CHAPTER V

FINDINGS, SUGGESTIONS AND CONCLUSION

This chapter presents the summary of findings pertaining to the research study, suggestions, limitations of the research study, scope for future research and conclusion.

5.1 Summary of Findings pertaining to the Research Study.

This research aimed at understanding the impact of corporate governance, trust and customer loyalty on corporate reputation. Though the effects of corporate governance, trust and customer loyalty on corporate reputation have been widely researched and its dimension are sufficiently examined.

This chapter summarizes these results of the analysis. Results and findings, which are presented with details from the analysis. No research is useful unless it has contribution to either industry or literature. This research has a major contribution to banking and NBFC's and to its development of reputation value, which are then discussed. Limitation of the research study are discussed. The research brought out the effects of corporate governance and its dimension, trust and customer loyalty on corporate reputation. Hence suggestion to senior management and board discussed

5.1.1 Findings pertaining to Demographic Variables of the Respondents of the Research Study.

- Close to half (48.4%) of the respondents are in the age group of 26-35 years, 28.4% of the respondents belong to the age group of 36-45 years, 18.4% of the respondents are in the age groups is less than 25 years and 5.2% of respondents are above 46 years.
Half of respondents are (56.5%) in the Income band of More than 2 lacs, 25.8% of the respondents are in the income band of 1 to 2 lacs and 17.7% of the respondents are in less than 1 lacs.

Two third 2/3 (72.7 %) of the respondents are Male and 27.3 % are Female respondents.

Half (53.1%) of the respondents are having undergraduate educational background, 38.6% of the respondents possess post graduate educational background and 8.3% of the respondents are having high school education.

Half (49.8%) of the respondents are professionals, 44.6 % of the respondents are service class and remaining (5.6%) of the respondents are business class.

More than half (54.3%) of the respondents have above 6 Years of experience with banks, one third (33.9%) of the respondents are having 1-3 Years of experience and 11.7% are having 4-6 years of experience of banks.

Two –third (67.1%) of the respondents are having a lac as investment in banks, 22.9% of the respondents are having 1 lac to 2 lacs investments with banks, 6.5% of respondents are having 2 lacs to 3 lacs investments with banks and 3.4 % of respondents are having 3 lacs above as investments in banks.

Majority (69.5%) of the respondents are having accounts with Private sector banks, 22.2 % of the respondents are having accounts in nationalized banks, 6.1 % respondents are having bank account with international banks and 2.2% of the respondents are having banks accounts with co-operative banks.
Close to fifty (48.7%) of the respondents having accounting products alone with the banks, 26.2% of the respondents are having only loans with the bank, 13.9% of the respondents are having only deposits with bank and 11.2% of the respondents are having mutual funds and insurance with banks.

Close to fifty (45.9%) respondents are given their name in questionnaire. 54.1% respondents has opted out by not giving their name in the questionnaire.

5.1.2 Findings pertaining to Confirmatory Factor Analysis of Variables of the Research Study.

Goodness of fit indices that are mentioned above (i.e. Chi - square ($X^2$) / Degree of freedom (df) = 2.190; GFI = 0.903; CFI = 0.947 and RMSEA = 0.046) pertaining to confirmatory factor analysis of corporate governance is within the suggested cut - off values. It indicates that corporate governance construct shows good fit in single order to the sample data. Hence, Multi-dimensionality of corporate governance construct is proved pertaining to sample data of this research study.

Goodness of fit indices that are mentioned above (i.e. Chi - square ($X^2$) / Degree of freedom (df) = 3.301; GFI = 0.903; CFI = 0.893 and RMSEA = 0.064) pertaining to confirmatory factor analysis of corporate governance is within the suggested cut - off values. It indicates that corporate governance construct shows good fit second order to the sample data. Hence, Multi-dimensionality of corporate governance construct is proved pertaining to sample data of this research study.
Goodness of fit indices that are mentioned above (i.e. Chi-square (X^2) / Degree of freedom (df) = 3.730; GFI = 0.972; CFI = 0.984 and RMSEA = 0.070) pertaining to confirmatory factor analysis of trust and customer loyalty is within the suggested cut-off values. It shows that trust and customer loyalty construct shows good fit to the sample data. Hence, uni-dimensionality of trust and customer loyalty construct is proved pertaining to sample data of this research study.

Goodness of fit indices that are mentioned above (i.e. Chi-square (X^2) / Degree of freedom (df) = 3.895; GFI = 0.942; CFI = 0.977 and RMSEA = 0.072) pertaining to confirmatory factor analysis of corporate reputation is within the suggested cut-off values. It shows that corporate reputation construct shows good fit to the sample data. Hence, uni-dimensionality of corporate reputation construct is proved pertaining to sample data of this research study.

5.1.3 Findings Pertaining to Reliability Analysis of the Research Study.

To assess the reliability of each variable of the research study, Cronbach alpha coefficient and KMO Bartlett test was employed.

5.1.3.1 Cronbach alpha coefficient value of research variables.

- Cronbach alpha coefficient of corporate governance construct pertaining to respondents of the research study is 0.895.

- The value of Cronbach alpha coefficient of discipline dimension of corporate governance pertaining to respondents of the research study is 0.904.
- Cronbach alpha coefficient of transparency dimension of corporate governance pertaining to respondents of the research study is 0.811.

- Cronbach alpha coefficient value of fairness dimension of corporate governance pertaining to respondents of the research study is 0.864.

- The cronbach alpha coefficient value of independence dimension of corporate governance pertaining to respondents of the research study is 0.881.

- The value of Cronbach alpha coefficient of accountability dimension of corporate governance pertaining to respondents of the research study is 0.833.

- Cronbach alpha coefficient value pertains to responsibility dimension of corporate governance pertaining to respondents of the research study is 0.843.

- Value of Cronbach alpha coefficient pertains to social awareness dimension of corporate governance pertaining to respondents of the research study is 0.889.

- Cronbach alpha coefficient value of trust construct pertaining to respondents of the research study is 0.836.

- The value of Cronbach alpha coefficient of customer loyalty construct is 0.918.

- Cronbach alpha coefficient value pertains to corporate reputation construct is 0.973.
5.1.3.2. K.M.O Bartlett Test analysis pertaining to variables and its dimensions in this research study.

- The KMO Bartlett Measure of Sample adequacy to validate the corporate reputation construct is 0.959.
- KMO Bartlett Measure of Sample adequacy of discipline, dimension of corporate governance construct is 0.849.
- The factor analysis of KMO Bartlett Measure of Sample adequacy pertains to transparency, dimension of corporate governance construct is 0.848.
- KMO Bartlett Measure of Sample adequacy to validate the fairness, dimension of corporate governance construct is 0.870.
- Factor analysis to validate the data KMO Bartlett Measure of Sample adequacy has been done on independence, dimension of corporate governance and construct value is 0.853.
- The KMO Bartlett Measure of Sample adequacy pertains to accountability, dimension of corporate reputation construct value is 0.766.
- KMO Bartlett Measure of Sample adequacy of responsibility, dimension of corporate governance construct is 0.819.
- The factor analysis of social awareness, dimension of corporate governance as per KMO Bartlett Measure of Sample adequacy value is 0.834.
- The KMO Bartlett Measure of Sample adequacy of trust construct is 0.805.
- KMO Bartlett Measure of Sample adequacy of customer loyalty construct is 0.869.
5.1.4 Findings pertaining to Normality Test of Variables of the Research Study

- A Shapiro–Wilk’s test (P > 0.05) (Shapiro – wilk ,1965,Razaliand wah 2011) and visual Inspection of Histogram, Normal Q-Q plots and box Plots showed that the Variables of corporate governance ,trust ,customer loyalty are normally Distributed on Corporate reputation.

- Kurtosis of all variables items are within the accepted level of (1.906 to -1.906) Variables with more than (1.906 to -1.906) value are rejected from further analysis.

5.1.5 Findings pertaining to Descriptive Analysis of Variables of the Research Study.

- Mean of items pertaining to corporate governance is 3.559 and standard deviation of corporate governance is 0.454.

- Mean of items pertaining to discipline dimension of corporate governance is 3.779 and standard deviation of discipline dimension of corporate governance is 0.678.

- Mean value for items pertaining to transparency dimension of corporate governance is 3.647 and standard deviation value for items pertaining to transparency dimension of corporate governance is 0.803.

- Mean value for items pertaining to fairness dimension of corporate governance is 3.913 and standard deviation for items pertaining to fairness dimension of corporate governance is 0.655.
Mean value for items pertaining to independence dimension of corporate governance is 5.613 and standard deviation for items pertaining to independence dimension of corporate governance is 0.958.

Mean value for items pertaining to accountability dimension of corporate governance is 4.190 and standard deviation value for items pertaining to accountability dimension of corporate governance is 0.577.

Mean value for items pertaining to responsibility dimension of corporate governance is 5.411 and standard deviation pertains to responsibility dimension of corporate governance is 1.053.

Mean value for items pertaining to social awareness dimension of corporate governance is 3.096 and standard deviation value for items pertaining to social awareness dimension of corporate governance is 0.873.

Mean of items pertaining to trust is 3.218 and standard deviation is 0.857.

The mean value for items pertaining to customer loyalty is 5.477 and standard deviation of customer loyalty is 0.897.

Mean of items pertaining to corporate reputation is 2.778 and standard deviation corporate reputation is 0.944.

5.1.6 Findings pertaining to One Way Analysis of Variance Test.

There is no significant variation in mean of age pertaining to respondents of the research study with respect to corporate reputation.

Significant variation is not found in mean of educational background pertaining to respondents of the research study with respect to corporate reputation.
Significant variation is found in mean of occupation pertaining to respondents of the research study with respect to corporate reputation.

No significant variation in mean of experience with bank pertaining to respondents of the research study with respect to corporate reputation.

No significant variation is found in mean of investment with bank pertaining to respondents of the research study with respect to corporate reputation.

There is no significant variation in mean of annual income pertaining to respondents of the research study with respect to corporate reputation.

5.1.7. Findings pertaining to Independent t test.

The t value for gender of the respondents with respect to corporate reputation is – 3.441 at 5% level of significance. So there is a significant difference is found in mean of gender pertaining to respondents of the research study with respect to corporate reputation.

5.1.8. Findings pertaining to Correlation

There is significant relationship exists between corporate governance with respect to corporate reputation among the respondents of the research study.

There is no significant relationship exists between disciplines, dimension of corporate governance with respect to corporate reputation among the respondents of the research study.

There is significant relationship exists between transparency, dimension of corporate governance with respect to corporate reputation among the respondents of the research study.
● Significant relationship exists between independence, dimension of corporate governance with respect to corporate reputation among the respondents of the research study.

● There is significant relationship exists between fairness, dimension of corporate governance with respect to corporate reputation among the respondents of the research study.

● Significant relationship exists between accountability, dimension of corporate governance with respect to corporate reputation among the respondents of the research study.

● There is significant relationship exists between responsibility, dimension of corporate governance with respect to corporate reputation among the respondents of the research study.

● Significant relationship exists between social awareness, dimension of corporate governance with respect to corporate reputation among the respondents of the research study.

● There is significant relationship exists between trust with respect to corporate reputation among the respondents of the research study.

● Significant relationship exists between customer loyalty with respect to corporate reputation among the respondents of the research study.
5.1.9 Findings pertaining to Multiple Regression Analysis.

- There is significant influence of corporate governance is found on corporate reputation among the respondents of the research study.
- Negative influence of discipline, dimension of corporate governance is found on corporate reputation among the respondents of the research study.
- Significant influence of transparency, dimension of corporate governance is found on corporate reputation among the respondents of the research study.
- There is significant influence of fairness, dimension of corporate governance is found on corporate reputation among the respondents of the research study.
- Significant influence of independence, dimension of corporate governance is found on corporate reputation among the respondents of the research study.
- There is significant influence of accountability, dimension of corporate governance is found on corporate reputation among the respondents of the research study.
- No significant influence of responsibility, dimension of corporate governance is found on corporate reputation among the respondents of the research study.
- There is no significant influence of social awareness, dimension of corporate governance is found on corporate reputation among the respondents of the research study.
- Significant influence of trust is found on corporate reputation among the respondents of the research study.
Significant influence of customer loyalty is found on corporate reputation among the respondents of the research study.

5.2 Suggestions pertaining to the Research Study

Specific suggestions pertaining to research study is given to board and senior management, functional Heads, product and service heads and Top-level executives of the organizations.

5.2.1 Suggestions to board and Senior Management

In a good corporate governance scenario, the boards are expected establish relevant committees and delegate specific mandates to such committees as may be necessary. The study found out that Transparency and fairness of corporate governance dimension influence and impact the corporate reputation. Therefore, the banks are expected to establish a formal and transparent procedure for remuneration of directors, which should be approved by the board and shareholders in all respects.

Transparency can reinforce sound corporate governance. Therefore, public disclosure is desirable in the following areas:

(a) Board structure with regard to size, membership, qualifications and committees.

(b) Senior management structure - regarding responsibilities, reporting lines, qualifications and experience.

(c) Basic organizational structure- in respect of line of business structure, legal entity structure.

(d) Information about the incentive structure of the bank - in relation to remuneration policies, executive compensation, bonuses, stock options.
(e) Nature and extent of transactions with affiliates and related parties.

(f) Compliance with all rules and regulations of regulator and strict adherences to all the internal and external policy requirements.

(g) Publish the audited results within the timelines and make it available to all investors.

The study established that the Independence dimension of corporate governance influence reputation, boards comprised of a greater portion of independent directors for whom this directorship is one of their most prestigious are positively associated with firm actions known to enhance reputations. The board should compose of a balance of executive directors and non-executive directors of diverse skills and expertise in order to ensure independent decision-making processes.

The study shown the relevance of accountability dimension of corporate governance, strongly suggests that role and responsibilities of the chairman, chief executive officer and board is held accountable for the effective running of the bank. They are responsible for the regular audits by internal as well external auditors and monitored by the audit committee appointed by the board. None of board members should be part of executive managing committee. The Board and chairman are responsible for regular board meeting at every 3 months of financial year. Board should have process in place to monitor any mismanagement by management team and correct them at early stages. These critical steps can protect the shareholders and develop the reputation of the bank.
5.2.2 Suggestions to Heads and Top Level Executives of the Organizations

Regression analysis pertaining to this research study shows that corporate governance and its dimension Transparency, Fairness, individually has a significant influence on corporate reputation among the respondents of the research study.

Heads and top level executives of the organization should support the policies and initiatives of management to improve the transparency and fairness in all their dealing with respective to stakeholders, this would in turn lead to develop a positive reputation for organization.

Research study established that trust has a significant impact on corporate reputation among the respondents of research study, hence the Head of the departments should take adequate care in designing customer and environment friendly products and policies to establish a strong trust on bank’s products and services. To enhance trust on the product, banks are expected to develop a product with relatively more value addition then their competitors. They should educate their team and constantly make sure training schedule to all employees to deal with the customer in a most cordial approach which will build confident on the banks products, services, and enhance the trust on the banks products and services. Service heads has to develop a core team for retention of existing customer and develop a retention programme to retain the customer, who have shown less interest in re- purchasing the products or availing the services from banks.

Trust and customer loyalty has a significant impact on corporate reputation, it is suggested that head of customer service should take adequate care in design a system and process to serve the customers. It expected that “customer delight” feel in all the products and services of the banks.
Enhance the trust on the bank, the products are delivered to customer within relatively better timelines compare to other banks. In continues process to reinforce the trust on the banks products and services will build a customer loyalty and intern develop a reputation for the bank.

Research study established that customer loyalty has a significant impact on corporate reputation among the respondents of research study, hence the Head of the departments should take adequate care in deciding the polices, process and pricing of the products and services as It will have direct an impact on customer loyalty factor on bank products and services.

5.3 Limitations of the Research Study

Every research study has its limitations and this study is not an exception. The limitations of the present research study are listed below:

(a) This research study is specific to banks, the data for this research study has been collected from Chennai in Tamil Nadu state, India. Therefore, the generalizability of its findings to other location is not possible. The findings of this research study cannot be generalized to other places in Indian state as well as to other states in India.

(b) This research study relies on data obtained from the banking and finance professional’s opinion. The responses may suffer from human bias and prejudice.

(c) The resources and time are the reasons for a limited number of respondent included in the research sample. In future we can improve the sample size with more respondents.
(d) The majority of respondents are from private sector banks as well foreign bank accounts holders, respondents from nationalized banks as well co-operative banks from rural areas needs to be included in future research.

5.4 Scope for Future Research

The following suggestions are given to researchers whose area of interest is in corporate reputation:

(a) Researchers can take up research on the influence of corporate governance other dimensions like, cultural background, integrity, customer focus and product and service quality, media management and communications in a particular place in India or in any other country.

(b) Researchers can take up research on the influence of trust and customer loyalty on corporate reputation among the Telecom, E-commerce, manufacturing and FMCG sectors in a particular place in India or in any other country.

(c) Researchers can take up comparative research study on the influence of corporate governance, trust and customer loyalty on corporate reputation among service sectors in India as this sectors has grown rapidly in the recent years.
5.5 Conclusion

The respondents included in the research study shown high level of awareness and responsibility in recognising the role of corporate governance and its significance in the development of corporate reputation.

The result of regression analysis of this research study shows that corporate governance and its dimension transparency, fairness, Independence, Accountability, trust and customer loyalty individually has a significant influence on corporate reputation among the respondents. It is also evident from the results of regression analysis of this research study that discipline, dimension of corporate governance individually has negative influence on corporate reputation among the respondents of the research study.

Corporate governance has different impact on corporate reputation. Transparency and fairness plays a stronger role in developing corporate reputation in commercial banks operating in Chennai, India. According to our study these two variables significantly contribute in creating good corporate governance which ensures corporate reputation developments.

According to the interpretations of our study discipline has negatively influence the corporate reputations. This study also proposes that social awareness also contributes in developing good corporate governance. Top level management should take attention towards corporate governance in return to gain confidence among investors and customers which develops the corporate reputation.
Majority respondents of banks and NBFC’s companies and customers share the opinion that companies are liable to disclose their internal corporate information to public, therefore transparency, fairness, independence and accountability of corporate governance control factors are recognised as significant factors in corporate reputation development.