Factors Influencing the Customer Satisfaction of Fund Management Companies in Sri Lanka

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Abstract

In recent decades, customers have emerged as a crucial force in driving business success, with customer satisfaction now playing a pivotal role in an organisation's survival. This trend extends to fund management companies in Sri Lanka, which are highly focused on their customers' satisfaction. Consequently, it is essential for these companies to develop a comprehensive understanding of the factors that drive customer satisfaction. This study aims to identify and examine the key elements that influence customer satisfaction specifically within the context of fund management companies. Data for the study was gathered using a structured questionnaire to select the sample. The study collected data using a structured questionnaire and selected the sample through a multistage sampling method, receiving responses from 300 customers. To analyse data, Partial Least Squares Structural Equation Modelling (PLS-SEM) was employed with all tests conducted using Minitab-17 and SamartPLS 3 statistical software. Based on factors identified from previous scholars' literature, the result indicates that both reliability and responsiveness are statistically significant and there is a significant influence on customer satisfaction of fund management companies in Sri Lanka. However, it also revealed that both convenience and empathy had no significant impact on customer satisfaction. Among the variables examined, the reliability factor was identified as having the most substantial effect on customer satisfaction in fund management companies. In conclusion, the study highlights that among the variables examined, the reliability factor has a significant impact on customer satisfaction of fund management companies. The study recommends that the government crafts and implements new policies designed to foster growth and collaboration between fund management companies and their customers.

Keywords: Convenience, Customer satisfaction, Empathy, Reliability, Responsiveness

INTRODUCTION

In today's competitive global market, customers have emerged as a primary driving force for businesses. As a result, businesses invest significant effort in retaining customers. From the customer's perspective, they remain loyal to companies that consistently deliver that high level of satisfaction they expect from the products or services they receive. Therefore, businesses invest significant effort in retaining customers. From the customer's perspective, they continue to engage with companies that deliver the level of satisfaction they anticipate from products or services delivered. Almost every customer tries to get the maximum pleasure from the goods or services that they consume. Consequently, customer satisfaction has become a critical determinant of business survival. Business now prioritises delivering exceptional satisfaction through their products and services to ensure their continued success. In this context, customer satisfaction is a key driver in the current competitive market landscape.

As a result, many businesses are increasingly focused on meeting customer expectations and ensuring satisfaction with the products they offer. This customer-centric approach helps companies gain a competitive advantage in the marketplace. As noted by Reddy and Reddy (2018:461), "the higher customer satisfaction level leads to a higher market share". This highlights the critical link between customer satisfaction and business success, encouraging organisations to prioritise their customers' needs and perspectives. Giving a high level of satisfaction to their customers increases the demand for the company's products, which in turn affects the company's reputation as well as growth. Businesses rely on their customers just as customers depend on businesses, making customer satisfaction a significant challenge across all types of industries (Alafi & Al Sufy, 2012). This interdependence highlights the importance of understanding and addressing customer needs. Over the past few years, the financial sector has witnessed a noticeable shift, with companies showing greater attentiveness to their customers. Unlike in the past, customers today are more open to using various financial tools, with fund management becoming increasingly important in their financial activities. This evolving landscape underscores the necessity for businesses in the financial sector to prioritise customer satisfaction to remain competitive and relevant.

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Therefore, the rise of fund management companies globally can be attributed to the growing interest among individuals and organisations in effectively managing their financial assets. These companies collect funds from clients and strategically invest them across various avenues to maximise returns. Typically, fund management companies prefer to create diversified portfolios, including stocks and bonds, to mitigate investment risk. This approach not only aims to enhance returns but also provides clients with a more stable investment experience by spreading risks across different asset classes. For that, they mainly follow two types of fund management; conventional fund management and mutual fund management. Among these two the most common form of method is mutual fund, which is a single portfolio of stocks or bonds held by the company on behalf of many investors. However, whichever type is chosen by the customer, fund management companies have the responsibility of managing their clients' funds effectively. To effectively fulfil this responsibility, companies aim to retain their customers while continuously providing high customer satisfaction by investing those funds in a way that maximises benefits to their customers (Pellinen, Tormakangas, Uusitalo & Raijas, 2011). Although this fund management is seen as a topic of importance today, it has continued to expand around the world over the past few decades and has witnessed a frenetic pace of growth. Therefore, there is already a large number of fund management companies operating around the world and in Sri Lanka also people's attention is increasingly focusing on both fund management and fund management companies.

Considering the Sri Lankan context, the concept of fund management has created a social discourse today. Therefore, fund management companies are being established in Sri Lanka and it appears that both individuals and organisations seek the assistance of fund management companies to manage their funds. According to the Securities and Exchange Commission of Sri Lanka, there are 24 listed investment management companies in Sri Lanka. These companies invest their customers' funds in effective investment avenues to acquire high returns, and similar to other business entities, fund management companies also expect to maximise their customers' satisfaction. As noted earlier, these companies are responsible not only for delivering high returns on customer investments, but also for ensuring reliability, providing essential knowledge and quality information about fund management, and creating an environment that allows for convenient customer interaction. By offering a comprehensive range of services, these companies aim for the highest level of customer satisfaction. This focus is critical, as dissatisfaction among customers can pose significant challenges to the sustainability and success of fund management companies. Ultimately, fostering strong relationships with customers is essential for their long-term viability in a competitive market.

With the increasing emergence of fund management companies in Sri Lanka, it is essential for these firms to prioritise customer retention and maximise satisfaction in a competitive market. Understanding the factors that influence customer satisfaction is crucial for fund management companies. By identifying and focusing on these determinants, companies can better meet their clients' needs and enhance their overall experience. Therefore, the primary objective of this study is to identify the significant factors that affect customer satisfaction among fund management companies in Sri Lanka. This study explores the relationship between various influential factors in customer satisfaction of fund management companies. The findings will have practical implications for stakeholders, including fund management firms, policymakers, and government agencies responsible for regulating fund management in Sri Lanka. Through understanding these connections, the study seeks to provide valuable insights that can enhance customer satisfaction and foster improved practices in the industry.

LITERATURE REVIEW

Today, many people, both globally and locally, are moving to fund management and seeking the assistance of fund management companies to have proper guidance for the management of their funds. Therefore, due to increasing competition among fund management companies, they try to retain their customers within the company and to enhance their customers' satisfaction. In this endeavour, it is very important to have a good understanding of the factors that raise customer satisfaction.

Theoretical Background

Customer Satisfaction: Customers are the driving force behind any business. Prabhakaran and Sathya (2003) attest that the customer is paramount in any organisation. In today's competitive business landscape, customer satisfaction is a critical focus. Muktar, Iman, Asiq, Amjad, and Nasar (2014) state that customer satisfaction is the most vital factor that influences companies, and they emphasise that there are many factors such as tangibility, assurance, reliability, and empathy which lead to enhancing customer satisfaction. Customer expectations continually evolve due to advancements in knowledge and technology within organisations. Consequently, predicting long-term customer retention and sustained satisfaction poses a significant challenge. As noted by Alafi and Al Sufy (2012), customer satisfaction has become a formidable challenge in today's business environment. Also, Lopez-Alarcon (2003) who investigated customer satisfaction in the financial services industry, emphasised that, in a competitive global marketplace, managing customer relationships requires careful and logical consideration. Regarding customer satisfaction, several researchers including Lambert (1998); Daub and Ergenzinger (2005) and Xiao, Cai, and Jin, (2009) have stated that customers' behaviour sensitively impacts financial companies and both profitability and future success of these organisations are closely tied to the customer satisfaction level.

Reliability: Reliability is understood as the ability to meet customer trust and satisfaction in a standard manner consistently (Iberahim, et al., 2016). Regardless of the type of business, negotiation, and engaging with customers reliably are essential for a company's survival. Providing excellent service in a consistent manner enhances customer satisfaction (Karatepe, 2011; Hassan, et al., 2020). Because reliability is tremendously valued by every human being, it aligns closely with concepts of security, privacy, and assurance. Both fund management companies and their customers place significant importance on reliability. In the context of fund management, various dimensions of reliability play distinct roles in enhancing customer satisfaction. As focusing on reliability affects fund management companies to maximise their customer satisfaction, each dimension plays a different role in affirming reliability. Security is free from risks like investing money, and privacy is the protection of individuals or company details regarding their funds. Similarly, assurance is a positive covenant intended to give confidence to the customer. Achieving these will enable companies to preserve customer relationships with the company in the long run and to maximise the customers' satisfaction continuously. Therefore, maintaining and enhancing reliability is crucial (Muktar, et al., 2014).

Responsiveness: Responsiveness is defined as the capability to promptly and accurately meet customer requirements (Iberahim, et al., 2016; Janahi & Al Mubarak, 2017). It is a critical quality for effective communication and significantly impacts business success (Ismail, et al., 2009; Munusamy, Chelliah & Mun, 2010; Janahi & Al Mubarak, 2017). To satisfy and retain customers, businesses must prioritise responsive interactions. Financial companies also can enhance customer satisfaction by providing timely and effective feedback to inquiries related to transactions (Capon, et al., 1994; Mistry, 2013). Ultimately, the company's responsiveness positively influences customer satisfaction and encourages favourable referrals.

Convenience: Convenience plays an important role in enhancing customer satisfaction by allowing customers to save time and effort during their purchases (Srivastava & Kaul, 2014; Pattarakitham, 2015). According to Colwell, et al., (2008), greater convenience can provide a competitive advantage for businesses, with factors like location being particularly important in attracting customers. Other than that, convenience consists of customers easily and quickly obtaining the information they need. Facilitating transactions using new technological tools also ensures the customer's satisfaction with the company (Srivastava & Kaul, 2014). As a result, to boost satisfaction, fund management companies should focus on offering convenient services to improve their customer retention and overall satisfaction.

Empathy: Empathy entails showing genuine care, attentiveness, and a thorough understanding of customers' perspectives. (Muktar, et al., 2014; Janahi & Al Mubarak, 2017). According to Wieseke, et al., 2012, the core of empathy is the feeling that the customer is unique and special to the business entity. The key components of empathy include personal attention and timely responses to customers' requirements and meeting their needs on time (Ismail, et al., 2009). For fund management companies, demonstrating empathy can lead to long-term customer retention, as satisfied clients are more likely to remain loyal (Mekkriengkrai & Phanwichit, 2019) and similar to other factors, empathy also play a vital role when enhancing customer satisfaction.

Empirical Evidence

In the empirical literature, the study discusses the interaction between the influential factors on customer satisfaction, concentrating on previous scholarly findings. The empirical literature on customer satisfaction has mainly identified the affecting factors like reliability, responsiveness, convenience and empathy.

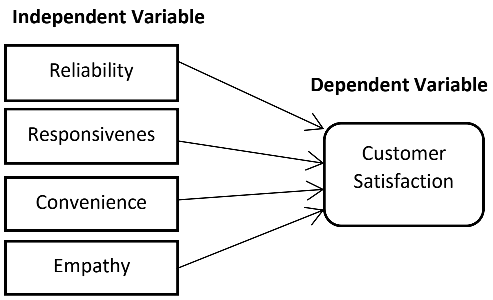
Muktar, et al. (2014), investigated customer satisfaction levels in financial services, identifying key factors that influence satisfaction, and in their study, they focused on dimensions of service quality including tangibility, responsiveness, assurance, reliability, and empathy. The findings revealed that tangibility and assurance are the most significant factors affecting customer satisfaction, while empathy and reliability show a strong correlation. In contrast, responsiveness has a low correlation with customer satisfaction. Overall, the results indicate that all examined factors positively influence customer satisfaction, highlighting the importance of service quality in the financial sector. A study exploring the factors affecting customer satisfaction was conducted by Janahi and Al Mubarak, (2017), focusing on reliability, empathy, assurance, responsiveness and tangibility. Their findings indicated that each of these factors has a strong positive influence on maximising customer satisfaction. Moreover, Lopez-Alarcon (2003) investigated the factors that influence customer satisfaction in the financial service industry, emphasising the need for logical customer management in a competitive global landscape. His study identified ten key factors, including tangibility, reliability responsiveness, competence, courtesy, safety, access, communication and empathy. The results showed that all the factors contribute significantly to customer satisfaction, with a tremendous impact on both reliability and responsiveness. Numerous scholars have explored the connection between customer satisfaction and business organisations across various fields, consistently finding that customer satisfaction is very important in each context. Though the specific factors influencing satisfaction may vary by industry, most studies indicate that these factors significantly impact customer satisfaction. However, there has been limited research specifically examining the key drivers of customer satisfaction within fund management companies, highlighting a gap in the literature that requires further exploration.

The existing theoretical and empirical literature review attests that while the factors influencing customer satisfaction in fund management companies are widely studied internationally, they are rarely examined in the Sri Lankan context. Scholars also highly highlight factors like reliability, tangibility and responsiveness, often overlooking the importance of convenience and empathy. This knowledge gap presents an opportunity for further investigation. Therefore, the present study aims to address this gap by evaluating the factors that influence customer satisfaction in fund management companies in Sri Lanka.

Conceptual Framework

The conceptual framework has been developed in order to achieve the research objectives of the study and it clearly indicates the relationship between independent variables; reliability, responsiveness, convenience, and empathy on customer satisfaction of fund management companies.

Figure 1: Conceptual framework



Source: Developed by researcher, 2021

Hypotheses Development

Customer satisfaction is considered one of the main aspects of the strategies of every business entity including fund management companies. Therefore, to identify the relationship between reliability, responsiveness, convenience, empathy, and customer satisfaction, the following hypotheses have been proposed by the researcher.

H1: There is a significant influence of reliability on customer satisfaction of fund management companies.

H2: There is a significant influence of responsiveness on customer satisfaction of fund management companies.

H3: There is a significant influence of convenience on customer satisfaction of fund management companies.

H4: There is a significant influence of empathy on customer satisfaction of fund management companies.

MATERIALS AND METHOD

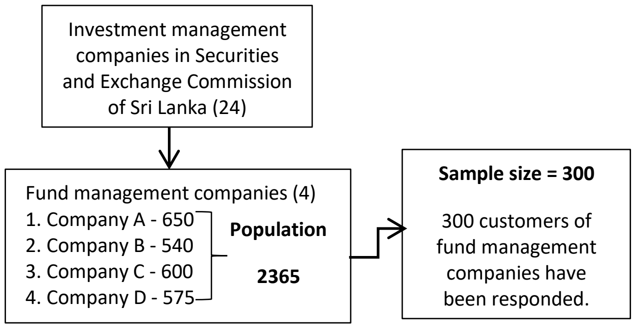
The aim of this study is to identify the factors that influence customers' satisfaction with fund management companies in Sri Lanka. Accordingly, the study adopts a positive research philosophy. This research has the ability to predict exact relationships, which means researchers can develop directional forms of hypotheses regarding research called Objectivism under the Ontology concept. Further, under the epistemology concept, researchers have applied quantitative techniques to measure reality through valid tools, which is the most appropriate methodology for this research.

This study provides a framework to test hypotheses grounded in existing literature, allowing the researcher to explore the relationship between variables such as reliability, responsiveness, convenience, and empathy in the context of customer satisfaction within fund management companies in Sri Lanka. The deductive approach has been used by the researcher to examine established concepts and patterns derived from theory. In terms of purpose, this study is categorised as applied research, as it addresses the practical problem of identifying factors influencing customer satisfaction in fund management. In terms of objectives, this research applies to the category of explanatory.

In this study, customer satisfaction served as the dependent variable while independent variables included reliability, responsiveness, convenience and empathy. The central focus was on collecting data from a sample of customers using a structured questionnaire. This section outlines the sampling process, data collection techniques, methods for measuring reliability, and the tools and techniques used for data presentation.

Sampling Process: There are twenty-four listed investment management companies in the Securities and Exchange Commission of Sri Lanka. Practically, it is impossible for a researcher to gather responses from all companies for the purpose of data collection. From the total of twenty-four companies, four were selected for this study, focusing on those actively managing funds for their customers.

Figure 2: Sampling framework



Source: Developed by researcher, 2021

Data Collection: This research is centred on gathering primary data through a structured questionnaire administered to the sample. With the difficulty of distributing the questionnaire physically to the customers of fund management companies due to the pandemic situation in the country, a questionnaire was designed using Google Forms, and the data was collected by making it available to customers online. Part A of the questionnaire comprised the demographic characteristics of the customers to gather information about the sample population. Part B included multiple choice questions to identify customers' patterns of investing in fund management, and part C consisted of 5-point Likert scale questions ("strongly disagree" to "strongly agree"), applicable to both independent and dependent variables. To measure the significance of the independent variables on the dependent variable, 5-point Likert scale was used.

Data Analysis: Descriptive statistics were applied to the demographic data of the respondents to outline the fundamental characteristics of the sample. The collected data was analysed using factor analysis, which can be used to reduce a large number of variables into a smaller number of variables, and the study used the factor analysis technique to combine the relevant dimensions into one variable. Therefore, Structural Equation Modelling (SEM) has been used, which is a very powerful quantitative data analysis method in statistics.

There are two main parts in structural equation modelling as measurement model (outer model) and the structural model (inner model) and this study followed these two models. The measurement model has two analyses as first-order analysis and second-order analysis. In scientific research, variables should be measured in a reliable and valid manner. In first-order analysis under the measurement model, original data were used and based on that indicator reliability, internal reliability, and consistency (Cronbach's Alpha value) were calculated. Then, convergent validity was measured by Average Variance Extracted (AVE) and discriminant validity was measured through the Fornell-Lacker criterion analysis. In second-order analysis, latent variables have been used again to identify indicator reliability, internal reliability and consistency. To assess the validity of the constructs, both convergent validity and discriminant validity were evaluated.

Afterwards, the structural model (inner model) was calculated to show the relationship between the independent variables and the dependent variable which is shown through the conceptual framework (Figure 1) of this study. For that, the researcher followed five steps to analyse the structural model as follows:

Step 1: Assessment of collinearity

Step 2: Assess the significance and relevance of path coefficients

Step 3: Asses the level of R2 (Coefficient of Determination)

Step 4: Assessment of f-squared (f2) – Effect size

Step 5: Assess the Predictive Relevance (Q2)

Based on the results obtained from the model, previously developed hypotheses have been tested under the 95% significant level and all the data has been analysed through Minitab -17 and SmartPLS 3 Statistical Packages.

RESULTS AND DISCUSSION

As the next step of the research, this chapter discusses and interprets the collected data from both primary and secondary sources in a systematic manner.

Table 1: Demographic details of the respondents

Variable		Frequency	Percentage
Gender	Male	245	82%
	Female	55	18%
Age	below 20	-	0%
	20 – 29	35	12%
	30 – 39	66	22%
	40 – 49	145	48%
	above 50	54	18%
Marital status	Single	56	19%
	Married	244	82%
Level of education	Up to GCE Advanced Level	-	0%
	Graduate	35	12%
	Professional qualification	4	1%
	Master Degree	237	79%
	PHD	24	8%
Occupation	Entrepreneur	40	13%
	Public sector employer	47	16%
	Private sector employer	213	71%
	Retired	-	0%
Level of income	below 25,000	-	0%
	25,000 - 50,000	22	7%
	51,000 – 75,000	88	29%
	76,000 – 100,000	137	46%
	above 100,000	53	18%

Source: Survey data, 2021

Table 2: Descriptive statistics of variables

Variable	Median	Standard deviation	Max	Min	Kurtosis	Skewness
Independent variables						
Reliability	0.42	1	0.75	-3.93	4.61	-2.06
Responsiveness	0.56	1	0.56	-3.84	4.30	-2.06
Convenience	0.61	1	0.61	-3.83	5.03	-2.25
Empathy	0.30	1	0.57	-5.99	9.70	-2.92
Dependent variable						
Customer satisfaction	0.13	1	1.33	-4.09	2.29	-1.13

Source: Survey data, 2021

Table 3: Validity and reliability constructs of first-order analysis

Construct	Indicator Reliability		Internal Reliability	Consistency	Convergent Validity
	Loadings	t-statistics	Composite Reliability	Cronbach's Alpha	AVE
Independent Variables					
Reliability			0.89	0.84	0.61
RE2	0.83	30.39			
RE3	0.74	16.75			
RE4	0.84	26.77			
RE5	0.76	16.91			
RE6	0.73	15.87			
Responsiveness					
RES2	0.99	291.13	0.99	0.98	0.97
RES4	0.98	202.76			
RES6	0.99	300.32			
Convenience					
CON3	0.87	29.50	0.89	0.81	0.73
CON5	0.89	27.52			
CON6	0.79	17.79			
Empathy					
EM1	0.75	15.66	0.94	0.92	0.73
EM2	0.84	24.8			

EM3	0.89	48.52			
EM4	0.89	34.37			
EM5	0.91	44.73			
EM6	0.84	16.13			
		Dependent Variable			
Customer Satisfaction			0.89	0.85	0.68
S1	0.85	37.78			
S2	0.85	34.74			
S3	0.79	25.18			
S4	0.80	25.53			

Source: Survey data, 2021

Under the first-order analysis, at first, indicator reliability was calculated with their outer loadings and t-statistics. Then, accordingly, composite reliability and Chrobach's alpha values were calculated to measure internal reliability and consistency. Afterwards, to measure validity, both convergent validity (AVE) and discriminant validity (Fornell-Lacker criterion) tests were estimated by the researcher. In this study, certain questions were excluded from the analysis due to their out-loading values being below 0.7. These items were deemed unreliable and did not meet the threshold for acceptable measurement quality in the survey data.

Table 4: Omitted questions

Variable	Question Number	Question
Reliability	RE1	The company meets your expectations without hesitation.
Responsiveness	RES1	The company responds to your requirements timely.
	RES3	The company is ready to respond to your enquiries.
	RES5	The company assists you in managing your funds at any time.
Convenience	CON1	The company is located within easy reach of you.
	CON2	The company's business hours are easy for you.
	CON4	The company uses new equipment for smooth transaction of fund management.

Source: Survey data, 2021

Test of Reliability: As shown in Table 3, all the outer loading values of the questionnaire items exceed 0.7 indicating that under the first-order analysis, they exhibit satisfactory indicator reliability. Considering the t-values of the question items, all the items are consistent with high values which are completely significant at a 95% confidence level. Therefore, both outer loadings and t-statistics express that the model has high reliability in constructs. Considering both internal reliability and consistency, according to the general rule of thumb, values which are greater than 0.7 are good. Here, all the values are greater than 0.7, which reflects that there is both high reliability and consistency.

Test of Validity: Validity is an important aspect of any study which refers to the extent to which the instrument measures what it was designed to measure. Here, the research has been done following two types of validity tests; convergent validity test, and discriminant validity test. According to Table 3, confirming that there is convergent validity under the first-order analysis, all the AVE values have shown higher values which are above the acceptable level of 0.5. In addition to that, Table 5, which shows the discriminant validity under the Fornell-Lacker criterion, also reflects that under the first-order analysis all the values are significant at a 95% significance level.

Table 5: Fornell-Lacker criterion analysis for checking discriminant validity

Variable	CS	RE	RES	CON	EM
Customer Satisfaction (CS)	0.82				
Reliability (RE)	0.49	0.78			
Responsiveness (RES)	0.44	0.51	0.98		
Convenience (CON)	0.33	0.46	0.45	0.85	
Empathy (EM)	0.36	0.46	0.46	0.45	0.86

Source: Survey data, 2021

Structural Model (Inner Model)

The inner model is the part of the model that illustrates the relationship among variables and that makes up the model which is referred to as the structural model. To study the inner model, this section has followed different statistical tests; collinearity, hypothesis testing of the structural model, coefficient of determination (R2), effect size (f2) and predictive relevance (Q2).

Assessment of Collinearity: Table 6 shows the VIF values of the inner model which reflect the relationship between independent variables and the dependent variable. There are no variables that have high multicollinearity and all the variables are consistent with low VIF values with the dependent variable. Considering the values of tolerance, all the variables have values above 0.2 and therefore, it reflects that there is no collinearity in the model.

Table 6: Collinearity inner model

Variable	Collinearity Statistics	
	Tolerance	VIF
Reliability	0.638	1.567
Responsiveness	0.640	1.562
Convenience	0.677	1.476
Empathy	0.672	1.488

Source: Survey data, 2021

Assess the Significance and Relevance of the Structural Model Relationships: The path coefficients and t-statistics of each variable are presented below in Table 7 and it reflects the significance of each variable in the inner model and the relationship between the independent variables and the dependent variable of the study.

Table 7: Path coefficients and significance among constructs

Hypothesis	Relationship	t-statistics	Co-efficient	Result
H1	RE -> CS	4.812	0.324	Supported
H2	RES -> CS	2.739	0.208	Supported
H3	CON -> CS	0.802	0.427	Not Supported
H4	EM -> CS	1.086	0.098	Not Supported

Source: Survey data, 2021

Asses the Level of R2 (Coefficient of Determination): Table 8 presents the R-square and adjusted R- square of the model. The R-square value is 0.304, indicating a moderate effect. This suggests that selected independent variables in the model explain 30.40% of the variation in the dependent variable. Additionally, the adjusted R-square of the model shows 0.294, which means 29.4% of the variation in the dependent variable is explained after adjusting for the number of predictors in the model.

Table 8: Coefficients of Determination

R^2	R^2 (Adjusted)
0.304	0.294

Source: Survey data, 2021

Assessment of F-Squared (f2) – Effect Size: According to the above Table 9, each independent variable has a small effect on the dependent variable; customer satisfaction.

Table 9: Effect of size

Variable	f^2 value	Effect size
Reliability	0.096	Small
Responsiveness	0.040	Small
Convenience	0.002	Small
Empathy	0.009	Small

Source: Survey data, 2021

Assess the Predictive Relevance (Q2): Q2 is the predictive relevance measure which tests if the model has predictive relevance or not. Table 10 shows that this model has a 0.248, Q2 value and it has predictive relevance.

Table 10: Cross-validation redundancy

	SSO	SSE	Q^2 = (1-SSE/SSO)
Customer Satisfaction	300	225.711	0.248

Source: Survey data, 2021

Hypothesis Testing

To identify the relationship between reliability, responsiveness, convenience, and empathy on customer satisfaction, the following hypotheses were proposed by the researcher and based on Table 7, these hypotheses are going to be discussed.

As shown in Table 7, there is a positive relationship between reliability and customer satisfaction while consistent with the +0.324-coefficient value. Further, under the significance level of 95% also the variable has been significant with a t-value of 4.812. Therefore, it is concluded that increasing the level of reliability by one unit will increase customer satisfaction by 0.324. Hence, this hypothesis **(H1)** is accepted and this result is parallel to the findings of Muktar, et al., (2014) which shows reliability significantly influences customer satisfaction and positively correlates with customer satisfaction.

According to Table 7, there is a positive relationship between responsiveness and customer satisfaction while corresponding with the +0.208-coefficient value. Further, under the significance level of 95%, the variable has been significant with a t-value of 2.739. Therefore, it is concluded that increasing the level of responsiveness by one unit will increase customer satisfaction by 0.208. Hence, this hypothesis **(H2)** is accepted and this result is similar to the idea of Shanka, (2012) who concluded that responsiveness significantly influences customer satisfaction and that it has a high positive correlation with customer satisfaction.

As shown in Table 7, the coefficient value of the convenience variable is +0.427, but with the t-value of 0.802, the variable is not significant under the 95% significance level. Therefore, hypothesis **(H3)** is not accepted and it explains that there is a significant influence of convenience on customer satisfaction of fund management companies.

According to Table 7, the coefficient value of the empathy variable is +0.098, but with the t-value of 1.086, the variable is not significant under the 95% significance level. Therefore, hypothesis **(H4)** is not accepted and it explains that there is a significant influence of empathy on customer satisfaction of fund management companies.

CONCLUSION

Currently, Sri Lankans are increasingly seeking to manage their funds through fund management companies, recognising the importance of effective fund management for their future investments. As the number of customers grows, competition among these companies intensifies, prompting them to focus on retaining their customers by delivering high-quality services. To achieve this, it is very much essential to understand the needs and preferences of fund management customers. Therefore, this study aims to identify the factors that influence customer satisfaction of fund management companies in Sri Lanka, as well as to explore the relationship between these factors and customer satisfaction, assessing their impact on the overall satisfaction of fund management companies.

This study thoroughly examined the factors influencing customer satisfaction in fund management companies, focusing on reliability, responsiveness, convenience and empathy. The data analysis reveals that both reliability and responsiveness significantly enhance customer satisfaction, with reliability having the strongest impact. Conversely, convenience and empathy also showed a positive relationship with customer satisfaction; their influence was statistically insignificant. The findings support the hypothesis regarding reliability and responsiveness, highlighting their critical roles in shaping customer perceptions. Despite not reaching statistical significance, the positive association of convenience and empathy suggests they still contribute to overall satisfaction. Ultimately, the research underscores the paramount importance of reliability in fostering customer satisfaction among fund management companies in Sri Lanka, recommending that these companies prioritise reliability to improve service quality and customer relationships.

Implications and Policy Recommendations

As the financial industry expands in Sri Lanka, an increasing number of individuals are seeking assistance from fund management companies to manage their funds. It is essential for stakeholders in this sector to take proactive measures to ensure the industry's growth and the success of these companies. This study offers several implications and recommendations for relevant parties:

- Develop initiatives to increase public knowledge about fund management and the services provided by fund management companies, as awareness is currently minimal.
- The government should actively engage in promoting the financial industry by providing support to established firms and creating incentives for new entrants into the market.
- New policies should be created to facilitate effective fund management, while also encouraging both fund management companies and customers to engage in the sector.
- Emphasize the importance of customer behaviour and knowledge of fund management to enhance overall fund management practices.
- Invest in research and development activities tailored to the needs of the fund management industry in Sri Lanka to foster innovation and improve service offerings.

Directions for Future Researchers

Based on the both outcomes and limitations of this study, several suggestions can be made for future researchers. There is ample opportunity for further investigations using additional variables beyond these four examined that may influence customer satisfaction in fund management companies in Sri Lanka, Additionally, the current study's sample of 300 respondents may not fully represent the broader population of fund management companies, therefore further studies could benefit from a more comprehensive sampling design to better capture diverse perspective. Finally, while this study focuses exclusively on customer satisfaction, there is significant potential to explore customer loyalty, an area that remains under-examined in this context. Addressing these aspects could provide deeper insights into customer relationships within the fund management sector.

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