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AUDITING PROFESSION IN PERIL AS TIME IS RUNNING OUT: A LITERATURE REVIEW

OGBOLU LUCKY MMAMEFUNE
ASST. LECTURER
COLLEGE OF MANAGEMENT & SOCIAL SCIENCES
NOVENA UNIVERSITY
OGUME

OSUGBA SYLVESTER
ASST. LECTURER
COLLEGE OF MANAGEMENT & SOCIAL SCIENCES
NOVENA UNIVERSITY
OGUME

AGBEYI MONDAY
DIRECTOR
FINANCE FOR LOCAL GOVERNMENT COMMISSION
ASABA DELTA STATE
UNIVERSITY OF PORT HARCOURT
CHOBA

ABSTRACT

There is increasing demand on auditors by regulators, third parties, and user of their services in terms of their responsibilities and duties. This is based on the fact that the auditor's opinion is what furnishes investors with critical assurance that the financial statements have been subjected to a rigorous examination by an objective, impartial, skilful and professional persons and that investors, therefore, can rely on them. The potential consequences of recent challenges posed by changing times, and surging failures in the engagement of an auditor and how one can reduce the auditor's professional liabilities in accounting and auditing practice, form the core objectives of this research. It also examines why auditing is proving risky and expensive. Thus, through a desk study, this paper reveals that the job of an auditor is increasingly hazardous (in terms of auditor's liabilities) and challenging due to the dynamics of the contemporary business world and the auditor's growing involvement in consultancy which is swiftly eroding the auditor's independence. Hence, the work concludes that unless the profession, the regulators and users of the services of auditors come together to review the profession, it might be difficult to source competent auditors in future. On the strength of this, the work recommends that: the auditor needs to return to their core professional functions and reduce non-audit services to audit client as a way of avoiding the peril; audit fees should be reasonable especially to encourage small firms and reduce their intention to engage in non-audit services to audit clients; the auditor should get rid of high risk and difficult clients; and engagement leaders should never delegate their quality control responsibility.

KEYWORDS
auditor, engagement, independence, professional liability, regulators.

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1.1 INTRODUCTION

The objective of the ordinary audit of financial statement by the independent auditors is the expression of an opinion on the fairness with which they present fairly in all material respect, financial position, result of operations and cash-flows in conformity with generally accepted accounting principles (SAS 1; AU 110). Auditors accumulate evidence in other to reach conclusion about whether the financial statements are fairly stated and to determine the effectiveness of internal control, after which they issue the appropriate report.

As a general rule, audits should always be an independent evaluation that will include some degree of quantitative and qualitative analysis. This requires adequate assessment, independent and more consultative approach. The outcome of the assessment should relate to the norms that were set for the task, product or event. It is for this reason that there have been deep-rooted global concerns by members of the public and governments about the roles and liabilities of auditors in the auditing of the books of accounts of company's and corporations. The law as an instrument of social engineering continues to seek stronger statutory framework towards providing effective and efficient regulations; this has been basically through statutory provisions (Ihenyen, 2013).

Auditors of financial statement can be classified into two categories: External /Statuary Auditor and Internal Auditors (ICAN, 2019). External Auditor is an independent firm engaged by the client subject to the audit, to express an opinion on whether the company's financial statements are free of material misstatement due to fraud or error (Obiamaka, 2015). For publicly traded companies, external auditors may be required to express an opinion over the effectiveness of internal controls on financial reporting. External auditors may also be engaged to perform other agreed-upon procedures, related or unrelated to financial statements.

Most importantly, external auditors though engaged and paid by the company being audited, are regarded as independent auditors. This should be separated from internal auditing which can be described as an independent, objective assurance and consulting activity designed to add value and improve an organization's operation and internal control. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process. (IPPF, 2011).

The appointment of auditors has been subjected to various legal requirements, few of which will be mentioned. For instance, in Nigeria all the regulators have requirements that are ancillary to those provided by the company and Allied Matters Act. Bank and other Financial Institution Act, 1991 in section 30 requires every bank to appoint annually, the approved auditor who shall make available to the shareholders reports of the annual Statement of Financial Position and the Statement of Profit or Loss and other Comprehensive Income of the bank and any other information as may be prescribed from time to time by the Central Bank (Ajayi, 1999).

1.2 OBJECTIVES OF THE STUDY

The objectives of the study are to examine:

1. The consequences of recent challenges posed by changing times, and surging failures in the engagement of an auditor.

2. How auditor's professional liabilities in accounting and auditing practice can be reduced.
3. Why auditing is proving risky and expensive in the contemporary business world.

1.3 RESEARCH METHODOLOGY

This paper is purely a literature review, hence the researcher carried out a desk study. Thus, the paper revealed through the various literatures, that the job of an auditor is increasingly hazardous (in terms of auditor's liabilities) and challenging due to the dynamics of the contemporary business world. The auditor's growing involvement in consultancy was also identified to have swiftly eroded the auditor's professional independence in recent times.

1.4 AUDITORS' RESPONSIBILITIES AS A PROFESSIONAL

The auditor is expected to plan his work with due diligence and bring his professional competence to bear on his job. This is important as his report may be relied upon by variety of individuals and organizations in investment decision-making (Otalor and Eiya, 2013).
If the auditors believe that the financial statements are not fairly presented or is unable to reach a conclusion because of insufficient evidence, the auditor has the responsibility of notifying users through the auditor's report (Alastair,2008). Subsequent to their issuance, if fact indicate that the financial statements were not fairly presented, the auditor will probably have to demonstrate to the court or regulatory agencies that he or she conducted the audit in a proper manner and drew reasonable conclusion.
The auditors may need to qualify his report as a warning to investors and other users of financial statements to which he attested. This is done to avoid liability to the users of the financial statements who may suffer financial loss then putting his name and the firm which he represents in peril.
This is the main activity of the external auditor, but conditions are changing. The happenings in the capital markets, home and abroad and business failures soon after a clean audit report has brought on the auditor and the auditing profession serious pressures and constraints that is currently jeopardizing the auditing profession.

2. LITERATURE REVIEW

2.1. EMPIRICAL REVIEW

The auditors have constantly found themselves at cross-purposes with the society. There are myriads of contravening circumstances surrounding the perceived roles and the nature of audit profession. The social expectations are that the auditors should play an effective role in reducing, if not eliminating, corruption(Otalor and Eiya, 2013). However, audit procedures may permit an auditor to carry out his confessional engagements without necessarily reviewing all the transactions and details of its clients to express an opinion. In the same vein, investors tend to rely greatly on the opinions of the auditor in their investment decisions. Similarly, some scholars and the investing community believe that the auditors' independence is eroded by engaging in non-audit services. If investors do not believe that an auditor is independent of a company, they will derive little confidence from the auditor's opinion and will be far less likely to invest in the public company's securities (SEC, 2001).
Okah, (2012), studied the relationship between non-audit services (NAS) and auditors' independence: evidence from earnings management perspective. The work was carried out to find out whether the provision of Non-Audit Services is associated with auditor's independence evidence from the earnings management perspective proxied by discretionary accruals. Data for this research were manually collected from the NASDAQ OMX website from the annual financial reports of 107 Swedish public listed firms in the Stockholm Stock Exchange. The selection of these companies was based on their capitalization, that is, Large, Medium and Small size firms. In the research, quantitative research method was adopted to explore the relationship between provision of NAS and auditor's independence with the help of statistical soft wares (SPSS and Excel) for data analysis. The findings of this study revealed that the amount of non-audit services rendered by a firm's external auditors is not associated with earnings management; therefore, the auditor's independence is not compromised for providing NAS to their clients. This work argues that the auditor's independence is strengthened during the provision of non-audit services thus there is a positive correlation between auditors' independence and NAS.
Gwilliam, Marnet & Tan. (2014), reviewed audit quality and joint provision of audit and non-audit services. This work opines that in external company audit, although the responsibility for appointment of the auditor may ultimately lie with the shareholders, effective power of appointment and dismissal has for many years been the prerogative of executive management. The work added that the increasing importance of audit committees within the corporate governance framework has, to an extent, moderated this power, but the relationship between the auditor and executive management is still of key importance in the great majority of audits. Hence, the findings suggest that if auditors are economically dependent upon executive management, then there will be incentives for the auditor not to report appropriately on company financial statements if they consider that the provision of an adverse opinion is likely to result in the loss of the audit engagement and associated non-audit services.
Tepalagul and Lin (2015), carried out a comprehensive review of auditor independence and audit quality. The literature review was conducted based on published articles during the period 1976-2013 in nine leading journals related to auditing. The study was anchored on four major threats to auditor's independence, namely, (a) client importance, (b) non-audit services, (c) auditor tenure, and (d) client affiliation with audit firms. Hence, the review concluded that the mixed evidence, together with recent regulatory changes, provides opportunities for future research on auditor independence and audit quality.
Zang, Hay, & Holm, (2016), investigated the relationship between non-audit services and auditor independence in Norway. They examined the effect of auditors providing non-audit services on the independence of auditors in the Norwegian audit market. The research results indicated three tests of independence of mind and one test of independence in appearance. The tests revealed that there is a positive relationship between audit fees and non-audit fees, which does not suggest loss of independence. Further test using two-stage least squares also revealed that audit and non-audit fees are jointly determined, and the results are still not consistent with loss of independence. Thus, the paper concluded that there is no relationship between the provision of non-audit services and the frequency with which auditors issue modified audit opinions; that there is no association between non-audit services and audit tenure: there is no evidence of loss of independence of mind or loss of independence of appearance as a result of providing non-audit services.
Chukwunedu, Okafor, & Okoye (2017), studied the perception of stakeholders on the effect of the provision of non -auditing services by an auditor to his audit client on audit quality. The paper adopted a survey research design, sampled 400 respondents and used a five point Likert scale questionnaire to obtain data for the study. Descriptive statistics and the t-test statistic were employed for data analysis and testing the hypothesis for statistical significance. The research concluded that the provision of non-auditing services to audit clients such as doing book-keeping work for a client and the provision of internal audit services, impair audit quality.
Khasharmeh and Desoky (2018), carried out an empirical study of the perceptions of respondents (auditors, accountants and financial managers) on the effect of the provision of non-audit services (NAS) to audit client's companies on auditors' independence and audit quality. The study sampled 250 respondents in Bahrain and analysed the data using Kruskal-Wallis Test. The results assert that the independence of auditor is impaired by providing non-audit service.
Ernstberger, Koch, Schreiber, & Trompeter (2019) investigated whether audit firms' compensation policies are associated with audit quality? The researchers specifically explored the effects of the ratio of variable to fixed compensation and the size of the basis for profit sharing (that is, whether partners share profits in a small or in a large profit pool) using detailed mandatory disclosure of the compensation policies in German audit firms. The findings indicated that compensation policies vary considerably across audit firms; profit sharing in a small profit pool and high variable compensation are two characteristics of auditor compensation associated with lower audit quality; audit quality may be most at risk in cases in which partners rely more heavily on variable compensation to divide a relatively small profit pool; and that these associations are more pronounced in medium-sized audit firms.
This paper therefore borrowed a leaf from the work of Tepalagul and Lin (2015), that reviewed published articles during the period 1976-2013 in nine leading journals related to auditing.The study was carried out in the USA. However,this paper is a comprehensive longitudinal literature review of some scholarly published articles in reputable journals for the period of 2010 - 2019 with emphasis on Nigeria auditing guideline.

2.2. CONCEPTUAL REVIEW

The auditor as a professional is dependent on his skill and professional competence for livelihood. However, where audit fee keep dwindling and other accounting services are available for the auditor, he might take up such opportunity. This is because low-balling sends a message inside the audit firm as well. According to Hills (2000), the shift in a firm's emphasis away from auditing and toward non-audit services causes, over time, a cultural shift within the firm. The factors that drive a high quality audit, including the core values of the auditing profession, may diminish in importance to the firm, as will the influence of those firm members who exemplified those core values in their own professional career (Hills, 2000). Interestingly, auditing firms do not describe themselves as auditors but rather they prefer to be described as chartered accountants or audit firm. Due to the auditor's intimate knowledge of the internal operations of companies and some other business organization, the auditor acting in his capacity as a trained accountant, may be called upon to perform a range of services and expertise other than auditing to existing and prospective clients' (Olowookere, 2001).

Similarly, Johnson (2000) opines that the evolution of the auditing profession into multi-service professional firm has given rise to reasonable concerns that the integrity of financial data may be adversely affected. For this reason, also, the markets may become suspicious and impose an additional risk premium. As a result, clients, as well as regulators are taking steps to reduce the impact of the consequences of auditors losing their independence to non-audit services thus making auditing an unattractive profession to the upcoming generation due to stringent conditions and poor remunerations.

The peril of auditors started in the late eighties and early nineties with the big accounting firms in US and Europe. Both Coopers and Lybrand and Price Waterhouse gradually increased their emphasis in consulting in the 1990s. Auditing was proving risky and expensive, as the Big Six Accounting firms were liable for the failure of companies they audited and subjected to paying huge settlements.

2.3. LEGAL REVIEW

In 1992 Coopers and Lybrand settled a suit brought against it by the investors of Miniscribe, a disk-drive maker, that went bankrupt. These investors claimed that they would have caught the company's fraud if the audit report was not misleading. Coopers and Lybrand eventually agreed to pay investors $92 million for its negligence (Bakre, 2007) In another fraud related case, the firm made large payments in 1996 to settle claim regarding failed companies in the media empire of the deceased Robert Maxwell. The accounting firm was fined by regulators in 1999 for their failure to detect Maxwell's fraudulent transfer of $650 million from a company pension fund to himself. Among other payments were Coopers and Lybrand's expensive settlements related to their auditing of Pha-Mor Pharmacies, bankrupt in the mid-1990s (OECD, 2012).

Price water house coopers had their own legal trouble in the 1990s, a protracted battle over the company's audit of Bank of Credit and Commerce International. This ended in 1995 with a payment of $200 million, significantly less than $11 billion sought by the creditors of the collapsed bank. In addition to hefty settlements, the suits led to soaring insurance cost for the accounting firm. By the mid-1990s many insurance companies refused to even cover the auditing practices of the Big Six Firms, forcing Coopers & Lybrand and Price Waterhouse to set aside money to cover themselves (Price Water house Coopers, 2012).

This trend of scandals amongst the accounting firms escalated and was deepened by the inability of the accounting firms to uncover misleading financial information in companies' accounts. For instance, with the cross border free movement of money made possible by globalisation and the professional services of accountants, Nigeria loses an estimated US$15 billion annually to illicit financial outflows and money laundering (Global Financial Integrity Report, 2011). Similarly, this is evidenced in UK by the case of Maxwell Communications Corporation and Polly Peck International; more recently in Enron and Worldcom in the US and Parmalat in Italy (ICAN, 2014). Enron filed for bankruptcy in 2001 after adjusting its accounts. In like manner, Worldcom which collapsed in 2002 admitted to a fraud in its accounting and its Chief Executive officer was subsequently convicted and jailed.

Article IV of the AICAP'S code of professional conduct provides that objectivity is a state of mind, a quality that lends value to a member's services. It is a distinguishing feature of the profession. The principle of objectivity imposes the obligation to be impartial, intellectually honest, and free of conflicts of interest on the auditors. Independence precludes relationship that may appear to impair a member's objectivity in rendering attestation services.

In contrast, the auditors of nowadays are perceived not to be complying with this level of independence as specified in this American code of professional conduct. Companies themselves are faced with all manner of recessions that many of them are engaging auditors in acts that compromise their objectivity (Competition Commission, 2013). Periods of economic uncertainty lead to challenging conditions for companies due to potential deterioration of operating results, increased external scrutiny, and reduced access to capital.

These conditions cause companies to adopt practices that may be incorrect or inconsistently applied in an effort to address perceived expectations of the capital markets, creditors or potential investors. Amidst this mayhem, the degree of diligence, honesty and independence exercised by the auditors, who may have been paid millions of money to give opinions on company financial statements, becomes questionable. Sadly, companies are sinking within weeks of getting a clean bill of health. No wonder therefore, in September 2010, Central Bank of Nigeria gave all Deposit Money Banks (DMBs) up to December 31, 2010 to replace external auditors that have been appointed for more than 10 years including years spent with constitute legacy banks in compliance with the provisions of paragraph 8.2.3 of the CBN code of corporate governance for banks, which stipulates that ''the tenure of the auditors in a given bank shall be for a maximum period of ten years which, the audit firm shall not be reappointed in the bank until after a period of another ten years.'' This no doubt affected some audit firm's income as they automatically lost the income derived from these banks suddenly without any fault of theirs. However, whether such directive will ensure a clean bill of healthy audit report is still a puzzle.

According to Mukoro (2012) auditing is not intended to write a clean bill of health or otherwise for an entity. The fundamental misconceptions about audit is that users wrongly believe that a clean audit report indicates that an entity has made an effective use of its resources, and has adequate resources to continue in business and maintain a reliable system of internal control. Where the auditor is negligent in the performance of his duties as decided in some court cases, a test of reasonable care may be performed. The liability of accountants and auditors depends upon a qualified test of 'reasonable foresight'. Professional practice today is like walking through a minefield, and each new act or case decided produces a fresh set of detonators. We therefore do well to keep a steady nerve and remember at all times that the judgement of reasonableness is fundamental to the work of an auditor.

To enhance the auditor's reasonableness, professional skepticism should be heightened and the status quo challenged. ISA 240 p24 states that the auditors should maintain an attitude of professional skepticism throughout the audit. Professional skepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional skepticism requires an ongoing questioning of whether the information and the audit evidence obtained suggest that a material misstatement may exist. Although the auditor neither assumes that management is dishonest nor assumes unquestioned honesty, the auditor should consider the increased risk associated with the potential increases in external pressure faced by management in times of economic decline. (Asa, 2009).

3. CONCLUSION AND RECOMMENDATIONS

A correct understanding of the role and status of the audit profession today, including the expectations placed upon it by the public, requires an appraisal of the changes which have led to the present neurosis concerning liability. Not all of these developments are of auditors' making: any legislation designed for example, to curb the profligacy, financial recklessness or worse, downright malpractice of company/organizations' executives, inevitably has a powerful spin-off for auditors, by reposing in them the ultimate responsibility (and hence potential liability) for ensuring implementation. However, this is not only scary but a disincentive to upcoming professional accountants who may desire to practice auditing.

This paper considered to some extent, the challenges faced by auditor in the current age, how involvement in consultancy has eroded their independence, and the growing cases of auditor's liability worldwide. In view of the above circumstances, it is recommended that the auditors need to return to their core professional functions and reduce non-audit services to audit clients as a way of avoiding the peril. Similarly, audit fees should be reasonable especially for small firms to encourage practice and reduce intention to engage in non-audit services to audit-clients; the auditor should get rid of high risk and difficult clients; and engagement leaders should never delegate their quality control responsibility.

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LEVERAGE IN INDIAN CEMENT INDUSTRY: AN EMPIRICAL INVESTIGATION

VOLANATH MONDAL
SACT - I
DEPARTMENT OF COMMERCE
KHANDRA COLLEGE
PASCHIM BARDHAMAN

ABSTRACT

The purpose of this study is to explore the analysis of leverage and the relationship between leverage and return of the selected cement companies during the period 2009-10 to 2018-19. The sample size of the study consists of ten cement companies which have been selected by following a purposive sampling procedure from the list of top 20 companies in Bombay Stock exchanges (BSE) based on market capitalization on date 31.12.2019. The finding of the study reveals that the failure to draw any definite relationship between leverage and return of the selected cement companies during the study period.

KEYWORDS
Leverage, return, cement industry.

JEL CODES
G32, L61.

I. INTRODUCTION

The term 'leverage' refers to accomplishing the power of gaining an advantage from the use of fixed costs. It represents the impact of one financial variable over some other related financial variables. These financial variables may be cost, output, sales revenue, EBIT, EPS, etc. The higher the leverage, the higher the profits and vice versa (Kishore, 2015). But higher leverage obviously implies either a high amount of fixed cost in the cost structure or higher outside borrowing in the capital structure and hence riskier if the business activity of the firm suddenly takes a dip (Patel, 2014). But low leverage does not necessarily indicate prudent financial management, because the firm cannot take the advantage of incurring higher amount of fixed costs (benefit of automation, modern machine, etc.) and the firm might be incurring an opportunity cost for not having borrowed funds at a fixed cost to earn higher profits. There are two types of risk- (i) Business risk and (ii) Financial risk. Business risk is associated with the operation of the firm, it arises out of fluctuation in the rate of return on total funds invested and the rate of return is a random variable as it may take different values at different points of time. This variation leads to a rise in business risk (Sur and Sarkhel, 2013). Financial risk is the risk associated with the financing decision of the firm. It arises out of (i) the possibility of failing to meet fixed commitments or contractual obligations. (ii) Possibility of fluctuation in income available to owners' equity (Sur and Sarkhel, 2013). Operating leverage emanates from the existence of fixed operating costs in the firm's cost structure. The higher the proportion of fixed operating costs to the total operating costs, the higher is the degree of operating leverage (Sur and Sarkhel, 2013). That's mean operating leverage measures the degree of business risk of firm. The genesis of financial leverage lies in the presence of fixed charge bearing capital (external equity) in the capital structure of the firm. The higher the proportion of fixed charge bearing capital to the total capital employed by a firm, the higher is said to be the degree of financial leverage (Sur and Sarkhel, 2013). That's mean financial leverage indicates the financial risk of firm. Therefore, leverage is measures the risk of firm. Theoretically, it is expected that high leverage can be rewarded by higher risk premium i.e. higher return. Even the findings of the studies so far made in India and outside India on this matter are conflicting in nature and the academic world is sharply divided into two schools of thought. One school of thought argues that the fixed operating cost and financing decisions of the companies have significantly affected their earning capability (Saleem, et al. 2011). Moreover, they also opine that the financial leverage has a positive effect on profitability (Olang, 2015, Reddy,2016, Dalci, 2018). The other school of thought suggests that the financial leverage has a significant negative effect on profitability while operating leverage has a positive effect on profitability (Gatsi, et al. 2013).

Form 1991 business environment is very changes for globalization, liberalization and privatization and the earning trends, cost behavior pattern, retention pattern, tax pattern, and liquidity policies in the Indian corporate sector have also changed completely. Consequently, the risk of the firm in India has witnessed notable changes. In this backdrop, the present paper attempts to analyze the leverage of selected cement companies during the study period 2009-10 to 2018-19.

The remainder of this paper is constructed as follows: section II is concerned with the review of related literature. Section III explains the objectives of the study. Section IV narrates the methodology of the study. In section V the limitations of the study are proposed. Section VI discusses the empirical results of the study. In section VII, concluding remarks are presented.

II. REVIEW OF RELATED LITERATURE

Before identifying the research gap of a study it is necessary to review the existing literature on the issue addressed in the study.

Ghosh and Maji (2006) conducted a study to examine the impact of operating leverage on profitability in four Indian manufacturing sectors namely, Tea, Chemical, paper and Pharmaceutical during the period 1990-91 to 2001-02. The study revealed that positive relationship between operating leverage and profitability of all selected industries.

Virani (2010) carried out a study to analyze the impact of leverage on profitability of Pantaloon Retail India Limited. The study revealed that the finance decision was concerned with selection of correct mix of debt and equity in capital structure.

Saleem et al. (2011) carried out a study to analyze the impact of leverage on the profitability of the oil and gas sector of SAARC countries during the period 2001 to 2010. The study showed significant relationships between DOL, DFL and ROA. The study also revealed that the fixed operating costs and the financing decisions of the companies under study significantly affected their earning capability.

In the study carried out by **Akinlo and Asaolu** (2012), the profitability and leverage associated with Nigerian firms were analyzed in order to assess the impact of leverage on profitability during the period 1999 to 2007. The study showed that the leverage was negative associated with profitability. The study also revealed that the firms were able to enjoy large profit levels if they could increase size and sales with significant reduction in debt ratio.

Soni and Trivedi (2013) examined the relationship between leverage and profitability of selected paint companies in India during the period 2003 to 2012. The results obtained from the study showed a significant relationship between DOL, DOF, DCL and EPS. The study revealed that the negative relationship between profitability and leverage.

Kalpana (2014) in his study analyzed the impact of leverage on profitability of selected steel companies traded in Bombay Stock Exchange. The study revealed that the negative relationships between degree of operating leverage, degree of financial leverage, degree of combined leverage and earning per share.

Vijayakumar and Karunaiathal (2014) conducted a study to analyze the impact of corporate leverage on profitability in Indian paper industry. The study revealed that the positive and significant impact of leverage measured in terms of total debt to total capital with the return on equity.

Srivastava (2014) in his study analyzed the leverage of Indian cement industry during the period 2008 to 2012. The result obtained from the study showed significant relationships between leverage and size, growth, profitability, liquidity, and tangibility. The study concluded that the profitability, size and liquidity were negatively correlated with leverage whereas tangibility had positive impact on leverage or capital structure of the industry.

Mahmoudi (2014) in his study analyzed the effect of leverage on profitability of 28 cement firms during the period 2008 to 2011. The study profitability was measured by return on equity and return on assets. The study revealed that the significant and negative relationship between leverage and firm profitability.

Sammanasu and Pappurajan (2017) examined the impact of leverage on profitability of selected steel companies in India listed in Bombay Stock Exchange during the period 2007 to 2016. The result obtained from the study showed a significant relationship between DOL, DFL, DCL, and EPS. The study revealed that the leverage impact was positive when the earning's of the firm was higher than fixed financial charges to be paid for the lenders.

Patel (2018) in his study analyzed the relationship between financial leverage and profitability of textile companies of India during the period 2013 to 2017. The study used purpose sampling technique, and used correlation and regression. The study revealed that the financial leverage was negatively related with all profitability indicators like net profit margin, return on assets, return on equity and earnings per share.

Sen and Ranjan (2018) carried out a study to analyze the rapport between leverage and profitability of TVS motor company during the period 2006 to 2016. The study used statistical tools like mean, SD, CV, CAGR, ANOVA etc. The study revealed that the operating, financial and combined leverage of the company did not play any major role in making investment decisions of the company. And it was also found that the financial, operating and combined leverage of the company had no significant impact on ROA (Return on Assets) and Risk Adjusted (SHROA) of the company.

III. RESEARCH GAP

Though a large number of studies on analysis of leverage have been carried out during the last few decades and a considerable number of studies on the issue relating to the analysis of the impact of leverage on profitability have also been conducted during the same period, however, a very few studies on the above-mentioned issue have been made during the post-liberalization era. By careful scrutiny of studies of the impact of leverage on profitability in the Indian Corporate sector, it can inferred that no in-depth study on this issue in connection to the Indian cement industry. Today's cement industry is very important for generating of employment. It is, therefore, high time deal with the issue relating to the analysis of the leverage of selected Indian cement companies during the post-liberalization era.

IV. OBJECTIVES OF THE STUDY

1. To measures the degree of operating leverage, degree of financial leverage and combined leverage associated with each of the selected cement companies and to compare the same with the Indian cement industry average.
2. To analyze the relationship between operating leverage and financial leverage of the selected cement companies.
3. To evaluate the nature and extent of the relationship between leverage and return of the selected cement companies.

V. METHODOLOGY OF THE STUDY

The study was based on 10 cement companies (see appendix 1). The study was used as a purposive sampling procedure for the selection of the sample. The top ten companies (based on market capitalization) were selected from BSE on 31.12.2019. The data of the selected 10 companies for the period 2009-10 to 2018-19 used in this study were collected from the secondary source i.e. published annual reports of the companies. In this study, simple mathematical tools like average, ratio, percentage, etc. and statistical techniques like Pearson's simple correlation, Spearman's rank correlation, Kendall's coefficient of concordance, etc, were used for analyzing the data. The ratios relating to the analyze of leverage which were used in this study are (a) degree of operating leverage, (b) degree of financial leverage, (c) degree of combined leverage. The ratios relating to the measure of return which was used in this study are (a) return on capital employed (ROCE) and (b) return on equity (ROE). The study was applied to popular statistical tools like the Z test, T-test, F test, etc at appropriate places.

VI. LIMITATIONS OF THE STUDY

1. The study was only followed by the published financial statements of the selected companies.
2. The study was not considered an inflation factor.
3. The study was analyzed only 10-year data of the selected companies.

VII. RESULT AND DISCUSSION

A. Table 1 measures the degree of operating leverage of selected ten cement companies. This table shows that the degree of operating leverage was the highest in Shree, followed by Ultra Tech, Ambuja, ACC, Ramco, JK Cement, Heidelberg, Star, JK Laskhmi, and India Cement. The companies, namely Heidelberg, JK Laskhmi, and India Cement were placed in the operating leverage above the grand mean of operating leverage of selected ten cement companies while the remaining seven companies under study were below the grand mean of operating leverage of selected ten cement companies during the study period.

B. Table 2 measures the degree of financial leverage of selected ten cement companies during the period under study. In this table also discloses that the degree of financial leverage was the highest in Indian Cement, followed by Ultra Tech, Ambuja, Shree, ACC, Ramco, JK Cement, Heidelberg, Star, JK Laskhmi. Only four of the selected companies, namely JK Cement, Heidelberg, JK Laskhmi, India Cement maintained above degree of financial leverage as compared to the grand mean of degree of financial leverage whereas the remaining six companies maintained their lower degree of financial leverage as compared to the grand mean of degree of financial leverage.

C. Degree of total leverage of selected ten cement companies measures in table 3. This table also shows that the degree of total leverage was the highest in Indian Cement followed by nine selected cement companies during the study period. The JK Cement, Heidelberg, JK Laskhmi and India Cement maintained greater degree of total leverage compared to the grand mean of degree of total leverage of selected ten cement companies during the period under study while remaining six companies under study was lower the degree of total leverage as compared to the same.

D. Table 4 discloses the nature and degree of relationship between operating leverage and financial leverage of the selected cement companies. All the three correlation coefficients were positive but were not found to be statistically significant.

E. In Table 5, risk-return status of the selected cement companies in India were ascertained with reference to DOL and ROCE. It is observed from Table 5 that the Shree was a high risk-high return. Heidelberg, JK Laskhmi, and India Cement were in the high risk-low return class. Ultra Tech, Ambuja, ACC and Star Cement maintained a combination of low risk and high return. Ramco and JK Cement were placed in the low risk- low return category during the study period.

F. In Table 6, risk-return profile of the selected cement companies were assessed on the basis of DFL and ROCE. This table discloses that the JK Cement was high risk-high return. Heidelberg, JK Laskhmi and India Cement were placed in the most undesirable class by maintaining a high risk-low return blend. Shree, Ultra Tech, ACC, Ramco and Star were placed in the most desirable category i.e. low risk-high return class. Ambuja was placed in the low risk- low return category during the study period.

G. In Table 9 an attempt was made to assess the nature and degree of relationship between DOL and ROCE, and DFL and ROE using the same measures of risk and returns as used in Table 7 and Table 8 respectively. This table exhibits that the two correlation coefficients were negative and one correlation coefficient was positive but all three correlation coefficients were not found to be statistically significant. Though all the correlation coefficients between DFL and ROE were also negative, only one correlation was found to be statistically significant.

VIII. CONCLUDING OBSERVATION

(i) The degree of operating leverage associated with Shree was highest and it was followed by Ultra Tech, Ambuja, ACC, Ramco, JK Cement, Heidelberg, Star, JK Laskhmi, and India Cement respectively in that order during the study period. That means business risk of the shree cement was high during the study period. Shree, Ultra Tech, Ambuja, ACC, Ramco, JK Cement and Star cements were able to maintain below operating leverage as compared to the grand mean operating

leverage as ascertained based on the degree of operating leverage of all the ten selected companies. Therefore, Shree, Ultra Tech, Ambuja, ACC, Ramco, JK Cement and Star cements were control the business risk during the study period.

(ii) The degree of financial leverage associated with Indian Cement was a maximum, followed by Ultra Tech, Ambuja, Shree, ACC, Ramco, JK Cement, Heidelberg, Star and JK Laskhmi during the study period. It means Indian cement financial risk is high during the study period. Ultra Tech, Ambuja, Shree, ACC, Ramco, Star adopted such financing policies with the help of which they were able to maintain below financial leverage as compared to the grand mean financial leverage as measured based on the degree of financial leverage of all the ten cement companies under study. Therefore, Ultra Tech, Ambuja, Shree, ACC, Ramco and Star were maintaining the financial risk during the study period.

(iii) The degree of total risk was the highest in Indian Cement and it was followed by Ultra Tech, Ambuja, Shree, ACC, Ramco, JK Cement, Heidelberg, Star and JK Laskhmi respectively in that order. That means Indian cement total risk was high during the period under study. Ultra Tech, Ambuja, Shree, ACC, Ramco and Star were able to maintain below total leverage as compared to the grand average of total leverage as ascertained based on the degree of total leverage of the ten selected cement companies during the period under study. Therefore, Ultra Tech, Ambuja, Shree, ACC, Ramco and Star were able to control the total risk during study period.

(iv) Though a notable degree of the negative association between operating leverage and financial leverage is theoretically desirable, no strong evidence of such a relationship was observed in all the selected cement companies during the study period.

(v) The study of leverage -return matrices reveal that the majority of the selected companies did not corroborate the theory that high leverage is compensated by high return. The study of correlations between DOL and ROCE, and also between DFL and ROE provided evidence in support of the above findings.

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TABLES

TABLE 1: DOL OF THE SELECTED CEMENT COMPANIES IN INDIA

SI. No.	Company	DOL	Status
1	Ultra Tech Cement Ltd (Ultra Tech)	1.36	B
2	Shree Cement Ltd. (Shree)	1.92	A
3	Ambuja Cement Ltd. (Ambuja)	1.40	B
4	ACC Ltd. (ACC)	1.45	B
5	Ramco Cement Ltd. (Ramco)	1.41	B
6	J. K. Cement Ltd. (JK Cement)	1.36	B
7	Heidelberg Cement Ltd. (Heidelberg)	1.51	A
8	Star Cement Ltd. (Star)	1.33	B
9	JK laskhmi Cements Ltd. (JK Laskhmi)	1.65	A
10	India Cements Ltd. (India Cement)	1.55	A
Indian Cement Industry Average		**1.49**	
'A' denotes ' DOL above the Indian Cement Industry Average' and 'B' denotes ' DOL below the India Cement Industry Average'			
Source: Complied and Computed from published Annual Reports of selected Cement companies for the period 2009-10 to 2018-19			

TABLE 2: DFL OF THE SELECTED CEMENT COMPANIES IN INDIA

SI. No.	Company	DFL	Status
1	Ultra Tech Cement Ltd (Ultra Tech)	1.20	B
2	Shree Cement Ltd. (Shree)	1.21	B
3	Ambuja Cement Ltd. (Ambuja)	1.05	B
4	ACC Ltd. (ACC)	1.07	B
5	Ramco Cement Ltd. (Ramco)	1.28	B
6	J. K. Cement Ltd. (JK Cement)	1.87	A
7	Heidelberg Cement Ltd. (Heidelberg)	1.73	A
8	Star Cement Ltd. (Star)	1.31	B
9	JK laskhmi Cements Ltd. (JK Laskhmi)	2.34	A
10	India Cements Ltd. (India Cement)	3.03	A
Indian Cement Industry Average		**1.61**	
'A' denotes ' DFL above the Indian Cement Industry Average' and 'B' denotes ' DFL below the India Cement Industry Average'			
Source: Complied and Computed from published Annual Reports of selected Cement companies for the period 2009-10 to 2018-19			

TABLE 3: DTL OF THE SELECTED CEMENT COMPANIES IN INDIA

Sl. No.	Company	DTL	Status
1	Ultra Tech Cement Ltd (Ultra Tech)	1.63	B
2	Shree Cement Ltd. (Shree)	2.32	B
3	Ambuja Cement Ltd. (Ambuja)	1.47	B
4	ACC Ltd. (ACC)	1.55	B
5	Ramco Cement Ltd. (Ramco)	1.80	B
6	J. K. Cement Ltd. (JK Cement)	2.54	A
7	Heidelberg Cement Ltd. (Heidelberg)	2.61	A
8	Star Cement Ltd. (Star)	1.74	B
9	JK Laskhmi Cements Ltd. (JK Laskhmi)	3.86	A
10	India Cements Ltd. (India Cement)	4.70	A
Indian Cement Industry Average		**2.42**	

'A' denotes ' DTL above the Indian Cement Industry Average' and 'B' denotes ' DTL below the India Cement Industry Average'

Source: Complied and Computed from published Annual Reports of selected Cement companies for the period 2009-10 to 2018-19

TABLE 4: CORRELATION COEFFICIENTS BETWEEN DOL AND DFL IN THE INDIAN CEMENT COMPANIES

Measure	Value
Pearson	0.19
Spearman	0.267
Kendall	0.18

* Correlation coefficient is significant at 0.05 level, ** Correlation coefficient is significant at 0.01 level

Source: Complied and Computed from published Annual Reports of selected Cement companies for the period 2009-10 to 2018-19

TABLE 5: RISK-RETURN STATUS OF THE SELECTED INDIAN CEMENT COMPANIES BASED ON THE COMBINATION OF DOL AND ROCE

Average DOL \ Average ROCE	High	Low
High	Shree	Heidelberg, JK Laskhmi, India Cement
Low	Ultra Tech, Ambuja, ACC, Star	Ramco, JK Cement

Source: Complied and Computed from published Annual Reports of selected Cement companies for the period 2009-10 to 2018-19

TABLE 6: RISK-RETURN STATUS OF THE SELECTED INDIAN CEMENT COMPANIES BASED ON THE COMBINATION OF DFL AND ROE

Average DFL \ Average ROE	High	Low
High	JK Cement	Heidelberg, JK Laskhmi, India Cement
Low	Shree, Ultra Tech, ACC, Ramco, Star	Ambuja

Source: Complied and Computed from published Annual Reports of selected Cement companies for the period 2009-10 to 2018-19

TABLE 7: CORRELATION COEFFICIENTS BETWEEN RISK AND RETURNS IN THE INDIAN CEMENT INDUSTRY

Between Measure \ Correlation Coefficient	DOL and ROCE	DFL and ROE
Pearson	0.061	-0.824**
Spearman	-0.255	-0.503
Kendall	-0.270	-0.333

* Correlation is significant at 0.05 level, ** Correlation is significant at 0.01 level.

Source: Complied and Computed from published Annual Reports of selected Cement companies for the period 2009-10 to 2018-19

SERVICE QUALITY A DIMENSION OF CRM: A STUDY OF PUBLIC AND PRIVATE SECTOR BANKS

BHARTI MARWARI
RESEARCH SCHOLAR
COMMERCE DEPARTMENT
PUNJABI UNIVERSITY
PATIALA

Dr. RAJINDER KAUR
PROFESSOR
COMMERCE DEPARTMENT
PUNJABI UNIVERSITY
PATIALA

ABSTRACT

The banking industry is important for every nation but with the intense competition between the public and private sector banks, it is the service provided that remarkably distinguishes the banks. The banks performance depends on how they satisfy and attract their sophisticated customers. Sales are directly related to customer satisfaction. As the sales are increasing there is a requirement of improving the quality of services they delivered. The product is used by the customer and the wealth maximization is depending on their satisfaction level. The study analyzed the public and private sector bank customers' opinions on CRM with respect to service quality and also compares their opinion on it. The study also tries to found the overall comparison of the customers' perception. The study found the perception of customers and tries to tell the way to the banks that how they can hold the old ones and attract the new ones (customers). For the study 482 customers was selected as respondent from public and private sector banks. The study indicated that in the opinion of public bank customers they hardly have service quality in their bank and the private bank customers showed that their bank has better service quality. It could be interpreted that if there is a lack of service quality, then long term relationship with customer may affect. It is concluded that banks have to strengthen their services to fulfill their requirements to avail the benefit in the long run.

KEYWORDS
CRM, customer, bank, service quality.

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G21, M31.

INTRODUCTION

Customers in modern marketing seek to satisfy their needs and wants that are related to the services. Customers have their expectations on how these needs and wants are going to be met and that consistently form impressions about the actual service offered compared with their expectations. Incredibly, development of technological, globalization, and competitiveness have increasing tremendously effects on marketing strategies of businesses, banking sector is also included to meet those challenges facing organizations. As, to trace the behavior of customers, the knowledge gap between the organization and its' customers become more narrow (Al-Qeed, ALsadi & Al-Azzam, 2017). The performance of banks depends on how they satisfy its sophisticated customers. Sales are directly related to customer satisfaction. Banks should develop new financial services in order to improve their relationship with customer by responding to their demand and to identify and satisfy their needs efficiently and effectively (Adil, Ghaswyneh & Albkour, 2013). As the sales are increasing it requires improvement in the quality of services they delivered. Generally, it is supposed that services that continuously and constantly pleasure the customers make them satisfied and happy. In such a situation, they become loyal customers and their demand will go on for the service which in turn will result in growth and profit for the banks. Banks are not only focuses on providing wide range of product to create competitive advantages, but also emphasizes on its services, particularly in maintaining their service quality.

Service quality is the form of approach which results from the comparison of service expectation and performance. (Parasuraman et al.1985). SERVQUAL is a well-known research mechanism for evaluating service quality in the banking industry. SERVQUAL covers the dimensions that are considered by a customer in evaluating quality of services in the banks. It can be applied for evaluating the quality of service in any service sector to confirm the extent to which services are offered meets the quality standards or customer expectations (Parasuraman et al. 1988, Ladhari, 2009). SERVPERF model is the perception part of the SERVQUAL model, which measures service quality in terms of customers' perceptions based on the performance of their service providers (Bardy & Cronin, 2001).

Effective CRM practices own a positive and significant impact on performance and innovation capability (Valmohammadi, 2017). In modern businesses, CRM viewed as an outcome of business strategy which provides flawless integration of every function of an organization that gets in touch to the customer (Boulding et al., 2005). Moreover, (Dych, 2002) defined CRM as a business infrastructure that enables suitable means to create and retain the loyal customers and also increase in their value. Customers are valued as a strategic weapon to build and maintain competitive advantage resulting from effective CRM (Wang et. al., 2004).

REVIEW OF LITERATURE

Almurshidee (2018) measured the quality of e-banking services provided by commercial banks and its impact on customer satisfaction in Saudi Arabia with 443 respondents. For the study the selected branches were Alrajhi, Riyadh, Samba, Banque Saudi Fransi, and Alahli Bank in Saudi Arabai. The study found that the impact of service quality of e-banking service on customer satisfaction with tangibility, reliability and assurance having the greatest effect on the satisfaction level of complainants. The study also found that reliability and assurance of e-banking services have an effect on the satisfaction of Word of Mouth. The study revealed that as for customer satisfaction, the satisfaction perceptions of customer of Saudi banks towards e-banking service quality is high. The study suggested that banks' customers do not think to switch to the other banks, as they are satisfied with the way their banks deal with customers' problems related to e-banking services. **Iriqat and Daqar (2018)** aimed to analyze the mediating role of customers' satisfaction on the effect of Customer Relationship Management (CRM) on long term customers' loyalty in the banking sector in the Palestinian territory. The data was collected from 322 respondents of North West Bank in Palestinian territory. The study found that the customer satisfaction was important for bank to satisfy, to meet the needs of customers, to attract them and able to decrease the competition with rivals in the market. The study recommends that customer's loyalty program should apply to improve the customers' perceptions with positive image and feedback. **Sharma (2016)** aimed to restructure the dimension of servqual model in banking service through factor analyses in Indian context. Data was collected from 309 customers located in different cities of Rajasthan. The study found new dimension for modified servqual model for Rajasthan was; Product Innovation (explained 17.36% variance), Physical Evidence (explained 13.28% variance), Financial Aspect (explained 12.42% variance) Reliability (explained 12.21% variance) Competence (explained 8.69% variance) and Convenience (explained 5.169% variance). **Mishra (2016)** studied the bank customers' perception regarding CRM

practices with reference to service quality of the Public and Private sectors banks in urban Punjab (Patiala, Ludhiana and Chandigarh). The data was collected from 600 customers of SBI, SBP, OBC, PNB (public bank) and HDFC, ICICI, Axis Bank and Kotak Mahindra Bank (private bank). This study revealed that the private sector banks are more focused in implementing the service quality aspect of CRM as compared to public sector banks which offered them a chance to grow and giving strong competition to public sector banks. It is also revealed that perception of male customers towards CRM is highly different from the perception of female customers in case of private banks. **Ilyas et. al (2013)** determined the service quality of banks in Pakistan, Lahore. The data was collected from 175 respondents. It was found that females are dissatisfied in tangibility as gap is negative but males are satisfied with this dimension. The study also found that for the responsive-ness dimension males are dissatisfied but the females are satisfied which shows that perceived service quality varies gender wise. The study suggested that the banks should take serious steps to solve the dissatisfaction of its customers.

STATEMENT OF THE PROBLEM

In service sector, maintaining and retaining the customer relationship is crucial because services are more focused on interpersonal relationships (Czepiel, 1990). Service quality is a way to evaluate the services from the customer perspective (Parasuraman et al., 1988). Previous Research also indicates that service quality is related to satisfaction of customer (Boulding et al 1993), cost that is borne by the organization and the customers (Crosby, 1979), and number of customers retained with them (Reichheld and Sasser 1990). For the study, the research has been conducted to understand customers' opinion on CRM with respect to service quality. As the customers are satisfied then they became loyal and committed to their banks also.

OBJECTIVES OF THE STUDY

1. To study the customers' opinion on CRM with respect to service quality in private sector.
2. To study the customers' opinion on CRM with respect to service quality in public sector.
3. To compare the opinion of customers' on service quality statements of public and private sector banks.
4. Overall comparison of customers perception on service quality

RESEARCH METHODOLOGY

This study used a descriptive research design to measure the impact of service quality on CRM. The study has been conducted on 480 customers of public and private sector banks in Punjab. Using a stratified random sampling technique, the area for research was selected. For the study, districts were selected Amritsar, Gurdaspur, Ludhiana, Patiala, Jalandhar and Hoshiarpur was selected based on the highest populated area according to the census of Punjab. For the research, the banks were selected based on the highest bank branches in the region and the eight banks are namely SBI, PNB, PSB, OBC (public banks) and ICICI, HDFC, AXIS, Yes Bank (private banks). From each bank, 60 respondents were chosen by using the convince sampling. A self-structured questionnaire with 22 items covers five dimension of service quality was used to record the response of customers. The framed questionnaire was based on the SERVPERF. SERVPERF instrument considers by many researchers as a more accurate measure of the quality of service than SERVQUAL (Taylor and Cronin, 1994; Ishfaq et al., 2015). Customers were asked to give their opinion regarding their banks' CRM practices keeping in view the aspects of service quality. A pilot survey was conducted on 40 customers. For checking the reliability of the statements, the value of Cronbach's alpha has been computed and found to be acceptable (i.e. 0.818 using SPSS 21). Statistical tools such as descriptive statistics, hypothesis testing using one sample t-statistics and independent t-statistics used to analyze the data. All the five aspects of service quality are assessed using five point Likert scales where 1-5 denote the following: 1 for strongly disagree to 5 for strongly agree.

ANALYSIS AND INTERPRETATION

TABLE NO. I: DEMOGRAPHIC VARIABLE

		Frequency	Percentage
Gender	Male	283	58.7%
	Female	199	41.3%
Marital Status	Married	313	64.9%
	Unmarried	169	35.1%
Age	15-25	92	19.1%
	26-35	177	36.7%
	36-45	119	24.7%
	46-55	48	10.0%
	56-65	13	2.7%
	65 and Above	33	6.8%
Educational Status	Illitrate	17	3.5%
	High School	56	11.6%
	Graduation	140	29.0%
	Diploma	57	11.8%
	Post-Graduation	137	28.4%
	Professional Course	65	13.5%
	Other	10	2.1%
Occupation	Student	44	9.1%
	Govt. Employee	27	5.6%
	Retired	17	3.5%
	Business/Professional	233	48.3%
	House Wife	68	14.1%
	Farmer	78	16.2%
	Other	15	3.1%
Monthly Income	Below 25000	109	22.6%
	25000-35000	141	29.3%
	35000-45000	92	19.1%
	45000-55000	9	1.9%
	55000-60000	11	2.3%
	60000 and above	4	.8%
	Not applicable	116	24.1%

From the table no. I, it can be seen that out of 482 respondents, 58.7 percent are male and 41.3 percent are females. The married respondent constitutes 64.9 per cent to the total whereas the 35.1 per cent are unmarried. It is clear from the above table that nearly 19.1 percent fall in the category of 15-25 years while 36.7 percent of respondent fall between 26-35 years age group. 24.7 percent respondent are in the age group of 36-45 years, 10 percent fall in the age group of 46-55 years, 2.7 percent of 56-65 age group and only 6.8 percent fall in above 65 years age group. As shown in the above table, graduation and post graduation formed

the majority of the sample respondents with 28.6 percent and 28 percent respectively. It is followed by professional course 13.5 percent and diploma 11.8 percent respectively. The high school and illiterate constitute 3.5 percent respectively. Other respondents constitute 2.1 percent. It is revealed from the table that profession/business has a majority of 48.3 percent of sample respondents and remaining was 9.1 percent student, 5.6 percent were government employees, retired 3.5 percent and others 3.1 percent. 16.2 percent are farmers and 14.1 percent respondents are house wife. Above table shows that, 21.5 percent and 29.2 percent respondents in the group of earning below 25000 and 25000 to 35000 respectively. Earning of not applicable respondents is placed with 24.1 percent which include house wife, students and unemployed people. Those are having earnings between 35000 to 45000 is 19.1 percent and 2.2 percent for 55000 to 60000. Lastly, the remaining groups earning having the same percentage i.e. 1.8 percent lies between 45000 to 55000 and 60000 & above.

In the study, the service quality is measured through 22 statements for both public and private sector banks. The Statements are given below in the table no II.

TABLE NO. II: STATEMENTS OF SERVICE QUALITY

	Tangibility- appearance of physical facilities, equipment and personnel
SQ1	Bank has up to date equipment
SQ2	Bank's physical facilities are visually appealing
SQ3	Bank's employee are well dressed and appear neat
SQ4	The appearance of the physical facilities of bank is in keeping with the type of service provided
	Reliability-ability to perform the promised service accurately and dependably
SQ5	Bank is dependable
SQ6	Bank provides its services at the time it promise to do so
SQ7	When bank promise to do something by certain time, it does within timeframe
SQ8	When customer face problem, bank is sympathetic and reassuring
SQ9	Bank keeps its record accurately
	Responsiveness-willingness to help customers and provide prompt service
SQ10	Bank tell customers when the services will be performed
SQ11	You receive prompt service from bank's employees
SQ12	Employees of the bank are willing to help customers
SQ13	Employees of the bank respond to customer requests
	Assurance-courteous employees who can inspire confidence
SQ14	You can trust employees of bank
SQ15	You feel safe in your transactions with bank's employees
SQ16	Employees of bank are polite
SQ17	Employees get adequately support from bank to do their jobs well
	Empathy-personalized attention and care
SQ18	Bank give you individual attention
SQ19	Employees of bank give your personal attention
SQ20	Employees of bank understand customer needs
SQ21	Employees of bank have your best interest at heart
SQ22	Bank has convenient operating hours

The application of one sample t-test in the study determines the significant level of service quality as an element of CRM in bank. It facilitates a comparison between the hypothesized mean values of service quality with their sample mean. The hypothesized value is "3" which indicates that the customers are neutral on the statements of service quality in bank. The formulated hypothesis is:

H0: There is no significant difference between the hypothesized mean and the sample mean.

H1: There is a significant difference between the hypothesized mean and the sample mean.

If the study rejects the null hypothesis i.e., it found the significant difference between the two means, it means that there can be positive or negative mean difference. The positive difference denotes service quality is better in the bank whereas as a negative difference reflects that service quality falls in the bank.

Table III provides a descriptive statistics and results of one-sample t-test for public sector banks.

TABLE NO. III: SERVICE QUALITY FOR PUBLIC SECTOR BANKS

Service Quality	Mean	Mean difference	Std. Deviation	T-stats.	Sig.
SQ 1	2.8050	-.19502	1.57034	-1.928	.055
SQ 2	2.6846	-.31535	1.31661	-3.718	.000*
SQ 3	2.8548	-.14523	1.48312	-1.520	.130
SQ 4	2.4523	-.54772	1.44294	-5.893	.000*
SQ 5	2.5519	-.44813	1.41657	-4.911	.000*
SQ 6	2.5021	-.49793	1.39082	-5.558	.000*
SQ 7	2.8133	-.18672	1.34567	-2.154	.032*
SQ 8	2.5394	-.46058	1.43451	-4.984	.000*
SQ 9	2.8631	-.13693	1.45557	-1.460	.145
SQ 10	2.7676	-.23237	1.33695	-2.698	.007*
SQ 11	2.5851	-.41494	1.60793	-4.006	.000*
SQ 12	2.6639	-.33610	1.40205	-3.721	.000*
SQ 13	2.8133	-.18672	1.41803	-2.044	.042*
SQ 14	3.6639	.66390	1.13494	1.445	.150
SQ 15	2.9627	-.03734	1.36422	-.425	.671
SQ 16	2.8465	-.15353	1.48509	-1.605	.110
SQ 17	2.8423	-.15768	1.41128	-1.734	.084
SQ 18	2.7676	-.23237	1.95894	-1.841	.067
SQ 19	2.7759	-.22407	1.49986	-2.319	.021*
SQ 20	2.7510	-.24896	1.38904	-2.782	.006*
SQ 21	2.6266	-.37344	1.30127	-4.455	.000*
SQ 22	2.5560	-.44398	1.41347	-4.876	.000*

*significant at 5 percent level

Source: computed by author

Table III, depicts that the mean value for the statements measuring service quality ranges between 2.452 to 3.663 for public banks. This shows that the in customers opinion they hardly have service quality in their banks. Only statement SQ 14 has calculated mean value of 3.663(S.D. 1.134) which means that they trust employees of their respective banks.

Further, the study depicts that the statements indicating a significant difference between their hypothesized mean and sample mean, thereby rejecting the null hypothesis of no difference.

Table IV provides a descriptive statistics and results of one-sample t-test for private sector banks.

TABLE NO. IV: SERVICE QUALITY FOR PRIVATE SECTOR BANKS

Service Quality	Mean	Mean difference	Std. Deviation	T-stats.	Sig.
SQ 1	2.9793	-.02075	1.63414	-.197	.844
SQ 2	2.8174	-.18257	1.30379	-2.174	.031*
SQ 3	3.0415	.04149	1.47137	.438	.662
SQ 4	2.8216	-.17842	1.36828	-2.024	.044*
SQ 5	2.9129	-.08714	1.49606	-.904	.367
SQ 6	2.6722	-.32780	1.42756	-3.565	.000*
SQ 7	3.1120	.11203	1.37534	1.265	.207
SQ 8	2.8672	-.13278	1.49409	-1.380	.169
SQ 9	3.1037	.10373	1.46687	1.098	.273
SQ 10	3.1701	.17012	1.20074	2.200	.029*
SQ 11	2.8174	-.18257	1.47191	-1.926	.055
SQ 12	2.9959	-.00415	1.48744	-.043	.965
SQ 13	3.1162	.11618	1.39754	1.291	.198
SQ 14	4.0124	1.01245	7.06605	2.224	.027*
SQ 15	3.1328	.13278	1.39306	1.480	.140
SQ 16	3.0456	.04564	1.48113	.478	.633
SQ 17	2.9751	-.02490	1.40513	-.275	.784
SQ 18	2.9585	-.04149	1.61450	-.399	.690
SQ 19	2.9876	-.01245	1.45052	-.133	.894
SQ 20	2.9544	-.04564	1.44985	-.489	.625
SQ 21	2.9295	-.07054	1.40801	-.778	.437
SQ 22	2.9793	-.02075	1.48169	-.217	.828

*significant at 5 percent level

Source- Computed by author

Table IV indicated that the mean value of the statements ranges between 2.814 and 4.012 for private sector bank. It is observed that statements, SQ- 3, 7, 9, 10, 13, 14, 15, and 16 have hypothesized value “3” to be less than the sample mean value. This provides a positive mean difference which indicates that the customers of private banks are showing better service quality in their banks.

The results for one-sample t-test shows that t- statistics found to be significant at five percent level for statements SQ- 6 and 11. The study found that these statements have negative mean difference.

INDEPENDENT t-TEST

Table no. V shows the comparison between the opinions of customers of public and private banks on service quality. With the help of Independent t-test, the study examined the significant difference in their opinions. The value of t-statistics and p-value are shown in the table as under.

TABLE NO. V: COMPARISON BETWEEN THE PUBLIC SECTOR AND PRIVATE SECTOR BANKS ON SERVICE QUALITY VARIABLE

Service Quality Statements	Type of Bank	T-stats.	Sig.
SQ 1	Public	-1.194	.233
	Private		
SQ 2	Public	-1.112	.266
	Private		
SQ 3	Public	-1.387	.166
	Private		
SQ 4	Public	-2.883	.004*
	Private		
SQ 5	Public	-2.720	.007*
	Private		
SQ 6	Public	-1.325	.186
	Private		
SQ 7	Public	-2.410	.016*
	Private		
SQ 8	Public	-2.457	.014*
	Private		
SQ 9	Public	-1.808	.071
	Private		
SQ 10	Public	-3.477	.001*
	Private		
SQ 11	Public	-1.655	.099
	Private		
SQ 12	Public	-2.521	.012*
	Private		
SQ 13	Public	-2.362	.019*
	Private		
SQ 14	Public	-.539	.590
	Private		
SQ 15	Public	-1.355	.176
	Private		
SQ 16	Public	-1.474	.141
	Private		
SQ 17	Public	-1.035	.301
	Private		
SQ 18	Public	-1.167	.244
	Private		
SQ 19	Public	-1.574	.116
	Private		
SQ 20	Public	-1.572	.117
	Private		
SQ 21	Public	-2.453	.015*
	Private		
SQ 22	Public	-3.209	.001*
	Private		

*significant at 5 percent level

Source- Computed by author

Each statement measures the distinct dimension that is studied and analyzed individually. The hypothesis was formulated to analyze the statements

Ho: There is no significant difference in customers' opinion of both banks with respect to service quality.

Ha: There is significant difference in customers' opinion of both banks with respect to service quality.

Table V showed that the results found to be significant at five percent level for the statements SQ- 4, 5, 7, 8, 10, 12, 13, 21 and 22 signifies that the null hypothesis was rejected. The study analyzed that there is a significant difference in the opinion of public and private bank customers.

Comparing results of customers' opinions, it could be summed up that in private banks the service quality is relatively more than that of public banks. Still, it could be analyzed that the customers are showing that in their bank there is less service quality which may affect their long-term relationship with bank.

Overall comparison of public sector bank and private sector bank on service quality variable

Table No. VI shows the overall comparison between the public and private sector banks on service quality variable with the help of Independent t-test. To check the significance difference in the opinion of the customers' the hypothesis was formulated and Independent t-test was applied to found the results thereof.

Ho: There is no significant difference in the opinions of customers of public and private sector banks on service quality of banks.

Ha: There is significant difference in the opinions of customers of public and private sector banks on service quality of banks.

TABLE NO. VI: OVERALL COMPARISON OF BANK CUSTOMERS OPINION ON SERVICE QUALITY VARIABLE

Type of Bank	N	Mean	Std. Deviation	t-statistics	p-value
Public Sector Bank	241	2.6998	1.1224	-2.487	0.000*
Private Sector Bank	241	2.9654	1.2205		

*significant at 5 percent level

Source-computed by author

From the above table no. VI shows that the mean score of public sector banks (2.6998, SD = 1.1224) and the mean score of private sector banks (2.9654, SD = 1.2205) as the t-test was found significant t-value = 2.487, df = 480, p-value = 0.000. It was found from the study that null hypothesis was rejected. The study signifies that there was a significant difference in the opinion of customer of public sector banks and private sector banks on the service quality variable.

CONCLUSION OF THE STUDY

The banks are not trustworthy and reliable, banks don't have visually appealing facilities, banks are not sympathetic and reassuring if they face any problems and banks also never complete their promise. Apart from this, they are not satisfied with bank employees and have the opinion that they don't give prompt services to them, not willing to help them, always seems too busy and don't tell when service will exactly provide and performed. The banks not give them personal attention, not shown their interest in needs of the customer at heart and also don't know the needs of their customer. The customers of private banks are not receiving the prompt services from their bank employees and they also not provide services on time to their customers. Employees appear neat and well dressed and they respond to customers' requests promptly. Employees are trustworthy and polite to them as customers feel safe when they transact with them. Further, they tell customer when service is going to perform and always complete their commitment in time.

SUGGESTIONS

The study suggested that they should complete their promise in a certain time, appearance of physical facilities should be kept with the type of service provider, inform their customer when exactly the service going to perform, bank should be sympathetic and also reassuring their customer if they face any problem. Along with this, employees should respond to their request promptly, employees show their willingness to help them, and banks have convenient operating hours and their best interest at heart. The study revealed that the private sector bank customers showed that their bank has better service quality as compared to the public sector bank customers. Organizations should emphasize more on customer relations to convince them with their products and services not only to meet their needs but have to go further beyond their expectations (Krishnamoorthy & Srinivasan, 2013). In other words, developing and increasing closeness with customers is the most significant strategy to enhance the customer loyalty (Nguyen & Mutum, 2012).

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