

**EFFECT OF EMPLOYEE EMPATHY ON CUSTOMER  
SATISFACTION AND LOYALTY DURING EMPLOYEE-  
CUSTOMER INTERACTIONS: EVIDENCE FROM THE  
COMMUNITY PHARMACIES OF KARACHI, PAKISTAN**

**By**

**SAQIB AHMAD FAROOQI  
48149**

A thesis presented to the Department of Management Sciences,  
Bahria University Karachi Campus, in partial fulfillment of the  
requirements  
for the MBA degree



**FALL, 2018**

**Bahria University Karachi Campus**

Bahria University, Karachi Campus



MBA Thesis 2nd Half-Semester Progress Report & Thesis Approval Statement

Supervisor – Student Meeting Record

S#	Date	Place of Meeting	Topic Discussed	Signature of Student
5	19-NOV-18	Cubicle	Chapter 3	<i>[Signature]</i>
6	28-NOV-18	Cubicle	Chapter 4 and 5	<i>[Signature]</i>
7	06-DEC-18	Cubicle	Final Review	<i>[Signature]</i>

**APPROVAL FOR EXAMINATION**

Candidate's Name: SABIR AHMAN FAROOQI Registration No.: 48149  
Thesis Title: Effect of employee empathy on customer satisfaction and loyalty during employee customer interactions, Evidence from the community pharmacies of Karachi, Pakistan

I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at \_\_\_\_\_ that is within the permissible limit set by the HEC for the MBA thesis. I have also found the thesis in a format recognized by the Department of Management Sciences.

Supervisor's Signature: *[Signature]* Date: 8-2-19

Supervisor's Name: Naveed N. Siddiqui

HoD's Signature: *[Signature]* Date: 8.2.2019

## Table of Contents

Declaration of Authentication .....	i
Abstract .....	v
List of Tables.....	vi
1 Introduction .....	1
1.1 Background of the study .....	1
1.2 Problem Statement .....	2
1.3 Research Objectives .....	3
1.4 Research Questions .....	4
1.5 Significance of the study .....	4
1.6 Scope of the study .....	5
1.7 Limitations of the study.....	6
1.8 Organization of the thesis.....	7
2 Literature Review .....	9
2.1 Theoretical Background .....	9
2.2 Empirical Studies .....	11
2.3 Conceptual Framework .....	26
3 Research Methodology .....	27
3.1 Research Approach .....	27
3.2 Research Design .....	27
3.3 Research Purpose .....	28
3.4 Target Population .....	28
3.5 Sample Size.....	29
3.6 Sampling Technique.....	29
3.7 Data Collection Instrument .....	29

3.8	Statistical Techniques.....	30
3.9	Ethical Considerations.....	30
4	Data Analysis.....	31
4.1	Pilot Study (n = 50).....	31
4.2	Descriptive Statistics.....	31
4.3	Construct Validity.....	32
4.4	Convergent Validity.....	33
4.5	Discriminant Validity.....	34
4.6	Path Analysis.....	35
4.7	Predictive Relevance.....	37
5	Conclusion and Recommendations.....	39
5.1	Conclusion.....	39
5.2	Practical Recommendations.....	40
5.3	Future Research.....	41
	References.....	42
	Appendices.....	48
	Appendix-A.....	49
	Appendix-B.....	52

## Abstract

**Purpose-** The study has aimed to determine the role of employee empathy, customer affective commitment, perceived service quality for improving customer satisfaction and loyalty. While the effect of customer satisfaction and loyalty on improving positive word-of-mouth and return intention to pharmacies in Karachi, Pakistan was also evaluated by the study.

**Methodology/sample-** 384 sample responses were collected from the customers of community pharmacies in Karachi city of Pakistan using convenience sampling technique. Five-point Likert scale questionnaire was used as data collection instrument and measures were adopted from past literature. The study has employed PLS-SEM using SmartPLS version 3.2.8.

**Findings-** Employee empathy has positive impact on customer affective commitment, customer satisfaction and perceived service quality. Perceived service quality influences customer satisfaction, whereas customer satisfaction has positive impact on customer loyalty. Customer loyalty effect positive WOM and repurchases intention. However, customer affective commitment has insignificant effect on customer satisfaction.

**Practical Implications-** It is implied to interact emphatically and respond accurately during the interaction between employees and the consumers. It is so, as the employees' influences majorly over the customers and interacts directly with the consumers.

**Keywords:** *Employee empathy, customer satisfaction, customer loyalty, community pharmacy, Pakistan.*