

Staffs’ Perception on Strength, Weakness, Opportunities and Threats of Muthoot Finance Limited- A Study

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Abstract

The present study entitled **“STAFFS’ PERCEPTION ON STRENGTH, WEAKNESS, OPPORTUNITIES AND THREATS OF MUTHOOT FINANCE LIMITED - A STUDY”** The SWOT analysis represents the analysis on the strength, weaknesses, opportunities and threats to the Muthoot Finance Limited. Since the strength, weaknesses, opportunities and threats are highly essential for any policy formulation, the present study has made an attempt to measure these with the help of their staff’s view on it.

Key words: Strength, Weakness, Opportunities, Threat

Introduction

Muthoot Finance Limited is an Indian financial corporation. It is one among the largest gold financing company in the world. In addition to financing gold transactions, the company offers foreign exchange services, money transfers, wealth management services, travel and tourism services, and sells gold coins at Muthoot Finance Branches. The company's headquarters are located in Kerala, India, and it operates over 4,400 branches throughout the country. The target market of Muthoot Finance includes small businesses, vendors, farmers, traders, Small and Medium Enterprises, business owners, and salaried individuals.

Statement of the Problem

The Muthoot Finance Limited was setup as a private limited company in 1997. From 1997 onwards, the company has been extending their financial services to their customers at the various states in India. The major strength of the company is its customer’s base and branch networks in India. It has its own strong brand name and track record. The financial activities and the performance of the company has been increasing year by year from the beginning. Especially after the exists of so many private finance companies and the foreign banks into India, all the banking and non-banking financial companies are facing severe competition. Because of that severe competition, the Muthoot Finance Limited has a decline in its rate of growth of financial performance. Even though, the financial performance is good, its rate of growth is not at an appreciable level like in the past. Hence, there is a need for thorough analysis on the strength, weaknesses, opportunities and threats of Muthoot Finance Limited for the sake of formulating appropriate marketing strategies.

Objectives of the study

The main objective of this study is to analyse the financial strength, weaknesses, opportunities and threats of Muthoot Finance Limited.

Methodology

The present study is based on both primary and secondary data. The secondary data on the financial facts related to Muthoot Finance Limited have been drawn from the various annual reports of Muthoot Finance Limited from 2004-05 to 2013-14. The primary data were collected with the help of structured questionnaire.

Data Collection and Tools of analysis

The questionnaire covers the strength, weaknesses, opportunities and threats of Muthoot Finance Limited. The data were collected from twenty eight (28) managers, thirty two (32) Assistant managers and forty three (43) Officers for the purpose of analysis. In this present study, the mean, standard deviation and co-efficient of variation were used to analyse relevant strength, weaknesses, opportunities and threats. “F” statistics could be used to study the association between the profile of staff and their view on Muthoot Finance Limited and “t” statistics could be used to analyse the mean difference between two pairs ie., strength and weaknesses, opportunities and threats.

Strength of Muthoot Finance Limited

The strength of Muthoot Finance Limited have been measured with the help of eleven variables which are identified by the experts in the field. The staff are asked to rate these variables at five point scale. The mean scores of each variable in strength among the staff have been measured along with its standard deviation and co-efficient of variation. The results are given in Table 1.1.

TABLE 1.1

Variables in Strength (STG)

Sl.No.	Variables in Strength	Mean	Standard deviation	Co-efficient of variation (in %)
1.	Lesser bad debts	3.5143	0.5965	16.97
2.	Accumulative interest rate	3.6603	0.6027	16.47
3.	Security of loans	3.7117	0.6845	18.44
4.	Availability of capital	3.4029	0.5347	15.71
5.	Cheaper source of finance	3.6841	0.5144	13.96
6.	Lesser processing time	3.7312	0.7766	20.81
7.	Quick service	3.7099	0.5472	14.75
8.	Customers base	3.8614	0.7345	19.02
9.	Quick decisions	3.7149	0.5901	15.88
10.	Management support	3.7808	0.6314	16.70
11.	Local number of branches	3.6973	0.5896	15.95

*Significant at five per cent level.

The highly viewed variables in strength by the staff are customers’ base and management support since their mean scores are 3.8614 and 3.7808 respectively. The more consistency in the view on variables are noticed in the case of cheaper source of finance and security of loans since

their standard deviation are 0.5144 and 0.5347 respectively. The lesser co-efficient of variations are noticed in the case of cheaper source of finance and quick service since their co-efficient of variation are 13.96 and 14.75 per cent respectively.

Score on Strength of Muthoot Finance Limited among the Staff

The score on the strength of Muthoot Finance Limited among the staff have been measured by the mean scores of the variables in it. It is denoted by Score on Strength. In the present study, the Score on Strength is confined to less than 2.00; 2.00 to 3.00; 3.01 to 4.00 and above 4.00. The distribution of staff based on their Score on Strength is given in Table 1.2.

TABLE 1.2

Score on Strength (SOSG) among the Staff

<i>Sl.No.</i>	<i>Score on strength</i>	<i>Number of staff</i>	<i>Per cent to the total</i>
1.	Less than 2.00	18	19.35
2.	2.00-3.00	26	27.96
3.	3.01-4.00	32	34.41
4.	Above 4.00	17	18.28
	Total	93	100.00

As a maximum of 34.41 per cent of the staff are having score on strength of 3.01 to 4.00. It is followed by the score on strength of 2.00 to 3.00 and less than 2.00 which constitutes 27.96 and 19.35 per cent to the total. The number of staff with the score on strength of above 4.00 constitutes 18.28 per cent respectively. The analysis reveals that the view on the strengths of Muthoot Finance Limited is higher among the staff.

Weaknesses in Muthoot Finance Limited

The weaknesses in Muthoot Finance Limited among the staff have been measured with the help of ten variables. The staff are asked to rate these variables at five point scale. The mean scores of each variable in weaknesses in Muthoot Finance Limited among the staff have been computed along with its standard deviation and co-efficient of variation. The results are given in Table 1.3.

TABLE 1.3

Variables in Weaknesses (WES)

<i>Sl.No.</i>	<i>Variables in Weaknesses</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>Co-efficient of variation (in %)</i>
1.	Poor equity base	3.2891	0.5224	15.88
2.	Higher administrative expenses	3.3417	0.4089	12.24
3.	Higher operating expenses	3.0794	0.4519	14.67
4.	Difficulties in debt management	3.2667	0.4304	13.18
5.	Higher financial leverage	3.3089	0.4699	14.20
6.	Poor bargaining power	3.2911	0.4582	13.92
7.	Poor reliability among any customers	3.4088	0.4173	12.24
8.	Lack of good will among customers	3.5143	0.5049	14.37
9.	No refinance facilities	3.2099	0.6224	19.39
10.	Only limited loan segment	3.2673	0.7199	22.03

*Significant at five per cent level.

The highly viewed variable in weaknesses in Muthoot Finance Limited by the staff are lack of goodwill among the customers and poor reliability among the customers since its mean scores are 3.5143 and 3.4088 respectively. The higher consistency in the staff view are seen in the case of higher administrative expenses and poor reliability and customers since its standard deviation are 0.4089 and 0.4173 respectively. The lesser co-efficient of variations are seen in the case of higher administrative expenses and poor reliability among customers since its co-efficient of variation are 12.24 and 12.24 respectively.

Score on Weaknesses of Muthoot Finance Limited among the Staff

The level of view on weaknesses of Muthoot Finance Limited among the staff have been measured by the mean scores of the variables in it. It is denoted by score on weaknesses. In the present study, the score on weaknesses is confined to less than 2.00; 2.00 to 3.00; 3.01 to 4.00 and above 4.00. The distribution of staff based on their score on weaknesses is given in Table 1.4.

TABLE 1.4

Score on Weaknesses among the Staffs (SOWES)

Sl.No.	Score on weaknesses	<i>d</i>	Per cent to the total
1.	Less than 2.00	24	25.81
2.	2.00-3.00	39	41.93
3.	3.01-4.00	19	20.43
4.	Above 4.00	11	11.83
	Total	93	100.00

The important Score on weaknesses among the staff are 2.00 to 3.00 and less than 2.00 which constitute 41.93 and 25.81 per cent to the total respectively. The staff with the score on weaknesses of 3.01 to 4.00 and above 4.00 constitute 20.43 and 11.83 per cent to the total. The analysis reveals that the view on weaknesses of Muthoot Finance Limited is lesser among the staff.

Opportunities in Muthoot Finance Limited

The opportunities in Muthoot Finance Limited among the staff have been measured with the help of seven variables. The staff are asked to rate these variables at five point scale. The mean scores of each variable in opportunities in Muthoot Finance Limited among the staff have been computed along with its standard deviation and co-efficient of variation. The results are given in Table 1.5.

Variables in Opportunities (OPP)

Sl.No.	Variables in Opportunities	Mean	Standard deviation	Co-efficient of variation (in %)
1.	Untapped market	3.8899	0.4502	11.57
2.	Rural Segment	3.9194	0.4326	11.03
3.	Short term finance	3.9227	0.4514	11.49
4.	Easy EMI	3.7336	0.4869	13.04
5.	Door collection of repayment	3.8997	0.4089	10.43
6.	Extending to schemes of loans	3.9909	0.4118	10.32
7.	Competitive to banks	3.8708	0.5115	13.21

The highly viewed variable in opportunities by the staff are extending to schemes loans and short term finance since it's mean scores are 3.9909 and 3.9227 respectively. The higher consistency is seen in the case of door collection of repayment and extending to schemes of loans since its standard deviations are 0.4089 and 0.4118 respectively. The lesser co-efficient of variations are noticed in the case of door collection of repayment and extending to schemes of loans since its co-efficient of variations are 10.43 and 10.32 per cent respectively.

Score on Opportunities (SOOPP) to Muthoot Finance Limited among the Staff

The level of view on opportunities to Muthoot Finance Limited among the staff have been measured by the mean scores of the variables in it. It is denoted by score on opportunities. In the present study, the score on opportunities is confined to less than 2.00; 2.00 to 3.00; 3.01 to 4.00 and above 4.00. The distribution of staff based on their score on opportunities is illustrated in Table 1.6.

TABLE 1.6.

Score on Opportunities (SOOPP) among the Staff

<i>Sl.No.</i>	<i>Score on opportunities</i>	<i>Number of staffs</i>	<i>Per cent to the total</i>
1.	Less than 2.00	17	18.28
2.	2.00-3.00	23	24.73
3.	3.01-4.00	32	34.41
4.	Above 4.00	21	22.58
	Total	93	100.00

The important score on opportunities among the staff are 3.01 to 4.00 and 2.00 to 3.00 which constitute 34.41 and 24.73 per cent to the total respectively. The staff with on score on opportunities of above 4.00 and less than 2.00 constitute 22.58 and 18.28 per cent to the total respectively. The analysis reveals that the view on the opportunities to Muthoot Finance Limited is higher among the staff.

Threats in Muthoot Finance Limited

The threats to Muthoot Finance Limited have been measured with the help of six variables. The staff are asked to rate these variables at five point scale. The mean scores of each variable in threat among the staffs have been computed along with its standard deviation and co-efficient of variation. The results are given in Table 1.7

TABLE 1.7

Variables in Threats (THR)

<i>Sl.No.</i>	<i>Variables in Threats</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>Co-efficient of variation (in %)</i>
1.	Government regulation	4.0891	0.5402	13.21
2.	Many legal proceedings	4.1173	0.5394	13.10
3.	Poor characterized customers	4.2671	0.5104	11.96
4.	Competition from other non-banking organization	4.0245	0.6292	15.63
5.	Competition from commercial banks	4.2084	0.6098	14.49
6.	Higher risks involved	4.3315	0.5594	12.91

The highly viewed variable in threats by the staff are ‘higher risks involved’ and ‘poor characterized customers’ since it’s mean scores are 4.3315 and 4.2671 respectively. The higher consistency is the view on the variables in threat are noticed in the case of ‘poor characterized customers’ and ‘higher risks involved’ since it’s co-efficient of variations are 11.96 and 12.91 per cent respectively.

Score on Threats among the Staffs

The score on threat to Muthoot Finance Limited among the staffs have been computed by the mean scores of the variables in it. It is denoted by Score on Threats. In the present study, the score on threats is confined to less than 2.00; 2.00 to 3.00; 3.01 to 4.00 and above 4.00. The distribution of staffs based on their score on threats is given in Table 1.8.

TABLE 1.8

Score on Threats (SOTHR) among the Staff

<i>Sl.No.</i>	<i>Score on threats</i>	<i>Number of staff</i>	<i>Per cent to the total</i>
1.	Less than 2.00	10	10.75
2.	2.00-3.00	18	19.35
3.	3.01-4.00	39	41.94
4.	Above 4.00	26	27.96
	Total	93	100.00

The important score on threats among the staff are 3.01 to 4.00 and above 4.00 which constitute 41.94 and 27.96 per cent to the total respectively. The staff with the score on threats of 2.00 to 3.00 and less than 2.00 constitute 19.35 and 10.75 per cent to the total respectively. The level of view on the threats to Muthoot Finance Limited is very high among the staff.

SWOT in the Muthoot Finance Limited

The strengths, weaknesses, opportunities and threats to Muthoot Finance Limited as per the view of the staff have been examined by the mean scores of all the four items. The co-efficient of variation and the standard deviation of strengths, weaknesses, opportunities and threats have been computed separately. The results are shown in Table 1.9

TABLE 1.9

SWOT in the Muthoot Finance Limited

<i>Sl.No.</i>	<i>Particulars</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>Co-efficient of variation (in %)</i>
1.	Strengths	3.6789	0.6184	16.81
2.	Weaknesses	3.2977	0.5016	15.21
3.	Opportunities	3.8896	0.4505	11.58
4.	Threats	4.1729	0.5647	13.53

The higher view among the staff are noticed in the case of threats and opportunities since their mean scores are 4.1729 and 3.8896 respectively. The lesser deviations in their view are seen in the case of opportunities are weaknesses since it’s standard deviations are 0.4505 and 0.5016

respectively. The higher consistency noticed in their view on opportunities and threats since it's co-efficient of variations are 11.58 and 13.53 per cent respectively.

Association between the Profile of staff and their view on SWOT

Since the profile of the staff may be associated with their view on SWOT, the present study has made an attempt to examine it with the help of one way analysis of variance. The included profile variables are designation, age, level of education, years of experience, previous work experience, monthly income and number of branches worked so far. The results are summarized in Table 1.10.

TABLE 1.10

Association between Profile of Staffs and their view on SWOT

Sl. No.	Profile Variables	F-Statistics in			
		Strengths	Weaknesses	Opportunities	Threats
1.	Designation	2.8087	2.9173	2.5455	2.3286
2.	Age	2.7033*	2.5117	2.9097*	2.6966*
3.	Level of Education	2.8183*	2.9092*	2.8554*	2.7033*
4.	Years of Experience	2.7172*	2.6862*	2.7174*	2.8089*
5.	Previous work experience	2.8084*	2.6008*	2.8554*	2.6782*
6.	Monthly Income	2.5441	2.6502*	2.3317	2.2672
7.	Number of branches worked so far	2.7382*	2.8117*	2.1172	2.3886*

* Significant at five per cent level.

Regarding the view on strength of Muthoot Finance Limited, the significantly associating profile variables are age, level of education, years of experience, previous work experience and number of branches work so far since it's 'F' statistics are significant at five per cent level. The significantly associating profile variables regarding their view on weaknesses are level of education, years of experience, previous work experience, monthly income and number of branches worked so far whereas in their view on opportunities, these are age, level of education, years of experience, and previous work experience. Regarding the view on threats, the significantly associating profile variables are age, level of education, years of experience, previous work experience and number of branches worked so far.

Comparative view in SWOT

The comparative view on strength and weaknesses, and the opportunities and threats have been examined by the difference between the strengths and weaknesses; and the opportunities and threats. The mean difference between the above said two pairs have been computed separately along with its 't' statistics. The results are illustrated in Table 1.11.

TABLE 1.11

Comparative view in SWOT

<i>Sl.No.</i>	<i>Differences in</i>	<i>Mean Difference</i>	<i>‘t’ statistics</i>
1.	Strength – Weaknesses	6.3812	2.8089*
2.	Opportunities – Threats	-0.2833	1.8442

* Significant at five per cent level.

The mean difference between the strengths and weaknesses in Muthoot Finance Limited is 6.3812 whereas the strengths are higher than the weaknesses. There is a significant difference among the strengths and weaknesses since the respective ‘t’ statistics is significant at five per cent level. The mean difference among the opportunities and threats reveals that the level of view on threats is higher than its opportunities since the respective mean difference is -0.2883. There is no significant difference among the opportunities and threats since the respective ‘t’ statistics on it’s mean difference is not significant at five per cent level.

Summary of findings and Suggestions

The strength, weaknesses, opportunities and threats in the Muthoot Finance Limited have been examined to exhibit the future scope for Muthoot Finance Limited. The highly viewed variables in strength by the staff are “customers base” and “management support”. The higher consistency in the view on strength is noticed in the case of “cheaper sources of finance” and “security of loans”.

The highly viewed variables in weaknesses of Muthoot Finance Limited by the staff are “lack of goodwill among the customers” and “poor reliability among the customers”. The higher consistency in the view on “higher administrative expenses” and “poor reliability among the customers”. The staff are moderately viewed the weaknesses of Muthoot Finance Limited.

Regarding the opportunities, the highly viewed variables by the staff are “extending to scheme loans” and “short term finance”. The higher consistency in the view on extending to schemes of loans and door collection of repayment. The seven variables in opportunities explain it to a reliable extent. The staff are highly viewing the opportunities. The highly viewed variables in threats to Muthoot Finance Limited are “higher risks involved” and “poor characterized customers” and “higher risks involved”. The included six variables in threats explain it to a reliable extent. The staff are highly viewing the threats to Muthoot Finance Limited.

The staff view on the strength of Muthoot Finance Limited is higher than their view on weaknesses whereas their view on threats are higher than its opportunities. The significant difference between the strength and weaknesses are statistically proved whereas it is not in case of opportunities and threats. The significantly associating important profile variables of staff regarding their view on SWOT are level of education, years of experience and previous work experience.

The SWOT analysis reveals that Muthoot Finance Limited has higher strength than its weaknesses. But there is a higher threat to the company than its opportunities. Hence, the company has to formulate appropriate marketing strategies to convert these threats in to opportunities.

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