



A STUDY ON INVESTORS PERCEPTION ON SERVICE QUALITY OF SHARE BROKERS IN TAMIL NADU

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Abstract

A share broker can help the investors to find work stocks that will help the investors to start investments in the stock market, do well and also find stock investment that are compatible with investors' risk tolerance. The role share brokers have evolved in a big way over the last few years. They play a bigger role in helping their customer wade through whole investment process; providing research based advice on stocks to helping customer to invest in alternative assets. Among tangible dimension, the investors are strongly agreed with transaction statements and safety and security. Among assurance dimension, the investors are agreed with investor care, interaction with the investors, redresses of complaints and service standards and procedures. Among reliability dimension, the investors are strongly agreed with accuracy of transactions. Among empathy dimension, the investors are strongly agreed with rapport with the investors and instructions and guidance. Among responsiveness dimension, the investors are strongly agreed with receptiveness of brokers. The results indicate that there is a significant difference between socio-economic characteristics of the investors and service quality of share brokers. The share brokers should receive investors' feedback frequently and readdress the issues faced by investors in share trading. Besides, the share brokers should provide suitable service transmission methods according to traits and attitudes of investors.

Key Words: Investors, Perception, Service Quality, Share Market.

1. Introduction

All individual cannot buy and sell the shares directly in the stock exchange. Only members of the stock exchange can perform the functioning of buying and selling of share or stocks. These exchange members are usually called brokers or stock brokers or share brokers these broker buy or sell stocks and try to strike the deal on the exchange floor. A share broker can help the investors to find work stocks that will help the investors to start investments in the stock market, do well and also find stock investment that are compatible with investors' risk tolerance. He will advice investors which share(s) to buy/sell, when to buy/sell and number of share(s) to buy/sell. A stockbroker is a member of a recognized stock exchange. No stockbroker is allowed to buy/sell or dell in securities, unless he or she holds a certificate issued by the SEBI (Verma and Tiwari, 2009).

The role share brokers have evolved in a big way over the last few years. Now share brokers are not just here to buy or sell stocks on behalf of their customers. They play a bigger role in helping their customer wade through whole investment process; providing research based advice on stocks to helping customer to invest in alternative assets and subscribing to the IPOs and mutual funds schemes. Apart from this, share brokers also offer financing facility for their customers who are looking to take leverage position.

Share brokers also have technical analysts who would provide market trends and intra-day trading tips. They send out news and other alerts on a continuous basis. Share brokers also conduct investor education programmes to help improve their customers' knowledge about investing in the markets. They are adequately qualified to provide answers to a number of questions that their customers might need answers to and to assist in participating in the stock market. In a nut shell, share brokers have transformed themselves into a one-stop investment solution provider, assisting their customers to successfully achieve their financial goals. Therefore, investors get services from stock brokers in order to achieve their investment goals. Therefore, the present research is made to study investors' perception on service quality of share brokers in Tamil Nadu.

2. Methodology

The Tamil Nadu state has been purposively selected for the present study. The 1500 investors have been selected for the present study by adopting random sampling technique and the data and information pertain to the year 2014-2015. In order to study the socio-economic characteristics of the investors, the frequency and percentage analysis have been carried out. The mean and standard deviation have been worked out for investors' perception on service quality dimensions of share brokers. In order to examine the difference between socio-economic characteristics of investors and service quality of share brokers, the ANOVA (Analysis of Variance) has been applied.

3. Results And Discussion

3.1. Socio-Economic Characteristics Of The Investors

The socio-economic characteristics of the investors were analyzed and the results are presented in Table-1. The results show that about 63.20 per cent of investors are males, while, the rest of 36.80 per cent of investors are females. It is clear that about 33.60 per cent of investors belong to the age group of 41 – 50 years followed by the age groups of 31 – 40 years (32.47 per cent), 21 – 30 years (22.40 per cent), 51 – 60 years (7.93 per cent) and more than 60 years (3.60 per cent).

The results indicate that about 38.74 per cent of investors have the educational qualification post graduation followed by graduation (25.33 per cent), professional (19.40 per cent), diploma (9.00 per cent), secondary (4.00 per cent) and higher secondary (3.53 per cent). It is observed that about 45.93 per cent of investors are working in private sector followed by business (27.27 per cent), Government sector (18.67 per cent), agriculture (4.20 per cent) and retired (3.93 per cent).

The results reveal that about 29.40 per cent of investors belong to the annual income group of Rs.3,01,000 – Rs.4,00,000 followed by Rs.2,01,000 – Rs.3,00,000 (21.87 per cent), Rs.4,01,000 – Rs.5,00,000 (18.13 per cent), less than Rs.2,00,000 (17.07 per cent) and more than Rs.5,00,000 (13.53 per cent). It is apparent that about 29.67 per cent of investors belong to the average monthly transaction group of less than Rs.25,000 followed by Rs.50,001 – Rs.75,000 (25.07 per cent), Rs.25,001 – Rs.50,000 (22.20 per cent), Rs.75,001 – Rs.1,00,000 (14.00 per cent) and more than Rs.1,00,000 (9.06 per cent).

Table – 1, Socio-Economic Characteristics Of The Investors

Socio-Economic Characteristics	Frequency	Percentage
Gender		
Male	948	63.20
Female	552	36.80
Age Group		
21 – 30 years	336	22.40
31 – 40 years	487	32.47
41 – 50 years	504	33.60
51 – 60 years	119	7.93
More than 60 years	54	3.60
Educational Qualification		
Secondary	60	4.00
Higher Secondary	53	3.53
Diploma	135	9.00
Graduation	380	25.33
Post Graduation	581	38.74
Professional	291	19.40
Occupation		
Business	409	27.27
Government Sector	280	18.67
Private Sector	689	45.93
Retired	59	3.93
Agriculture	63	4.20
Annual Income		
Less than Rs.2,00,000	256	17.07
Rs.2,01,000 – Rs.3,00,000	328	21.87
Rs.3,01,000 – Rs.4,00,000	441	29.40
Rs.4,01,000 – Rs.5,00,000	272	18.13
More than Rs.5,00,000	203	13.53
Average Monthly Transaction		
Less than Rs.25,000	445	29.67
Rs.25,001 – Rs.50,000	333	22.20
Rs.50,001 – Rs.75,000	376	25.07
Rs.75,001 – Rs.1,00,000	210	14.00
More than Rs.1,00,000	136	9.06

3.2. Service Quality Dimensions Of Share Brokers

The investors' perception on service quality dimensions of share brokers was analyzed and the results are hereunder presented.

3.2.1. Tangible Dimension Of Share Brokers

The investors' perception about tangible dimension of share brokers was analyzed and the results are presented in Table-2.

Table – 2, Investors' Perception About Tangible Dimension Of Share Brokers

Tangible Dimension	Mean	Standard Deviation
Facilities for the investors	3.71	0.64
Location of the share broker	3.18	0.83
Service office's ambiance	3.80	0.52
Transaction statements	4.68	0.15
Safety and security	4.60	0.18
Treading software	3.97	0.24
Process speed	3.40	0.63

The results show that the investors are strongly agreed with transaction statements and safety and security, while they are neutral with location of the share broker and process speed. Besides, they are agreed with facilities for the investors, service office's ambiance and treading software.

3.2.2. Assurance Dimension of Share Brokers

The investors' perception about assurance dimension of share brokers was analyzed and the results are presented in Table-3.

Table – 3, Investors' Perception About Assurance Dimension Of Share Brokers

Assurance Dimension	Mean	Standard Deviation
Investor care	3.82	0.55
Interaction with the investors	3.85	0.49
Corporate image	3.15	1.63
Redresses of complaints	3.65	0.86
Service standards and procedures	3.77	0.66

The results indicate that the investors are agreed with investor care, interaction with the investors, redresses of complaints and service standards and procedures, while they are neutral with corporate image.

3.2.3. Reliability Dimension of Share Brokers

The investors' perception about reliability dimension of share brokers was analyzed and the results are presented in Table-4.

Table – 4, Investors' Perception About Reliability Dimension of Share Brokers

Reliability Dimension	Mean	Standard Deviation
Accuracy of transactions	4.63	0.21
Promptness	4.19	0.40
Timeliness of service	3.78	0.68
Consistency of service	3.39	1.11
Response towards queries	3.69	0.87

It is observed that the investors are strongly agreed with accuracy of transactions, while they are neutral with consistency of service. Besides, they are agreed with promptness, timeliness of service and response towards queries.

3.2.4. Empathy Dimension of Share Brokers

The investors' perception about empathy dimension of share brokers was analyzed and the results are presented in Table-5.

Table – 5, Investors' Perception About Empathy Dimension Of Share Brokers

Empathy Dimension	Mean	Standard Deviation
Investors meetings	3.12	1.66
Communication during trading hours	3.84	0.44
Rapport with the investors	4.80	0.13
Instructions and guidance	4.73	0.12

Warnings for over trading	3.35	1.17
Induction of new investors	3.81	0.49
Trainings to investors to adapt new service technology	3.20	1.40

It is clear that the investors are strongly agreed with rapport with the investors and instructions and guidance, while, they are neutral with investors meetings, warnings for over trading and trainings to investors to adapt new service technology. Besides, they are agreed with communication during trading hours and induction of new investors.

3.2.5. Responsiveness Dimension Of Share Brokers

The investors' perception about responsiveness dimension of share brokers was analyzed and the results are presented in Table-6.

Table – 6, Investors' Perception About Responsiveness Dimension Of Share Brokers

Responsiveness Dimension	Mean	Standard Deviation
Receptiveness of brokers	4.69	0.15
Information network	3.79	0.54
Innovative investment products	3.12	1.36
Share broker's involvement	3.74	0.64
Investors' relationship management	3.66	0.69
Implementation of investors' feedback	3.32	1.13

It is apparent that the investors are strongly agreed with receptiveness of brokers, while, they are neutral with innovative investment products and implementation of investors' feedback. Besides, they are agreed with information network, share broker's involvement and investors' relationship management.

3.3. Socio-Economic Characteristics of The Investors And Service Quality of Share Brokers

In order to examine the difference between socio-economic characteristics of the investors and service quality of share brokers, the ANOVA (Analysis of Variance) has been applied and the results are presented in Table-7.

Table – 7, Difference Between Socio-Economic Characteristics of The Investors And Service Quality of Share Brokers

Particulars	F-Value	Sig.
Gender and Service Quality of Share Brokers	173.333**	.000
Age Group and Service Quality of Share Brokers	8.107**	.000
Educational Qualification and Service Quality of Share Brokers	48.603**	.000
Occupation and Service Quality of Share Brokers	14.298**	.000
Annual Income and Service Quality of Share Brokers	11.942**	.000
Average Monthly Transaction and Service Quality of Share Brokers	16.272**	.000

Note: ** Significance at one per cent level

The results show that the F-values are significant at one per cent level indicating that there is a significant difference between socio-economic characteristics of the investors and service quality of share brokers. Hence, the null hypothesis of there is no significant difference between socio-economic characteristics of the investors and service quality of share brokers is rejected.

4. Conclusion

The findings reveal that majority of the investors are males and most of the investors belong to the age group of 41 – 50 years. Majority of the investors have the educational qualification of post graduation and most of the investors are working in private sector. Majority of the investors belong to the annual income group of Rs.3,01,000 – Rs.4,00,000 and most of the investors belong to the average monthly transaction group of less than Rs.25,000.

Among tangible dimension, the investors are strongly agreed with transaction statements and safety and security. Among assurance dimension, the investors are agreed with investor care, interaction with the investors, redresses of complaints and service standards and procedures. Among reliability dimension, the investors are strongly agreed with accuracy of transactions.



Among empathy dimension, the investors are strongly agreed with rapport with the investors and instructions and guidance. Among responsiveness dimension, the investors are strongly agreed with receptiveness of brokers. The results indicate that there is a significant difference between socio-economic characteristics of the investors and service quality of share brokers.

The share brokers should be located in convenient places to the investors for their easy accessibility and they should increase their process speed of investment activities for quick and efficient service delivery mechanisms. The share brokers should improve their corporate image through effective and accurate services in order to achieve the investment objectives of investors in share market and the share brokers should be consistent in delivering services to investors.

The share brokers must meet investors regularly through investors meeting to discuss the various issues and offer suitable advices to investors. Beside, the share brokers should warn investors for over trading and they should give trainings to investors to adopt new service technology whenever it is needed. The share brokers should introduce new and innovative investment products to investors for their diversified investment plans in order to achieve higher rate of return. Meanwhile, the share brokers should receive investors' feedback frequently and readdress the issues faced by investors in share trading. Besides, the share brokers should provide suitable service transmission methods according to traits and attitudes of investors.

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