

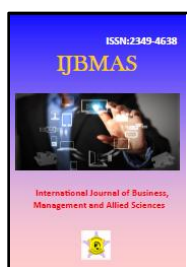
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A STUDY ON INVESTOR SATISFACTION TOWARDS STOCK BROKING COMPANIES WITH SPECIAL REFERENCE TO TIRUPATI

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ABSTRACT

In today's highly competitive world of business, it is very crucial to every business firm to ensure satisfaction to its customers. Customer satisfaction is one of the leading indicators that measures how the products and services offered by companies meet customer's expectations. Customers satisfaction enable companies to get benefited in terms of increased sales and reduced costs that resulted in increased firm's brand image. Understanding the sources of customer satisfaction is of paramount importance in the present business environment as it decides the longevity of a firm. Stock broking companies as financial service providers play a vital role in the economy by channeling savings of public into productive investments. The number of stock broking agencies offering different financial products and services is increasing in a rapid manner. So in this stiff competition, it is of utmost important to retain the existing customers as it costs more to attract new customer than to retain existing customer. Hence the present study is undertaken with the objective of knowing the satisfaction level of investors towards the services offered by stock brokers. Descriptive research has been undertaken for the study and the respondents were selected based on convenience sampling method. The study is mainly based on primary data. A well structured questionnaire was used for collecting responses from the respondents and Five point Likert scale was used to measure the degree of investor satisfaction.

Keywords: Investor Satisfaction, Stock Brokers, Choice of stock broking firm, financial service sector, Mean Analysis, Investor Demographics

Introduction

A Sound financial system is an essential pre-requisite to achieve sustained economic growth. The 1991 Economic reforms in India have transformed the country's economic status and have opened multi-dimensional growth opportunities to the nation. Introduction of new products and services and entry of new private players have led considerable growth in the financial service sector. Today stock markets are increasingly seen as most profitable investment avenue as it is evident in the

recent surge in benchmark indices and record trading volumes. By the end of November, 2017, the number of demat accounts crossed 3 crore recently (including both CDSL & NSDL) that showed a significant uptick in individuals' interest in stock market investment.

Stock broking firm is a financial intermediary that provides investment management and advisory services through its brokers to the investors of capital market. Majority of the individuals investing in stock market may not be fully aware of the techniques of stock investing. It is the stock broker who has in-depth knowledge on dynamics of stock market investment and has considerable experience, help the investors in investment decisions. The flow of investments into stock markets depends on investment performance which in turn depends on the stock brokers' expertise. Hence stock broking firms play a significant role in stock market development there by promote economic growth.

Growing number of stock broking firms, exposure to global practices and increased investor expectations towards service quality posing significant threat with respect to client retention. Client retention is directly and positively correlated to customer service (Bassey, Nsikan Edet et al., 2011). Understanding the changing customer preferences and providing the services as expected by the customer helps a business in expanding its customer base. Better the companies assess customer expectations, better the quality the companies provide its services to its customers and also it impacts customer satisfaction directly (Ieva Meidutė-Kavaliauskienė et al. 2014). The degree of satisfaction depends on the extent of satisfying customers expectations. Hence the present study is attempted to measure the satisfaction level of individual investors towards the stock broking services offered in Tirupati region.

Review of Literature

K.C. John Sasi Kumar and P.Vikrraman (2011), carried out a study to find out the relationship gap between Investors and Share Brokers in Coimbatore. The study found that the services provided by the share brokers are not very much satisfied and there exists a gap in all service quality dimensions.

Tarak Paul & Ekta Garodia (2012) analysed the gap with respect to expectations and experience among equity investors in Guwahati city. The study employed paired sample t test and found significant gap in the customer expectations and experience. The mean experience scores of all the four C's considered in the study (Customer Solution, Customer Cost, Customer Convenience, & Customer Communication) are recorded well low when compared to expectation scores.

Rajeev K Shukla & Ajit Upadhyaya (2013) conducted a study to examine the customer satisfaction towards services offered by the stock broking firms. The analysis revealed that service attributes significantly influence customer satisfaction and the study also found that there exist significant perception differences in the customers' towards stock broking services.

Gyaneshwar Singh Kushwaha & Shiv Ratan Agrawal (2014) aimed at measuring the satisfaction level on all the dimensions of service quality of stock broking firms at Bhopal. Samples of 229 respondents were selected based on convenience. Regression technique was employed to study the relationship between service quality dimensions and satisfaction level. The results of the study revealed that customer satisfaction is significantly influenced by service quality dimensions individually and as collectively.

Objectives of the Study:

1. To identify the factors influencing the choice of stock broking company.
2. To measure the satisfaction level of investors towards services offered by stock broking companies.

Hypotheses:

H₀₁: There is no significant difference between gender and satisfaction of investors towards stock broking services

H₀₂: There is no significant difference between education and satisfaction of investors towards stock broking services

Ho₃: There is no significant difference between stock market experience and satisfaction of investors towards stock broking services

Research Methodology:

Type of Research:

Descriptive research has been undertaken for the study.

Data Sources:

The study is mainly based on primary data. However, the study also incorporated data from secondary sources journals and websites.

Data Collection Instrument and Method:

A well structured questionnaire is used for the study and the responses were collected from the respondents through personal interview and mail interview.

Sample Size and Technique:

The sample comprises of investors who invest or trade in stock market. A sample of 38 investors was selected conveniently from the target population in Tirupati Region.

Tools used for the Study:

The present study employed descriptive statistics, analysis of means and Mann-Whitney U test to analyze the responses.

Data Analysis and Interpretation:

Demographic Profile

Gender	Frequency	Percent
Male	29	76.3
Female	9	23.7
Total	38	100.0
Educational Qualification	Frequency	Percent
Graduation and Below	16	42.1
Post Graduation	22	57.9
Total	38	100.0
Stock Market Experience	Frequency	Percent
3 Years and Below	17	44.7
Above 3 Years	21	55.3
Total	38	100.0

Table: 1 - Factors Influencing Selection of Stock Broking Firm

	N	Mean	Std. Error of Mean	Std. Deviation
Brokerage & Commission	38	3.4211	.17541	1.08133
Firm Reputation	38	3.8158	.12986	.80052
Branch Location	38	3.9474	.15978	.98495
Range of Products & Services Offered	38	3.5789	.16711	1.03013
Family & Friends Reference	38	3.3158	.17733	1.09311

The above table shows that branch location factor plays a significant role in the selection of a stock broking firm. On the other side, the influence of family & friends on choosing a particular stock broking firm found low with mean value of less than 3.5

Table: 2 - Satisfaction Level of Stock Broking Services

	N	Mean	Std. Error of Mean	Std. Deviation
Investment Tips	38	4.1579	.13871	.85507
Stock Market Updates	38	4.0789	.11552	.71212
Proper Response to Enquiries	38	3.8158	.15484	.95451
Placing Orders Timely	38	3.8947	.14504	.89411
Transparency in Charges Levied	38	3.7105	.14562	.89768
Website and Mobile App Experience	38	4.1842	.15484	.95451
Handling Grievances	38	3.7632	.15290	.94252

The analysis shows that all the stock broking service variables considered in the study scored mean value above 3.5, which means that respondents found satisfied with the services provided by stock broking firms. Website and mobile app experience, investment tips and stock market updates with a mean value of more than 4 stood as top three factors.

Table: 3 - Demographic Profile Vs Factors influencing Selection of Stock Broking Firms

		Brokerage & Commission	Firm Reputation	Branch Location	Range of Products & Services Offered	Family & Friends Reference
Gender	Male	3.59	3.93	3.97	3.59	3.17
	Female	2.89	3.44	3.89	3.56	3.78
Stock Market Experience	3 Years and Below	3.41	3.59	4.00	3.35	3.41
	Above 3 Years	3.43	4.00	3.90	3.76	3.24
Educational Qualification	Graduation and Below	3.50	3.56	4.00	3.44	3.31
	Post Graduation	3.36	4.00	3.91	3.68	3.32

The analysis of the responses revealed that both the male and female respondents are highly influenced by branch location factor. Respondents with less than three years of stock market experience are highly influenced by branch location factor where as the respondents in the other group are highly influenced by firm reputation. With respect to educational qualification, branch location is the primary criteria for respondents with graduation and below qualification and firm reputation is the main driver in the selection of stock broking firm for post graduation respondents.

Table: 4 - Demographic Profile Vs Mean Satisfaction scores

		Investment Tips	Stock Market Updates	Proper Response to Enquiries	Placing Orders Timely	Transparency in Charges Levied	Website and Mobile App Experience	Handling Grievances
Gender	Male	4.31	4.00	3.69	3.93	3.66	4.07	3.76
	Female	3.67	4.33	4.22	3.78	3.89	4.56	3.78
Educational Qualification	Graduation and Below	4.31	4.06	4.00	3.94	3.75	4.25	3.94
	Post Graduation	4.05	4.09	3.68	3.86	3.68	4.14	3.64
Stock Market Experience	3 Years and Below	3.71	3.88	3.71	3.53	3.82	3.76	3.53
	Above 3 Years	4.52	4.24	3.90	4.19	3.62	4.52	3.95

The results of the study demonstrated that male respondents are highly satisfied with investment tips where as female respondents are highly satisfied with website and mobile app experience. Under educational qualification category, respondents with graduation and below qualification are satisfied with investment tips, whereas respondents with post graduation qualification are satisfied with website and mobile app experience. Respondents with below three years of stock market experience are satisfied with stock market updates and respondents with above three years of stock market experience are satisfied with both investment tips and website and mobile app experience.

Table: 5 - Analysis of Satisfaction Scores of Stock Broking Services

		N	Mean Rank	Sum of Ranks	Mann-Whitney U Test Statistic	Significance @ 5% Level
Gender	Male	29	18.98	550.5	115.5	0.604
	Female	9	21.17	190.5		
Educational Qualification	Graduation and Below	16	20.81	333	155	0.532
	Post Graduation	22	18.55	408		
Stock Market Experience	3 Years and Below	17	15.56	264.5	111.5	0.048
	Above 3 Years	21	22.69	476.5		

The influence of independent variables gender, educational qualification and stock market experience on overall satisfaction scores was analyzed using Mann-Whitney U test. The study found differences in satisfaction scores with respect to all the independent variables but found significant in stock market experience variable only. Respondents with above three years of stock market experience scored high on overall satisfaction score when compared to respondents with below three years of stock market experience meaning that high experienced investors are more satisfied than low experienced investors.

Conclusion

Customer satisfaction is regarded as feedback for the quality of services offered. Customers satisfaction enable companies to get benefited in terms of increased sales and reduced costs that resulted in increased firm's brand image. Customer satisfaction is positively correlated to customer loyalty, customer patronage and customer retention (Nsobiari Festus Awara, 2014). The longevity of a firm not only depends on range of products and services offered but also the way in which they are offered. Hence service firms should adopt customer centric approach and offer their services in an innovative and cost effective way which ultimately results in increased customer satisfaction and loyalty.

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