer satisfaction in e-banking: Evidence from Vietnam. *Journal of Asian Finance, Economics and Business*, 7(4), 131–140.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12–40.

Rahaman, M. M., Abdullah, M., & Rahman, M. (2020). Service quality and customer satisfaction: A study on banking services in Bangladesh. *International Journal of Business and Technopreneurship*, 10(1), 1–12.

Siddiqi, K. O. (2011). Interrelations between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. *International Journal of Business and Management*, 6(3), 12–36.

Sullivan, J. (2001). Research philosophies in business and management: A critical review. *Journal of Business Research*, 54(2), 201–210.

Tetteh, E. N., &Boachie, M. K. (2021). The influence of bank service employee empathy on customer satisfaction in Ghana's banking sector. *African Journal of Economic and Management Studies*, 12(3), 345–360.

Uahengo, V., &Shihomeka, S. (2018). The impact of service employee empathy on customer satisfaction: A case study of a bank in Namibia. *Journal of Business and Management*, 20(2), 45–52.

Vencataya, L. (2019). Measuring service quality in the banking sector using the SERVQUAL model. *International Journal of Economics and Financial Issues*, 9(3), 1–7.

Vinnarasi, M., Rajalakshmi, S., &Priyadarshini, R. (2022). Enhancing customer satisfaction through service quality in commercial banks. *Journal of Banking and Financial Services*, 14(2), 89–98