ABSTRACT

Fundamental to a stock broking business is its ability to service its customers and enhance the relationship by building on their loyalty. Loyalty per se, for a very long period has been an area of investigation conducted by both academicians and practitioners for so many decades. Stock broking is one of the key businesses in the financial services industry and customers are an integral part of this eco-system and not many studies have been undertaken in this area. Against this backdrop, this study is an examination of the determinants of service loyalty in Indian stock broking, and empirically tests the relationship amongst service quality, service satisfaction, service trust, positive word of mouth and service loyalty.

The researcher identified that there are hardly few studies on customer loyalty in stock broking. Based on the available literature, factors proposed by earlier research were identified and a research model was developed and hypothesis for measuring service loyalty was constructed. The antecedents of service quality, service satisfaction, service trust and positive word of mouth were identified through literature review. After conceptual underpinnings, an
instrument was developed and survey was conducted among the customers of stock brokers.

Using systematic random sampling, the data was collected from respondents in 12 cities of India viz., Bengaluru, Bhubaneswar, Chandigarh, Chennai, Cochin, Guwahati, Hyderabad, Indore, Kolkata, Mumbai, New Delhi and Patna. The data analysis of this empirical study was carried out using Independent t-test, One way ANOVA, Exploratory Factor Analysis, Confirmatory Factor Analysis and Structural Equation Modeling through SPSS 20.0 and AMOS 20.0 software.

The findings revealed that apart from the five factors namely, tangibility, reliability, responsiveness, assurance and empathy being components of service quality, there exists a direct relationship between service satisfaction, service trust and positive word of mouth on service loyalty in stock broking. The foremost implication of this study is in urging the stock brokers to improve on their service loyalty by focussing on the aforesaid parameters. Further research can also be extended by testing this model in a different country or even in other services industry such as tourism, medical, hospitality, retail, depository services etc.