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Relationship between empathy dimension and customer satisfaction in the insurance industry in Kenya

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ABSTRACT

The Insurance industry is essential to the economic course of every nation attaining sustainable growth and prosperity. However, the industry continues to experience a marginal growth of 2.5% compared to the global real term growth of 4%. This study analyzed the relationship between employee empathy and customer satisfaction in the Kenyan insurance industry. The study was guided by the causal research design. The study applied the linear mixed-effect models of structural equation modeling (SEM) considering the multi-level structure of the data collected. The study concluded that a client who perceives empathy from his/ her insurer's employees is bound to have higher satisfaction than a customer who does not perceive empathy from their insurer. Employee empathy however, does not significantly affect the variations of customer satisfaction between the insurance companies.

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Introduction

The global insurance industry is characterized by inconsistency in service delivery and customers have continued to demand the same level of service every time a service has been rendered. The industry's recent objective is to increase its market share but can only achieve this objective if they are able to recruit new customers as well as retain the old ones (IRA, 2018). Only insurance companies that dedicate their effort in delivering high quality services will survive and achieve sustainable growth and profitability (Razali, Nor, Talib, Ahmad, Baharan, Sakarji & Saferdin, 2017). The global insurance industry premium growth in real terms declined from 4.7% in 2015 to 2.2% in 2016 and continued the downward spiral to 1.5% in 2017. The insurance industry in Africa experienced a marginal growth of 0.5% in real terms in the year 2017 dropping from 5.1% in 2015 and 2.8% in 2016.

The insurance industry in Kenya is characterized by very high competition as a result of the numerous industry players which include 52 insurance companies, 4 Re-insurance companies, 221 insurance brokers, 11 re-insurance brokers, 31 medical insurance providers, 142 insurance investigators, 126 motor assessors, 32 insurance surveyors, 32 loss adjusters, 5 claims settling agents, 9 risk managers and 9,348 insurance agents (IRA, 2018). Kenya's insurance industry continues to experience marginal growth of 2.5% in real terms compared to the global real term growth of 4%. Penetration rate is also very low at 2.3% compared to some African countries like South Africa which has 7.6% penetration rate. A study by KPMG Advisory services limited, (2016) revealed that over 80% are not confident that their customer care is the best in the industry. Over 10% believed that their customer care is below average.

Parasuraman, Zeithaml and Berry, (1988) developed the service quality (SERVQUAL) model proposing five dimensions of service quality that lead to customer satisfaction which included reliability, assurance, tangibility, empathy and responsiveness. They defined empathy as individualized customer attention which took care of the human element in service delivery. Al-Hashedi and Abkar, (2017) developed service quality model for the Telecom mobile company and included empathy as one of the dimensions of service

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quality. Significant attention is currently paid on determining what customers want and value. This has increased importance of the human element in the service sectors and hence many conflicting answers and opinions have arisen.

Literature Review

Equity Theory

The Equity theory proposes that the ratio of outcome to inputs should be constant across all the members that participate in an exchange (Adam Smith, 2006). Adam Smith, an American Psychologist founded the theory in 1963 on the debate that the reward of a man during an exchange with other people must be proportional to their investment. In marketing, the theory is applied to explain the relationship between a buyer and a seller who are presumed to be in an exchange situation. Customers must get services that will make them believe that their outcomes to input ratio is equal to that of other persons in the exchange (Oliver, 2010).

Equity theory is applicable to customer satisfaction through the empathy dimension which dictates that employees must be able to put themselves in the customer's situation so that they understand very clearly what the customer wants or needs. They must practice fairness by recognizing and treating all customers equally. Customers will try to balance the service they receive with what they give in return. Their perceptions of that balance will lead to either satisfaction or dissatisfaction. Employees must be therefore be able to give undivided attention to the customer, be available at all times and be polite to ensure the customer's experience is memorable.

Empathy Dimension and Customer Satisfaction

The significant attention that was being paid on determining what customers want and value prompted Parasuraman, Zeithaml and Berry, (1988) to develop the service quality (SERVQUAL) model proposing five dimensions of service quality that lead to customer satisfaction which included reliability, assurance, tangibility, empathy and responsiveness. They defined empathy as individualized customer attention which took care of the human element in service delivery. The SERVQUAL model has since been analyzed over time to determine which dimensions mattered more than others in different service settings.

Employee empathy results to customer satisfaction, positive word of mouth and ultimately leads to brand loyalty (Kasiri, Cheng, Sambasivan, & Sidin, 2017). Employee empathy is capable of either building or damaging a brand (Huang, 2011). If employees show empathy during these interactions, it will lead to favorable service outcomes and hence satisfaction. Customer satisfaction is believed to predict long term customer behavior and as a result, organizations are working hard to satisfy their customers to avoid losing them to competitors (Giovanis & Athanasopoulou, 2018; Vera & Trujillo, 2017).

Various researchers have sought to establish whether the empathy dimension is a strong determinant of customer satisfaction and have come up with different conclusions for different service sectors. Some studies have concluded that employee empathy has no relationship with customer satisfaction in some service sectors while in others it had very minimal influence. Rao and Sahu, (2013) determined that empathy had no effect on customer satisfaction in the hotel industry in India. Summit, Deepak, and Thakur, (2013) found empathy to have no relationship with customer satisfaction in the Indian call centers while Tariq, K., Mohsin, & Muhammad, (2013) made a similar observation in the private colleges of Pakistan. Gerdevishe, Salamat, Rahmatifar, Manavi, and Shenan, (2014) established that there exists no relationship between empathy and customer satisfaction in the banking sector of Saderat, Rasht.

However other scholars concluded that empathy is a determinant of customer satisfaction in the insurance industry in Ghana, Anantha, Arokiasamy and Huam, (2014) found empathy to have a significant relationship with customer satisfaction in Malaysian automotive insurance industry, Khurana, (2014) established a strong relationship between empathy and customer satisfaction in the Indian life insurance sector and Abaidoo, (2015) also found the empathy dimension to have a significant relationship with customer satisfaction in the life insurance sector in Ghana.

Owino, (2013), while customizing a service quality model for higher education sector in Kenya adopted empathy as one of the human dimensions and found that it had a significant relationship with customer satisfaction in that sector. Kinyanjui, (2013) and Gachau, (2016) established a strong relationship between empathy dimension and customer satisfaction in the insurance industry in Kenya. Hardly do the mentioned studies sought to establish whether the effect of empathy on customer satisfaction varies from one insurance company to another. This study sought to fill this gap through the multi-level data analysis.

Research and Methodology

The objective of this study was to examine the relationship between empathy dimension and customer satisfaction. Primary data was collected from insurance company policy holders who were subjected to a semi-structured questionnaire. The collected data comprised of respondents' beliefs and opinions hence a Likert scale had to be used so as to examine how strongly the subjects agreed or disagreed with statements as proposed by Cooper & Schindler, (2011).

The variables for this study included one independent variable, empathy (X) and one dependent variable customer satisfaction (Y). A causal research design was adopted which helped to identify the extent and nature of cause and effect relationship that existed among the variables.

The study applied the linear mixed effect models of structural equation modelling considering the multi-level structure of the data collected. The following hypotheses was tested;

H0₁: Empathy dimension does not have a significant relationship with customer satisfaction in the insurance industry in Kenya

Research Philosophy

This study adopted an epistemological research philosophy guided by the positivist paradigm because the approach allowed for reporting of findings as observed and explanation of the new knowledge discovered. The study adopted the causal research design which seeks to identify the extent and nature of cause-and-effect relationship existing among the study variables (Obudho, 2014).

Target population

The target population constituted of policy holders (customers) of the insurance companies that offer both Life and Non-Life insurance policies in Kenya which are referred to as composite insurance companies. The population under study was therefore considered to form a multi-level structure with 2 units of analysis. The primary unit of analysis was that of policy holders who are nested (clustered) within the secondary unit of analysis (insurance companies). There were 17 licensed composite insurance companies in Kenya as at December, 2017 that all together had a total of 1,695,312 policy holders (IRA, 2017).

Sampling Design

Considering the multi-level structure of the population studied, multi-stage sampling which is a random sampling technique was adopted. Multistage sampling is preferred in practice in cases where units of observations (the primary units) are geographically or organizationally grouped (Snijders & Bosker, 2011). Multistage sampling was designed to randomly sample level-2 units (insurance companies) followed by randomly sampling level-1 units (policy holders) from the selected level-2 units. However, in this study, the level-2 units were based on a census thus considering all the 17 composite insurance companies as the group size. The sample size of the respondents (level-1 units) to include in the study was determined using the sampling formula $n = N/1 + N(e)^2$ proposed by Israel (2002) where n is the sample size, N the population size which was 1,695,312 and e the permissible error which was taken as 0.05. The calculation resulted to a sample size of 400 policy holders across the 17 insurance companies. The 400 respondents sampled were distributed across the 17 entities based on the probability proportional to the size of the population of each company.

Data Collection

Primary data was obtained from policy holders of the composite insurance companies. Secondary data was sourced from books, research journal articles, and electronically stored information (internet). Primary data was obtained by use of a semi-structured self-administered questionnaire. The questionnaire was in five point Likert scale form.

Data Analysis

R-Gui was employed in undertaking three types of statistical analysis, that is, descriptive analysis, factor analysis and hierarchical regression. Pilot data was collected and used to assess instrument reliability based on the internal consistency test using Cronbach alpha and to assess construct validity based on the tests for convergent validity and discriminant validity. Factor analysis results formed the basis for testing for convergent and discriminant validity using the Average variances extracted (AVEs) and squared multiple correlations for the tests respectively.

Considering the multi-level structure of the data collected, the study used Multi level Structural Equation Modelling (SEM) as the basis for testing the study hypothesis. Multi-level SEM was based on restricted maximum likelihood estimation (REML) for linear mixed effect modeling. Collapsing heterogenous grouped (multilevel) data in order to be analyzed as though collected from one homogenous population at the group level may lead to erroneous conclusions referred to as the Simpson's Paradox (Lindley & Novick, 1981). The SEM models fitted were tested for fitness by computation of fit indices. As proposed by McDonald and Ho, (2002), for absolute fitness, the Chi-Squared test, Root mean square error of approximation (RMSEA), Goodness of fit index (GFI) were used to assess how well the priori models (proposed theoretical models) fits the sample data. For incremental fit indices, the normed fit index (NFI), comparative fit index CFI and the Tucker Lewis index (TLI) were also generated to assess the fitness of the priori model against a baseline model (null model).

Assumptions of normality, heteroscedasticity and autocorrelation, multicollinearity and common method bias (CMB) were tested. Maximum likelihood estimation holds the assumption that residuals of the model fitted follow a normal distribution. The diagnostics tests revealed violation of the normality assumption and homoscedasticity of residuals. Table 1 shows the normality test for both level 1 and level 2 residuals. The results show that level 1 residuals significantly deviate from normality. The p-value of the probability of skewness and that of the probability of Kurtosis not equal to 3 are both less than 0.05. The Jaque-Bera chi-square statistic of deviation from normality also has a p-value of 0.0001 which is less than 0.05 implying significantly non-normal data at the client level. The level-2 residuals have p-values greater than 0.05 implying normality at level 2.

Table1: Jaque-Bera normality test

Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	adj chi2(2)	Prob>chi2
Level-1 residuals	364	0.0004	0.0016	18.74	0.0001
Level-2 residuals	17	0.3788	0.3792	1.74	0.4187

Further to the exploratory assessment of the normality assumption, homoscedasticity was assessed using scatter plots of the residuals against the predicted values. Homoscedasticity of the residuals is referred to as constant variance of the residuals. Heteroscedasticity is the opposite of homoscedasticity and is attributed to non-random patterns in the scatter plots. As shown in figure 2, the scatter plots on level-1 residuals displayed decreasing patterns implying heteroscedasticity and deviation from the homoscedasticity assumption. Figure 3 however shows that the level-2 residuals due to the random intercepts however did not show violation of the assumption.

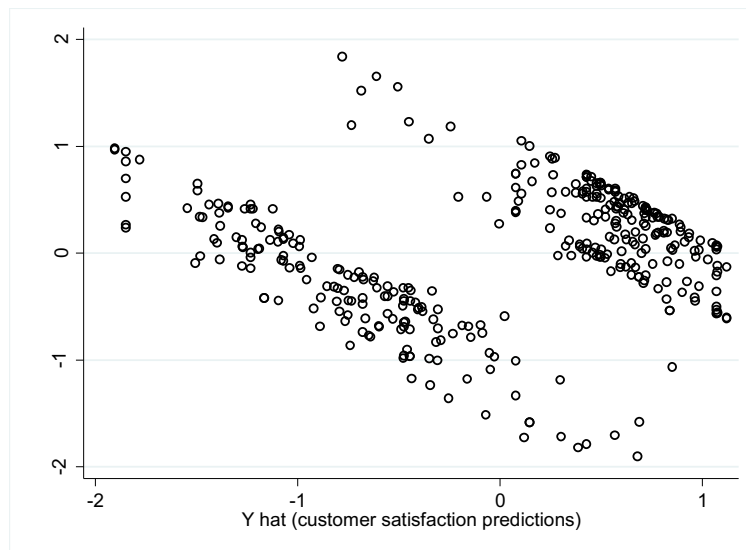


Figure 1: Scatter plot of residuals against predicted values for level-1 residuals

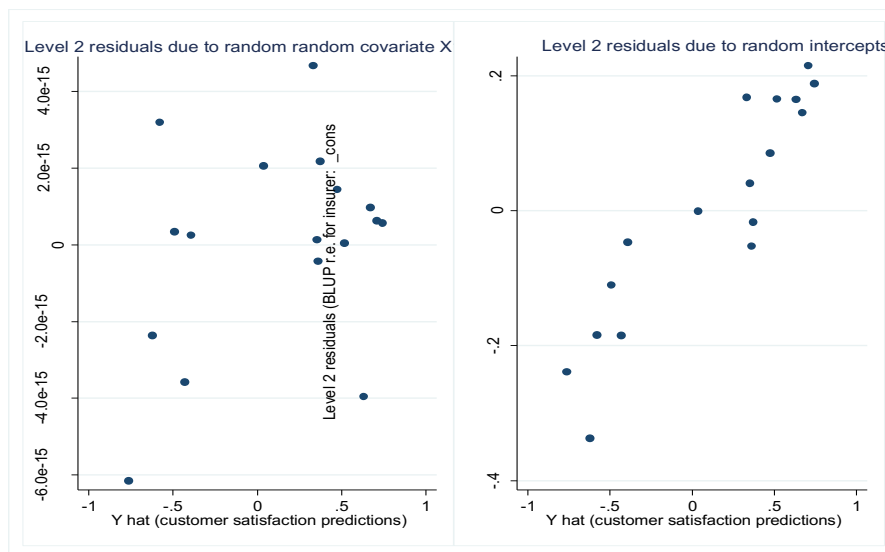


Figure 2: Scatter plot of residuals against predicted values for level-2 residuals

The study also carried out a multicollinearity test. Multicollinearity in statistical analysis exists if the independent variables are highly correlated to each other. Structural equation modelling assumes that independent variables are not multicollinear. To assess multicollinearity, variance inflation factors (VIFs) were generated for the independent variables. High variance inflation factors are an indication of multicollinearity thus a threshold of VIFs less than 2 was considered adequately low and an indication of non-multicollinearity (Myers, 1990). As shown in the results in table 2, the independent variable empathy had VIFs less than 2 which is less than 2 to imply that the independent variable did not exhibit multicollinearity.

Table 2: Test for multicollinearity

	VIF	1/VIF
Empathy (X4)	1.331563	0.750997

The diagnostic test results revealed that the model met the assumption of multicollinearity but violated the assumptions of normality and homoscedasticity of the model residuals. Due to violation of normality and homoscedasticity assumptions, the model adopted generalized mixed effect model (GMLM) allowing for robust heteroscedastic standard errors and estimates. Davidian & Giltinan, (2003), regards generalized linear models as an extension of classical linear regression when the usual assumptions of normality and constant variance (homoscedasticity) do not apply.

Results and Discussion

Findings

The study generated a KMO statistic for empathy which was found to be 0.601 which tends to 1 and Bartlett’s chi-square had a p-value of less than 0.05. This implied that the sample size was adequate for analysis.

Structural equation model explores each latent variable and its indicators and this study examined each construct for validity and reliability. A reliability test of internal consistency was carried out and a Cronbach alpha value of 0.697 was generated. This value is above 0.6 which meant that the latent indicators of the empathy construct were reliable measurements.

Table 3: Instrument reliability

Construct	Number of Items	Cronbach alpha	Number of items retained	Cronbach alpha after deletion	Conclusion
Empathy	9	0.697	7	0.736	Reliable

The study also tested construct validity of the latent and considered both convergent and discriminant validity. Construct validity is usually based on factor analysis results. All the indicators had loadings above 0.4 on the latent variables. Convergent validity was assessed using the average shared variance extracted (AVE) for each construct from its retained hypothesized indicators. This criterion of using AVEs for convergent validity as shown in table 4 was proposed by Fornell-Larcker (1981). Convergent validity is said to be very good if the AVEs are above 0.7 and acceptable if above 0.5. As shown in table 4 below, the AVEs for empathy construct are above 0.6 which implies adequate and acceptable convergent validity considering the hypothesized construct and retained indicators.

Discriminant validity was on the other hand assessed by estimating the square multiple correlations which were compared with the construct AVEs to confirm discriminant validity. The squared multiple correlations reflect the variance that the indicators belonging to a construct share with other constructs which should be low. All the AVEs are larger than the relative squared multiple correlation implying that the data and thus the instrument exhibit discriminant validity Fornell-Larcker testing system (1981). Since both convergent and discriminant validity were found to be exhibited, it was concluded that the instrument exhibited construct validity and data that the data collected was therefore reliable and valid to measure the studied constructs.

Table 4: Validity Analysis

	AVE	Squared multiple correlations	Kaiser-Meyer-Olkin Measure of Adequacy.	Bartlett's Test of Sphericity		
				Approx. Chi-Square	df	Sig.
Empathy	0.640	0.090	0.601	97.194	28	0.000

Multi-level linear mixed effect (LME) models were fitted and assessed based on the objectives. The SEM models fitted were tested for fitness by computation of fit indices. Absolute fit indices; Chi-Squared test, Root mean square error of approximation (RMSEA),

Goodness of fit index (GFI) was used to assess how well the priori models (proposed theoretical models) fits the sample data (McDonald and Ho, 2002). The chi-square test was used to assess the overall fitness of the model.

The Chi-square goodness of fit test is based on the p-value of the chi-square statistic which is required to be less than 0.05 at 5% level of significance. The RMSEA according to Byrne (), measures how well the model, with optimally chosen parameter estimates would fit the populations covariance matrix. The desired RMSEA cut-off for good fit is less than 0.08. The GFI also used as a measure of absolute fitness is the proportion of variance that the estimated population covariance accounts for. The GFI has a desired threshold to be greater than 0.9. Incremental fit indices, that is, Normed fit index (NFI), comparative fit index CFI and the Tucker Lewis index (TLI) were also generated to assess the fitness of the priori model against a baseline model. Table 5 shows the model fit indices assessed and the thresholds used to assess fitness of all fitted SEM models. The fit indices of the empathy measurement model shown in table 5 shows that the model met all the required cut-offs of both absolute and incremental fit indices.

Table 5: Fit indices for the empathy SEM

Chi-square							
	χ^2	Sig.	CFI	NFI	TLI	GFI	RMSEA
Statistic	430.28	0.000	0.912	0.913	0.956	0.905	0.075
Cut-off	P-value <0.05		≥0.9	≥0.9	≥0.95	≥0.9	≤0.08

The structural equation model for the relationship between empathy and customer satisfaction was expressed in the path diagram in figure 2. The diagram only included the optimal measurement models based on the retained manifest variables. The diagram also shows structural model path diagram displaying only the significant effect of empathy on customer satisfaction on the client level model (within) while only retaining the significant measurement models of empathy and customer satisfaction in the entity level (between).

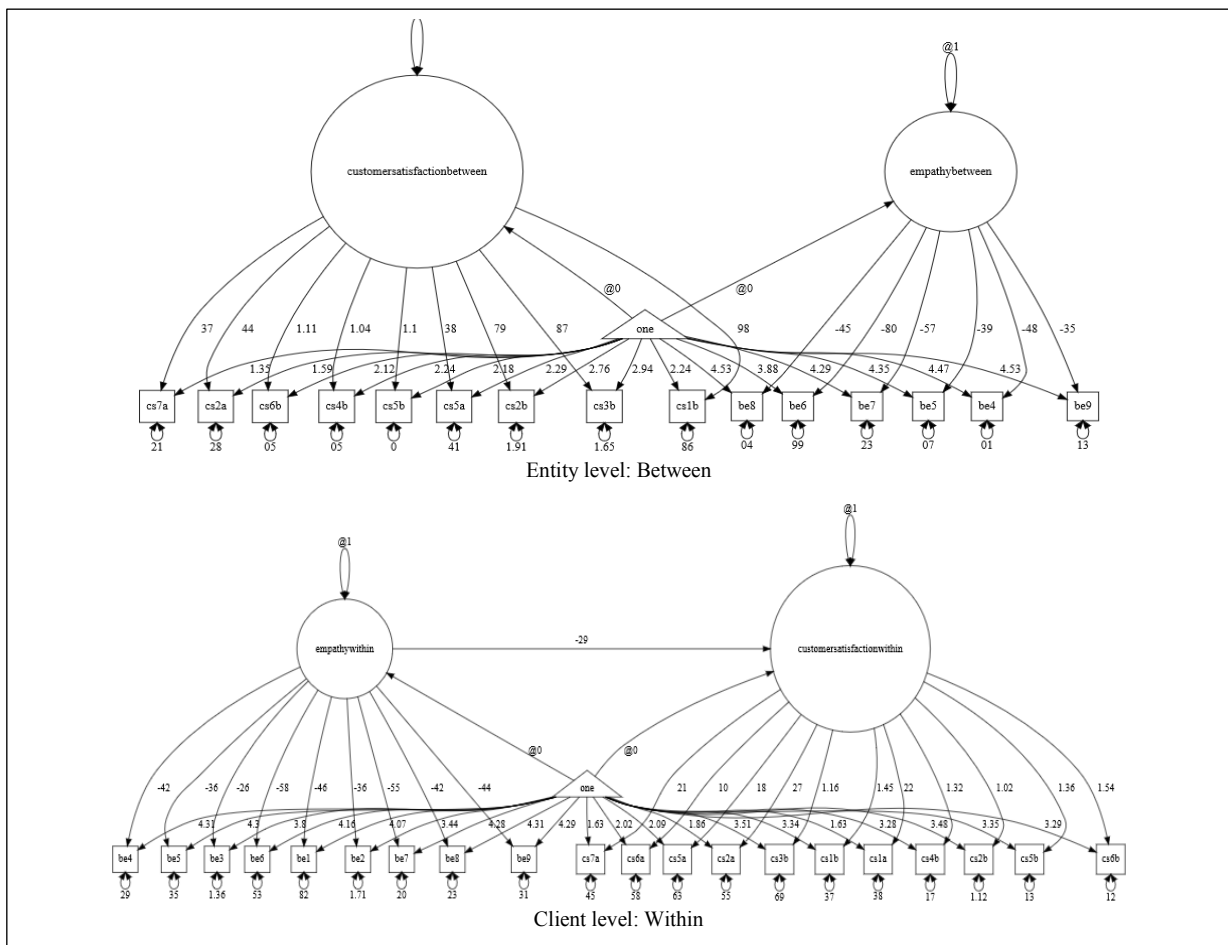


Figure 2: Path diagram showing the effect of Empathy on customer satisfaction

From the measurement model of empathy, factor scores were generated and used as latent variables to assess the influence of empathy on customer satisfaction using the REML mixed effect models. According to the analysis in table 6, empathy has a significant coefficient estimate ($\beta = 0.179$, $Z = 4.340$, $p\text{-value} = 0.000$) as a level 1 variable in the fixed effect components. The random effect

component of that considered the level 2 (entity level) was also found to be significant with random intercepts only without including the random slope (random covariate empathy). The intra-class correlation (ICC) due entities (insurance companies) is 30.2%. The LR statistic is 82.29 with a p-value less than 0.05 implying significant random intercept effects in the model.

Table 6: Effect of Empathy: fixed effect with random intercept

Mixed-effects GLM		Number of obs	=	364
Group variable: insurer		Number of groups	=	17
		Obs per group:	Min	= 2
			Avg	= 21.4
			Max	= 108
			Wald chi2(1)	= 18.87
Log restricted-likelihood = -468.3446			Prob > chi2	= 0.000

Customer satisfaction (fac1_1_y)	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]	
X2	0.179	0.041	4.340	0.000	0.098	0.260
_cons	0.104	0.147	0.710	0.478	-0.184	0.393

Random-effects Parameters		Estimate	Std. Err.	[95% Conf. Interval]	
Insurer					
var(_cons)		0.303	0.123	0.136	0.673
var(Residual)		0.699	0.053	0.603	0.812

LR test vs. linear regression: chibar2 (01) = 82.29 Prob >= chibar2 = 0.000

Level	ICC	Std. Err.	[95% Conf. Interval]
Insurer	0.302	0.088	0.160 0.495

To assess the level 2 effect of empathy on customer satisfaction, empathy was included in the random effect component of the model as a random covariate. The results of the analysis are shown in table 7. The variance attributed empathy covariate at level-2 is 0.009 implying almost the entire variation between insurance companies is due to the random intercept. The random component is however still significant as shown by the LR statistic which has a p-value less than 0.05 and an intra-class correlation of 30.4%.

Table 7: Effect of Empathy: fixed effect with random slopes

Mixed-effects GLM		Number of obs	=	364
Group variable: insurer		Number of groups	=	17
		Obs per group:	Min	= 2
			Avg	= 21.4
			Max	= 108
			Wald chi2(1)	= 7.70
Log restricted-likelihood = -467.52866			Prob > chi2	= 0.006

Customer satisfaction (fac1_1_y)	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]	
Empathy (X2)	0.154	0.056	2.780	0.006	0.045	0.263
_cons	0.107	0.147	0.730	0.467	-0.181	0.394

Random-effects Parameters		Estimate	Std. Err.	[95% Conf. Interval]	
Insurer					
var(_x2)		0.009	0.012	0.001	0.108
var(_cons)		0.301	0.123	0.135	0.669
var(Residual)		0.689	0.053	0.593	0.800

LR test vs. linear regression: chibar2(01) = 83.92 Prob >= chibar2 = 0.000

Level	ICC	Std. Err.	[95% Conf. Interval]
Insurer	0.304	0.088	0.162 0.497

To confirm whether the level-2 variation due to the independent variable empathy was significant, a likelihood ratio test was carried out to assess the change in the random component of the model due to addition of empathy as a level-2 covariate. Table 8, shows the LR test where model M1 is with no random slope is nested in model M2 has the random slope due to empathy. The results show a significant improvement to the model as due to addition of the level-2 empathy covariate. The addition reflects a 1.63 change in the LR chi-square statistic with a p-value of 0.2014 which is greater than 0.05. Further the Bayesian information criterion (BIC) of model M1 is less than that of model M2 implying that model M1 is a better model thus no significant random slope due to empathy. This confirms that empathy has a significant fixed effect on customer satisfaction at level 1 but has no random effect across the entities.

Table 8: LR test on the effect of empathy as level-2 random covariate

Likelihood-ratio test		LR chi2(2)	=	1.63
(Assumption: M1 nested in M2)		Prob > chi2	=	0.2014

Akaike's information criterion and Bayesian information criterion						
Model	Obs	ll(null)	ll(model)	Df	AIC	BIC
M1 – me no random slopes	364	.	-468.345	4	944.689	960.278
M2 – me random slopes	364	.	-467.529	5	945.057	964.543

The analysis results showed that Empathy does not reflect a significant random covariance with customer satisfaction across the insurance companies but affect the satisfaction of each individual customer. The results of this analysis were used to test the study hypothesis and draw conclusion on the influence of Empathy on customer satisfaction.

H₀₁: Empathy does not have a significant relationship with Customer Satisfaction in the insurance industry in Kenya

From the mixed effect model, the p-value of the fixed effect coefficient of Empathy was found to be 0.006 which is less than 0.05. The null hypothesis was therefore rejected and a conclusion drawn that Empathy has a significant relationship with Customer Satisfaction in the insurance industry in Kenya. The significant fixed effect coefficient estimate was 0.154 implying that increasing the levels of the Empathy as perceived by a customer by one unit would result into an increase in the level of Customer Satisfaction by 0.154. The model results however showed no significant random covariance between Empathy and customer satisfaction across the clusters of customers (insurance companies) thus the variation and levels of customer satisfaction across the insurance companies is not explained by the variation in Empathy across entities.

Discussion

This study has illustrated that when employees show empathy during service interactions, there's increased customer satisfaction. The causal relationship between empathy and customer satisfaction was examined and Empathy was found to have a significant relationship with customer satisfaction. These results confirmed that empathy is important enough to insurance customers to affect the perceived quality of service, hence should be crucial information for insurance managers to remember as the insurance industry in Kenya continues to grow and expand. The study findings confirm the essential role played by empathy in developing customer satisfaction during service interactions in the insurance industry. When employees display empathic behavior, customers derive satisfaction. Employees may perform services completely according to specification but if they do not practice empathy, it may hurt the customer's assessment of the service quality.

Three dimensions of empathy including cognitive, emotional and social dimensions were explored. Cognitive dimension helped to confirm the employees' ability to understand customer's mind, their thoughts as well as their intentions. Emotional dimension assessed the capability of employees to help the customers while social dimension of empathy helped to establish the ability by employees to gain insight into the customers' experiences and at the same time distinguish them as other people's experiences. The study used these dimensions to seek respondents' perspectives regarding the ability of insurance service providers to exhibit empathy in the course of service interactions.

The cognitive aspects included whether customers felt that employees have their best interest at heart, displayed confidence when selling products and whether operating hours were convenient. Emotional dimension tackled issues like whether staff were always available any time for consultation, employees understand specific needs of customers and front office staff were punctual in opening the office. Social dimension sought to clarify whether company branches are easily accessible and whether the company is located in a conducive environment. On average only 60% of the respondents agreed that employees portrayed empathic behavior. The insurance companies therefore risk losing their clients if some measures are not taken to correct employee behavior. Empathy often has a behavioral outcome as confirmed by the results of this study. Insurance managers can benefit from conceptualizing empathy and implementing incentives to motivate employees to practice empathic behavior during service interactions.

Conclusions

The study concluded that Empathy has a significant relationship with Customer Satisfaction in the insurance industry in Kenya. This was based on the hypothesis test carried out which was rejected to draw the conclusion of a significant fixed effect of empathy on customer satisfaction in all the studied insurance companies. The effect of empathy was found to be fully explained to be fixed in all the entities as implied by the insignificant random slopes due to empathy. However, the study also found that the fixed effect of empathy does not fully explain customer satisfaction as implied by the significant random intercept to imply that customer satisfaction is heterogeneous and differs across the insurance companies but is not due to the differences in empathy across the entities.

The study recommends first that, these insurance firm managers should implement policies that will ensure all their employees adopt empathic behavior during their interactions with customers. This is because employees have direct interactions with customers and hence are the primary stakeholders. The behavior exhibited by employees determines either positive or negative perceptions regarding the quality of service and hence either satisfaction or dissatisfaction. Satisfaction leads to long term relationships.

Marketing managers of insurance companies should support human resource policies and guidelines that focus on employee empathic behavior. Further they should try and align such guidelines with service processes and procedures. They should employ only personnel that possess higher levels of interpersonal skills. Such employees will be in a position to understand customer expectations, needs and wants.

The Insurance regulatory authority (IRA) must work towards fully implementing and monitoring their consumer protection strategy. This includes the “treating customers fairly (TCF) framework which was put in place to assist with prompt resolution of customer complaints. This will help to improve public perception towards insurance. The IRA must also ensure that consumer education is effected 100% because it is an important pillar of consumer protection. Further they should ensure there is capacity development in the industry where all companies train their agents to enable them display confidence and professionalism when selling policies.

The study also recommends that the insurance industry adopts empathy dimension as one of the standard indices of measuring service quality in relation to customer satisfaction in the insurance companies.

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