

## Relationship Between Bank of Employment, Age And Credit Decision Making - A Survey Of Banks in Madurai District, India



### Management

KEYWORDS : Women entrepreneurs; banker's decision making; money lending

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### ABSTRACT

*Raising awareness of women along with modern globalization pressures them to involve in various entrepreneurial activities. But owing to the financial constraints, many of them depend upon the loans from various sources mainly from commercialized banks. Hence, it is mandatory for them to know the exact status of the banks with the loan based strategies and schemes. However, scheme related information is very cleared due to the development of IT, but still the internal strategies involving in credit assessment are being a myth, also it may changes from one bank to another. Hence, this study itself takes the responsibility to explore the relationship between the bank of employment and age with the decision making strategy in the time of money lending, which may assist the women entrepreneurs to clear the picture about the banks. However, for this study, it has been considered top five commercial banks including SBI, IB, IOB, CB and BOI. From the replies of the respondents, the relationship was tested with the assistance of one-way ANOVA. Finally, this study concluded with the results revealed the interrelationship between the factors in the time of money lending.*

### Introduction

It is tough to underestimate the role of women entrepreneur's social capital. Moreover having an impression, it is needed to interact with additional market agents to advance the business. For example, not only relevant experience but also availability of existing links in particular areas might decrease costs of production and promote sales. Furthermore, links to financial institutions are particularly important in the early stages of business development as they reduce obstacles in external financing, usually faced by women entrepreneurs with young and small firms. According to Evas and Jovanovic [1] and Talavera et al [2], the finance and entrepreneurship literature has long suggested the existence of financial frictions, implying that entrepreneurs are unable to receive funding to finance their business ideas. In addition, most of the developing context, women entrepreneurs, still behind the awareness maturity level, which highly makes an impact on their capital generation. On the other hand, commercial banks major formal source for providing capital assistance to women entrepreneurs, but conflicting part is, the women entrepreneurs are not aware of the internal strategies made by the banks in the time of credit based decision makings. Also no previous studies explore the decision making pattern of the banks and their relationship with other factors, hence minding this gap, this study sought to explore the relationship among banker's decision making attitudes. In order to fulfilling the aim of the study, the key objectives are proposed and mentioned below.

- To study the demographic profile of the bankers in Madurai district
- To explore the relationship between the credit decision making with respondents bank of employment
- To explore the relationship between the credits decisions making with respondents age group.

### Methodology

However, as an initial step, the existing literatures in the core field were reviewed by which the questionnaire was framed. For the purpose of this study the required database of bankers were collected from the appropriate banks. The type of research used for the study is descriptive in nature.

### Data collection methods

For the reliability of the study, the data were collected from both primary and secondary sources. Primary data are the fresh data which are collected the replies of respondents whereas the secondary data has been composed from web, journals, periodical and newspapers.

### Research Design

The type of research is descriptive in nature, which is having the sample size of 141, drawn from the result of population study.

### Sampling method

As discussed earlier population study was adapted for sampling. The area of the study is classified into 14 blocks such as Madurai city, Madurai east, Madurai west, Thirupparangundram, Melur, Kottampatti, Vadipatti, Alanganallur, Thirumangalam, Kalligudi, Usilampatti, Chellampatti, Sedapatti and T. Kallupatti. The total population of bankers (creditors) in Madurai district is 141.

### Tool for analysis

Data are analyzed through descriptive analysis with the assistance of the statistical techniques percentage analysis and one-way ANOVA.

### Data Analysis and interpretation

The data analysis folds into three categories namely demographics, relationship between bank of employment and decision making and relationship between age and decision making.

**Table 1: Demographic profile of bankers**

S. No	Factors	Number of Respondents	
		Numbers (141)	Percentage (%)
1	<b>Bank</b>		
	SBI	40	28.37
	IB	29	20.57
	IOB	25	17.73
	CB	34	24.11
	BOI	13	9.22
	<b>Total</b>	141	100
2	<b>Block</b>		
	Madurai City	73	51.77
	Madurai East	9	6.38
	Madurai West	2	1.42
	Thirupparangundram	7	4.96
	Melur	6	4.26
	Kottampatti	5	3.55
	Vadipatti	5	3.55
	Alanganallur	5	3.55
	Thirumangalam	5	3.55
	Kalligudi	4	2.84
	Usilampatti	6	4.26
	Chellampatti	4	2.84
	Sedapatti	5	3.55
T. Kallupatti	5	3.55	
	<b>Total (14 Blocks)</b>	141	100

3	<b>Area</b>		
	Rural	68	48.23
	Urban	73	51.77
	<b>Total</b>	141	100
4	<b>Position</b>		
	Branch Manager	68	48.23
	Credit Manager	73	51.77
	<b>Total</b>	141	100
5	<b>Gender</b>		
	Male	97	68.79
	Female	44	31.21
	<b>Total</b>	141	100
6	<b>Age</b>		
	<25	0	0
	25-40	92	65.25
	40-55	36	25.53
	>55	13	9.22
	<b>Total</b>	141	100

Source: Primary Data

From Table 1 it is clearly revealed that, among five commercial banks, SBI holds the position in number on Madurai district. Next to that, Indian bank captures the second position and the least number can be seen on BOI. However, as mentioned earlier Madurai district was categorized into 14 blocks, in which most of the banks are situated in Madurai city block with the percentage of 51.77. From the table it is come to know that 51.77 % of banks are situated in urban region whereas 48.23% lies on rural region. Generally, in rural areas the bank manager is also act as credit manager owing to the area limit and business capacity of the bank, hence it is projected as the position of the respondent depend on the area. Most of the respondents are male with average of 68.79 % and remaining holds by female candidates, it is quite surprising that most of the managers fall under the age group of 25-40, it is nearly 65.23% of total numbers, also there is not a single manager below age of 25.

**Hypothesis formulation and testing**

As discussed earlier the main aim of this study is to explore the relationship between bank of employment and age with credit decision making. In order to achieve this aim, this study formulated 10 hypotheses, in which the decision making statements are correlated with age and bank of employment.

**Statement 1:** I consider several options before making a decision

**Hypothesis 1a:**

**H0:** Bankers level of decision making considering several options are varying insignificantly with respect of bank of employment.

**"B1 = " B2 = " B3 = " B4 = " B5**

**H1:** Bankers level of decision making considering several options are varying significantly with respect of bank of employment.

H1: Not all  $\mu$  are equal

**Table 2**  
ANOVA: Single Factor

SUMMARY				
Groups	Count	Sum	Average	Variance
SBI	40	143	3.575	1.430128
IB	29	92	3.172414	0.504926
IOB	25	69	2.76	1.273333
CB	34	143	4.205882	0.410873
BOI	13	45	3.461538	0.269231

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	33.97152	4	8.49288	9.849964	0.00000049	2.43824
Within Groups	117.2625	136	0.862224			
<b>Total</b>	<b>151.234</b>	<b>140</b>				

It is clear from the table 2 that analysis of variance was performed to measure the significant difference on the opinions towards decision making considered for lending among bank of employment of the respondents. The sum of squares, degree of freedom and mean of squares value of between the groups was 33.97, 4 and 8.4928 whereas among within groups the values are 117.262, 136 and 0.862. One way ANOVA revealed significant result for F-value of 9.8499 and  $F_{crit}$  value of 2.4382 with the P value of 0.00000049. Hence null hypothesis is rejected. It is concluded that there is a significant difference on agreeability among bank of employment towards considering several options while credit decision making. The result proves that levels of decision making attitudes considering several options of different banks of respondents are not similar.

**Hypothesis 1b**

**H0:** Bankers level of decision making considering several options are varying insignificantly with respect of age group.

**"AG1 (<25) = " AG2 (25-40) = " AG3 (40-55) = " AG4 (>55)**

**H1:** Bankers level of decision making considering several options are varying significantly with respect of age group

H1: Not all  $\mu$  are equal

**Table 3:**  
ANOVA single factor

Groups	Count	Sum	Average	Variance
25-40	92	389	4.228261	0.573698
40-55	36	141	3.916667	0.592857
>55	13	33	2.538462	1.955897

  

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	32.80562	2	16.40281	23.53313	0.000000016	3.061716
Within Groups	96.18729	138	0.697009			
<b>Total</b>	<b>128.9929</b>	<b>140</b>				

It is clearly revealed from the table 3 that analysis of variance was performed to measure the significant difference on the opinions towards decision making considered for lending among age of the respondents. One way ANOVA revealed significant result for F-value of 23.5331 and  $F_{crit}$  value of 3.06171 with the P value of 0.000000016. Hence null hypothesis is rejected. It is concluded that there is a significant difference on agreeability among age of bankers towards considering several options while credit decision making. The result proves that levels of decision making attitudes considering several options of different age group of respondents are not similar.

**Statement 2:** I invite multiple perspectives before making a decision

**Hypothesis 2a**

**H0:** Bankers nature of decision making through inviting multiple perspectives is varying insignificantly with bank of employment.

$\mu_{B1} = \mu_{B2} = \mu_{B3} = \mu_{B4} = \mu_{B5}$

**H1:** Bankers nature of decision making through inviting multiple perspectives is varying significantly with bank of employment

H1: Not all  $\mu$  are equal

**Table 4:**  
ANOVA single factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
SB	40	163	4.075	0.532692	
IB	29	88	3.034483	1.534483	
IOB	25	73	2.92	1.993333	
CB	34	153	4.5	0.257576	
BOI	13	46	3.538462	0.269231	

  

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	55.76673	4	13.94168	15.37628	0.00000000212	2.43824
Within Groups	123.3113	136	0.906701			
Total	179.078	140				

From the table 4 that analysis of variance was performed to measure the significant difference on the opinions towards decision making considered for lending among age of the respondents. One way ANOVA revealed significant result for F-value of 15.3762 and  $F_{crit}$  value of 2.43824 with the P value of 0.00000000212. Hence null hypothesis is rejected. It is concluded that there is a significant difference on agreeability among bank of employment towards inviting multiple perspective while credit decision making. The result proves that decision making attitudes by considering multiple perspectives of different age group of respondents are not similar.

**Hypothesis 2b**

**H0:** Bankers nature of decision making through inviting multiple perspectives is varying insignificantly with respect of age group.

$\mu_{AG1} (<25) = \mu_{AG2} (25-40) = \mu_{AG3} (40-55) = \mu_{AG4} (>55)$

**H1:** Bankers level of decision making considering several options are varying significantly with respect of age group

H1: Not all  $\mu$  are equal

**Table 5:**  
ANOVA single factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
25-40	92	366	3.978261	1.054467	
40-55	36	134	3.722222	0.834921	
>55	13	35	2.692308	2.064103	

  

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	19.08749	2	9.543743	8.78329	0.000257	3.061716
Within Groups	149.948	138	1.08658			
Total	169.0355	140				

It is clearly revealed from the table 5 that analysis of variance was performed to measure the significant difference on the opinions towards decision making considered for lending among age

of the respondents. One way ANOVA revealed significant result for F-value of 8.7832 and  $F_{crit}$  value of 3.06171 with the P value of 0.000257. Hence null hypothesis is rejected. It is concluded that there is a significant difference on agreeability among age of bankers towards inviting multiple perspective while credit decision making. The result proves that decision making attitudes by considering multiple perspectives of different age group of respondents are not similar.

**Conclusion**

Owing to the incremental women entrepreneurial development, money lending becomes a common fact among women entrepreneurs. On the other hand, it is mandate to know other strategies involved in banks while making decisions on credits. Hence this study sought to explore the relationship between bank of employment and age with decision making attitude of the bankers towards decision making with the specific focus of credit availing. Hence, this made a population study sampling in which 141 respondents were involved and the hypotheses were formulated considering the bankers decision making attitudes, for which one way ANOVA was processed. From the analysis it is clearly revealed that there is a significant difference between bank of employment and age with decision making attitude towards credit availing. Hence, the women entrepreneurs need to know the relevant bank strategy of credit decision making before approaching them. However, this study limited with the result of significant, in future this study can be expended with further exploring the significance among the individual bank with one another.

**References**

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