

Clarifying the Role of Brokers in Customer Satisfaction and Maintain their Status in the Development of Financial Markets

Dr. Bijan Abedini

Accounting PhD. Hormozgan Azad University, Bandar Abbas Branch, Iran.

Dr. Mohammad Hossein Ranjbar

Financial Management PhD. Faculty Member of Azad University, Bandar Abbas, Iran.

Zahra Hajebi

M.A Student of Commercial Management (Financial Branch) of Azad University, Bandar Abbas, Iran

Abstract:

This study used a descriptive survey method and is applied by purpose. Population of this research, are Bandar Abbas brokerage. Due to the limited number of samples all brokerage been tested And all of employees of stock brokerage of Bandar Abbas and a number of university professors and experts who had complete data on agencies to respond to the questionnaire been used Also clients and investors who are in contact with the broker of Bandar Abbas was due to not having unlimited access to all of customers and investors. So select a random sample of 101 specimens randomly to represent total population.to collect data researcher use library and questionnaire method questionnaire validity calculated by Cranach Alpha . Reliability calculated by Cronbach's coefficient equal to 0/90 for The role of broker in client retention and 0/93 for the questionnaire for customer satisfaction questionnaire on the role of brokers ,0/87for questionnaire on determine their standing in financial markets and 0/92 for questionnaire on the role of brokers in developing financial markets. After considering the coefficient obtained, we approve the internal consistency of the questionnaire and the questionnaire is reliable. For data analysis it been used descriptive statistics and inferential statistics to analyze the data ,To test the research hypothesis to determine the data normality Kolmogorov-Smirnov test (KS) was used . To test the hypothesis one-sample T-test method is used, the results showed that:

The role of brokers is significantly effective in protecting consumers in the financial marketplace.

- The role of brokers is significantly effective in customer satisfaction in the financial markets.
- The role of brokers in the market place is significantly more effective
- broker status significantly affects the development of the financial market

Keywords: agents, customer retention, customer satisfaction, and financial market development.

Introduction:

Economies of developing countries due to lack of the financial resources needs to recruit an optimal allocation of resources in economic activities in the capital market and also Subscribe to the other international markets. Because in economy, the task of mobilizing and allocating financial resources to the financial sector, so the development of the financial sector to economic growth and increase social welfare in any society

is essential. Financial sector of each economy, including money and capital markets is affected by monetary policy .money market and capital markets in the world include three market of bond market, debt market and the mortgage market. Stock market is structured and formal market that it traded securities such as shares and bonds by regulations made pursuant to a stock broker.

Brokers are individuals or legal entities that mediate between the buyer and seller in the stock market game. In this role, they are responsible for finding a buyer for the seller and the seller to the buyer.

In other words, they are responsible for matching of supply and demand factors are divided into two categories: public and private. The way to buy and sell shares of firms in the market, only by official agencies of the Stock Exchange. And it would help transparency of market transactions. Thus, as transaction information such as the number of shares traded and the number of buyers and sellers every day price becomes available. They are selected based on Several tests and procedures and received Licensed establishment and its operation from the Stock Exchange, So they have necessary work competencies, skills and knowledge . Brokers are released into market on customer account and And on behalf of customer attempt to deal with him. Due to the nature of the function of agents, not only these individuals must also have the expertise, experience and intelligence, but also they should obey honesty and trust as moral obligations. All of us have to earn more profits and luxuries of the modern world .There are several ways to achieve this include the activities of the Stock Exchange.

Trading financial assets, including stock brokerage firms that are part of complex products and services, which should be based on customer's demand personalization This type of relationship between the client and server with appropriate communication will be continued and strengthened. In this firm replacement costs arise because Investors need to share their preferences and desires with brokerage reports . if investor decided to leave the company gets to share and transited the needs and preferences to the new server This is very costly in terms of time and convenience to the investor.

risk preference of investors and their buying are not things that t can easily be exchanged. In many cases, brokers over time identified most of the customers' emotional as well as financial assets trading history and identified their priorities . And consider their recommendations And makes recommendations to the investment needs to be more consistency and authenticity. Dependence of the investor to agent is so much that in many cases when an agent decides to leave the company, its customers also take(Booth and others 2003). So Considering the heavy reliance of investors and their activities , the main issue of the present study is that What role do brokers in keeping clients satisfied with their position in the financial market? How to play this role?

Review of literature

Omran&Bolbol Haqiqi (2003) study the role of financial markets in the influence of FDI on economic growth - Arabic countries . In this study, they using data for the period of 1975-2000 and data compilation method Concluded that financial market reform should be improved to attract more foreign direct investment.

Hermes and Lnsynk (2003) using time series data for the period of 1970-1995 to 67 countries To evaluate the impact of financial developed market impact on FDI on growth . They were samples of sub-Saharan Africa countries with weak financial sector and rejected The view that FDI increases economic growth . Also, they found that the less developed countries to the impact of FDI on growth could improve, First, they must reform their domestic financial systems.

Fraser (2004) in a study titled "American and Japanese shareholders how they process information and with regard their expectation how they behave? He evaluate the efficiency of the capital market and its effect on the shareholders' expectations. Research results showed that the expectations of the stakeholders

is more in efficient markets And in markets with higher efficiency to provide further information about the Company's shareholders are concerned And according to this decision determine their investment strategy.

Hysv (2006) in a study entitled "The effect of transparency of financial information on the behavior of investors in the Taiwan Stock Exchange and Clarify the role of financial information in an increase in the rate of investment in the stock market. His study showed a significant positive relation is with stock investors' perception of transparency of financial information and their behavior . And among the dimensions of transparency, transparency of ownership structure is the most effective The investors' perception of transparency with regard to demographic variables have different dimensions. And the relationship between experience in stock investment and their behavior is positive and significant relationship.

Lyjang Wall (2007) review issue of financial sector development, foreign direct investment and economic growth in China . In this study they use generalized method of 5 for 28 provinces of China during 1986-2003. And showed that the interaction between FDI and economic indicators, improve economic growth . Chiang Lee et al (2009) in a study using data from 37 countries for the period 1970-2002 in the role of financial markets influence of FDI on economic growth. In this study, by using error correction and collectively concluded that In the long term impact of financial market development on economic growth is more than FDI .

Asmann Saini and colleagues (2010) study the impact of financial markets on the relationship between FDI and economic growth in Their study by using data from 91 countries in the period 1975-2005 to estimate the threshold found that when a certain amount of financial markets

increases, the effect of FDI on economic growth will be positive.

Abzry and colleagues (1386) examined the role of reference groups in encouraging people to invest in the stock market The results of the study reveals that the statistical hypothesis for the first research question about Influence of reference groups to encourage individuals to invest of Esfahan stock markets is approved

Mahdavi, R. and Mahdavi, RouhAllah (1387) examined the influence of FDI on economic growth and development of the financial market of Iran. The results show the development of financial markets is enough to cause significant influence of FDI on GDP . In addition, financial market indicators have a negative impact on GDP. Haydariyan Akbarian (1388) examined the impact of financial market development on economic growth in the years 1345 to 1386 . The results of the estimated equations show that in both models show the negative impact on economic growth in the short term financial . But in the long run with the connivance of the quantitative relationship between financial development and economic growth, Indicate a lack of careful monitoring of the banking facilities granted .

Mahdavi et al (1389) examined the impact of financial market development impact of FDI on economic growth in host countries using panel data discussed. Accordingly, in this study we aimed to influence financial market impact of FDI on economic growth in our survey .The results show that in developed countries in terms of financial market impact of FDI on economic growth is positive and significant. And in less developed countries in terms of financial market effects of FDI on economic growth is not significant.

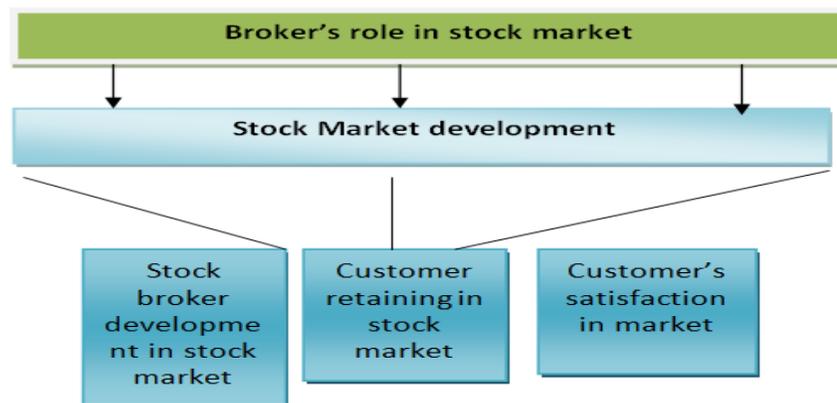
Dmvry and Farid (1390) assess and analyze the factors affecting the consent of the investors as customers of brokerage firms in Tehran Stock

Exchange (Case Study: Regional Exchange of Tehran, Isfahan and Yazd) The results of this study indicate that respectively investors satisfaction is more in exchanges of Tehran, Isfahan, Yazd. Exchange officials of region -al of Esfahan requires more attention to investors need. Notably, although officials in Tehran and Yazd exchanges somewhat absorb and attract customers But still half a negative gap exist among the indicators of customer satisfaction .Interestingly, the results of this study did not meet investors' expectations about returns on three stock so more studies are needed about it.

Research Goals

The overall goal:

Conceptual diagram



Research Hypotheses

- First hypothesis: Brokers have a significant role in retaining customers in the financial market.
- The second hypothesis : brokers in customer satisfaction in the financial markets as significant.
- Third hypothesis: agents can determine its position in the financial markets as significant.
- Fourth hypothesis: the agents in the development of financial markets has a significant impact.

Research Methods :

This study used a descriptive -survey method (by using library studies and follow-up questionnaires) is not as causal relationship or comparison with other communities ,It only deals with the description of phenomena) and is an applied research. Population of The research are brokerage of Bandar Abbas who due to the

Clarifying the role of brokers keep customer satisfaction and their status in the development of financial markets.

Other detailed objectives:

- 1 .clarifying the role of brokers in saving the customers' in the financial market
- (2) clarifying the role of brokers in customer satisfaction in the financial market
- (3) clarifying the role of brokers in their role in the financial markets
- 4 clarifying brokers status regarding the development of financial markets

limited number of samples all the brokerage were tested . And the entire staff of agencies and experts of exchange of Bandar Abbas and a number of professors who had complete information on the agencies to answer the questionnaires been used. The sample of 101 specimens were selected to represent the entire population of our survey .To gather information

,library research methods and questionnaires were used. The research instruments included two this study 90/0 for questionnaire of the role of brokers in customer retention and the

	Broker roles on customer retaining	Brokers role on customer satisfaction	Brokers role in their status	Brokers status in development of stock market
--	------------------------------------	---------------------------------------	------------------------------	---

questionnaires. According to theoretical studies to determine the validity of the test variables were identified. Then identified variables was sent for evaluation of validity to experts . After the

questionnaire role of broker in customer satisfaction were 93/0. This coefficient varies between zero and one, and if larger than .5 and closer to one is safer and if less than .5 reliability

Brokers status in Development of financial markets	Brokers on their position in the financial markets	Brokers in customer satisfaction in the financial market	Brokers keep clients in the financial market	
16	7	20	8	Number of question
0/92	0/87	0/93	0/90	Cronbach Alpha

reforms through Content validity it is was found that data collection tool was parallel with research questions. It can be concluded that the data collection tool used to evaluate the factors that are expected to evaluate so research has the necessary validity. Reliability calculated by Cronbach's coefficient for the questionnaire in

and acceptability will be reduced. After considering the coefficient obtained, we approve the internal consistency of the questionnaire and the questionnaire is valid. In this study, the reliability of the questionnaire was calculated by using Cronbach's alpha that it been showed in below table:

So we conclude questionnaire has internal consistency and is valid.

To analyze the data, descriptive statistics for each variable as the index (average and median) and measures of dispersion (range changes. Standard deviation, SD) were calculated. Then with the help of statistical data , hypotheses and changes have been examined In this study the data to determine the normality of data Kolmogorov-Smirnov test (KS) was used To test the hypothesis one-sample T-test method is used.

Findings

sample	101	101	19	19
Kolmogorov-Smirnov test	.738	.762	.657	.536
Significance level	.647	.606	.781	.936

Kolmogorov-Smirnov test (ks) to determine the normality of distribution of variables. In this study to determine the normality of data Kolmogorov-Smirnov test (KS) was used. The score obtained in the role of agents in customer Retention ($Z=.738$), the role of brokers in customer satisfaction ($Z = .762$), the role of brokers in their status in market was .657 and the role of brokers in development of stock market was .536 so all variables are normally distributed.

First hypothesis: The role of agents is significantly effective in protecting consumers in the financial marketplace.

Table of one-sample T-test for the First hypothesis

	Test criteria					
	t	Degrees of freedom	Significant level	Mean difference	95%	
					low	up ^l
The role of brokers in customer retaining	4.806	100	.000	.59530	.3496	.8410

According to information obtained from the above, since the difference between the average and standard test scores is significant And since the average score was higher than the score on the test criteria and are statistically significant, It can be said that the financial market is efficient in retaining customers significantly ($p < 0/05$).

Second hypothesis: The role of brokers is significantly effective in customer satisfaction in the financial market

Table of one-sample T-test for the second hypothesis

	معیار آزمون					
	T	Degrees of freedom	Significant level	Mean difference	%	
					low	up
Broker role in customer satisfaction	10.393	100	.000	1.14752	.9285	1.3666

According to information obtained from the above, since the difference between the average and standard test scores is significant And since the average score was higher than the score on the test criteria and are statistically significant, It can be said that the agent was significantly more effective in the development of financial markets ($p < 0/05$).

Results

According to investigations, the research hypothesis, the results showed that the agent was significantly retained and satisfied customers in determining their status and influence in the development of financial markets. So:

According to the result of the first hypothesis, STATING THAT brokers role in retaining a significant impact on the financial market there, which was accepted, it is recommended:

Although Bandar Abbas agencies well done their duties to investors and customers in side of their aims but expectation is more about them

Because Bandar Abbas city is as weak as in stock cultures the efforts of the agencies of Bandar Abbas, should to keep customers and encourage new investment by previous customers That this cause increased investment in stock .Particularly, in this city who earn too much money and it can be easily earned compared to other provinces ,The revenues earned by individual investors should taken in the stock by holding conferences and courses So as to prevent the stagnation of the money in the community. The point remarkable is that the agency must provide information in a timely, accurate and relevant to our customers.

According to the results of the second hypothesis, STATING THAT significant impact on the role of brokers in customer satisfaction in the financial market, which has been accepted, the offer becomes:

Now the whole world's gone to market to the customer and all of the tasks should be in line with customer satisfaction so all Bandar Abbas agencies must perform all their duties in line with

customer satisfaction And one of the things that most impact has on customer satisfaction in the field was that Agent of Bandar Abbas should dispose information about the rights of clients in a fully transparent service To be able to have the investment returns of more stock and increase customer confidence This increase in investment causes the stock market to be stagnant liquidity In this way we can avoid inflation and used domestic funds of customers And factories in the country by the Funds are rotated And the remarkable thing is that based on in-person interviews the investor has. Their biggest concern is the lack of amenities (internet, convenient place to exchange ideas and buy sale, space is limited ...) Suits by stock brokers in Bandar Abbas .That when these problems been deleted people's willingness increase to work with Abbas stock brokers.

Recommendations based on the results of the third hypothesis:

⦿ Based on the results of the third hypothesis, STATING THAT brokers to determine its position in the financial markets as significant. Which was accepted, it is recommended:

Bandar brokers need to pay much attention to and be aware of Officials of Chartered honest, the depositary Causing stability and position of the Stock Exchange. Bandar Abbas agencies shall seek to promote market analysis and development of information and transparency in their transactions This requires robust and efficient regulatory institutions to achieve progress and development in our stock And also Bandar agencies should have good advice on initial stock offerings and qualified brokers for accreditation of organizations using To be trained in the theoretical analysis dealing with clients and their investors With this additional security will be created in order to buy and sell shares on the stock of Bandar Abbas

According to the result of the fourth hypothesis, STATING THAT position of brokers in the

development of financial markets has a significant impact. , Which was accepted, it is recommended:

With the exact duties of the position created by the insertion of Bandar instability and increased investment in the stock market and whatever enhance customer satisfaction in the market and we can draw more people into the financial and we hope that financial market development that work done by the agency of Bandar Abbas. And need for a more objective and accurate loan people more aware and more honest , and by training them to a higher level where they promote and this lead to more investment into the stock, and this will be the development of financial markets.

The purpose of this requirement is that employees in the course of their duties Bandar brokerage rules to do so.

Proposal for Research:

1 functions of new financial instruments, market development

2 reviews the structure, duties and functions of financing companies in the secondary market and provide a model for Iran

(3) the role of financial institutions in developed markets with an emphasis on securities firms, brokerage

4 reviews strategies to increase peoples participation in the country's capital market

References

- 1-Ahmadi P., Pvrashrf Yasanalh (1386) track customer satisfaction in commercial banks, Journal of Human Sciences 11 (3 s (52), p S29-58
- 2-Abzry, M., S. Samadi, A. Safari (1386) "The role of reference groups in encouraging people to invest in the stock market, Case Study: Exchange of" checks Jsabdary and Auditing, Vol 84, Issue 48, Summer 86, pp 3-22
- 3-Stock Exchange Trading Review (tools needed to play a real role in the Tehran Stock Exchange market capitalization)
- 4-pour Iraj j, MR (1377) investigated factors affecting customer satisfaction and development to

improve the organization's bank (Bank Mellat studied Mashhad) MBA Thesis Supervisor: Dr. Alireza Rahimi Boroujerdi, Faculty of Economic and Administrative Sciences, Ferdowsi University of Mashhad .

5-Jeff Madura, Compilation and Translation: doctor Ibrahim Abbasi, Ali Dvsy-markets and financial institutions-companies in Tehran Stock Exchange (LLP), Management Education, 88 6 Pour-Heidari, Seyed Mohsen Akbarian, R. (1388) "investigate the impact of financial market development on economic growth in the years 1345-1386," Economic Journal, Vol IX, No. III, pp 44-63

7-Darius Dmvry, D. Freed-evaluation and analysis of the factors affecting customer satisfaction of investors as placement companies in Tehran Stock Exchange (Case study: exchanges of Tehran, Isfahan, Yazd) Business Manager, Volume 3, Number 8, Summer 90, page 61-80

8-Dyvandr Ali, Sydjvodyn SR, Nahavandian Mohammad, Aghazadeh, H. (1387). "Examines the relationship between market orientation and performance of commercial banks", Economic Research, 45: 83, pp 47-70

9-Rostami, Ali Asghar, semnani Larry B. (1384) Case Study -Vaml affecting the attractiveness Stock Exchange (TSE Tehran) Check the use of accounting and auditing, No. 42,

10-Raii, R. Tlgy, A., advanced enterprise management and editing of books published by the Human Sciences (left). First Edition, 1383.

11-Rahman Mahdavi..., Mahdavi (1387) "influence FDI and Financial Market Development on Economic Growth in Iran", Journal of Modern Economics and Business, Issue 14, Pages 129 147

12-Skaran Uma (1380). Research Methods in Management. Sabean and Mahmoud Muhammad of Shiraz, Tehran: Center for Public Management.

13-Saidi, and A. Parviz Amiri. (1387) examine the relationship between stock price inflation Industries in Tehran Stock Exchange, Journal of Management, Issue 12, Winter 1387

- 14-Symkhvah M. (1383) compared the quality of banking services to customers with a fuzzy approach, MSc thesis of Allameh Tabatabai University.
- 15-Iraqis H. (1385) studied the factors affecting the consent of the shareholders of the investment in the Tehran Stock Exchange, MBA thesis, Institute of Research Management and Planning.
- 16-Abbasian, E. and M. MORADPOUR and Vahid Abbasion. (1387), the effect of macroeconomic variables on the Tehran Stock Exchange Index, *Journal of Economic Studies*, Vol XII, No. 36,
- 17-Fakhr al-Hussaini, Syed Ali Shahabi Fkhradyn. (1386), The effect of stock market development on economic growth in Iran, *Humanities and Social Sciences "economic science"*, the seventh year, the number twenty fourth, Spring 86, 87, 152 pages 135
- 18-Farshadfar Ezzat Allah (1380). Multivariate statistical techniques. Mashhad Publication Bostan.
- 19-Golriz H. (1374). Stock Exchange, with particular attention to the Tehran Stock Exchange. Tehran: Amir Kabir.
- 20-Institute for Monetary and Banking Studies (1375) Introduction to the Tehran Stock Exchange. Tehran: Institute for Monetary and Banking Ntsharat.
- 21-Mahdavi, Roh Allah , Esfandiar and Angelica, Mahmoud (1389), "The effects of the financial market on the impact of FDI on economic growth in host countries using panel data," *Journal of Economic Modeling Research Issue 2*, Page 21 -40
- 22-Larijani Nikzad S. Meier (1387) investigated the Tehran Stock Exchange and the development of ways - in competition. Tehran: Plan and Budget Organization of Mazandaran.
- 23-Colgate M, Hedge R (2001). An investigation into the switchin process in retail banking services. *The International Journal of Bank Marketing* 19 (4/5): 201–212
- 24-Dibb S, Meadows M (2001).“The application of a relationship marketing perspective in retail banking”, *The Service Industries Journal*, Vol. 21 No. 1, pp. 169-94.
- 25-D.alasdairs.trunbull,Robert.white.Brian F.smith-In search of liquidity:The block brokers choice of where to trade cross-listed stocks
- 26-Fraser P. (2004). How do U.S and Japanese Investors Process Information, and How do they from their Expectation of Future? Evidence from Quantitative Survey Based Data. *Journal of Asset Management*, 5(2), 77-90.
- 27-Foss B, Stone M (2001). Successful Customer Relationship Marketing: New thinking, New Strategies, New Tools for Getting Closer to Your Customers, Kogan Page, London.
- 28-Hsiu J. F. (2006). Effect of Financial Information Transparency on Investor Behavior in Taiwan Stock Market. *ProQuest Database*, 16(3), 6-22.
- 29-Hwang Y, Dan J. Kim (2007). “Customer self-service systems: The effect of perceived Web quality with service contents on enjoyment, anxiety, and e-trust,” *Decision Support Systems* 43: 746- 748.
- 30-Harrigan P, Ramsey E, Ibbotson P. (2008). e-CRM in SMEs: an exploratory study in orthern Ireland, *Marketing Intelligence & Planning*, Vol. 26, No. 4, pp. 385-404.
- 31-Hermes, N., and R, Lensink.(2003), Foreign Direct Investment, Financial Development and Economic Growth, *Journal Of Development Studies*, Vol.140, pp. 142-163
- 32-Lee. C, Chang. C. (2009). FDI, financial development, and economic growth: international evidence. *Journal of Applied Economics*. 2, 249-271.
- 33-Ljungwall, C. (2007). Financial sector development, FDI and economic growth in China, *China Center For Economic Research*.
- 34-Omran, M., & Bolbol, A. (2003). Foreign direct investment, financial development and economic growth: evidence from the Arab countries, *Review of Middle East Economics and Finance*, 1(3), 231–249.
- 35-Parasuraman A, Zeithaml V.A, Berry L.L (1988). “SERVQUAL: a

multiple-item scale for measuring consumer perceptions of service quality”, *Journal of Retailing*, Vol. 64 No. 1, pp. 12-40.

36-W.N.W. Azman-Saini, Siong Hook Law, Abd Halim Ahmad.(2010). FDI and

economic growth: New evidence on the role of financial markets. *Economics Letters*, Volume 107, Issue 2, Pages 211-213

37-West E (2001). Management matters: the link between hospital

organization and quality of patient care. *Qual Health Care*; 10(1): 40-8.

38-Yavas U, Benkenstein M, Stuhldreier U (2005). Relationships

between service quality and behavioral outcomes: a study of private bank customers in Germany. *The International Journal of Bank Marketing* 22 (2/3), 144