

A STUDY ON INVESTORS AWARENESS OF STOCK MARKET

¹R.SIVA SAKTHI, MBA, Student, Saveetha School of Management.

²Mr. P.WILLIAM ROBERT, Assistant Professor, Saveetha School of Management.

ABSTRACT

The study entitles consists of Investor Awareness of Stock Markets in Stock Broking Firm. The objective is to study the impact of the investors awareness in the Stock Markets. To study the influence of stock and investment strategies in Saravana Stocks Private Limited. To study the influence of demographic profile on investors awareness on stock market in Saravana Stocks Private Limited. Primary data is collected from structured Questionnaire with 120 respondents. Descriptive Research Design is used in this study. Primary data is collected from Convenience Sampling technique. The collected data were classified and tabulated and analysed using the tools, Independent samples t-test and Anova-one way.

Key words: Stock broking, NSE, investor behavior, share market.

INTRODUCTION

The term equity means stocks. It is the ownership interest in the business. The equity investment means the buying and holding of shares of stocks on a stock market by a firm to get income and capital gaining. It refers to the amount of capital contributed by the owners or the difference between a company's total assets and its total liabilities. It is the security available in private company and is called the private equity.

Stockholders Equity

It means the shareholders equity. It functions as a capital which is used to buy the assets. The main sources are the money initially invested in a company along with the additional investments made later. The other source is retained earnings the company is able to build the business. The stock exchanges list shares of common equity as well as other securities types. The stock exchange is the place where the stocks are traded.

REVIEW OF LITERATURE

Cheung, A. W. K. (2011). The paper analyzes the impacts of index inclusions and exclusions on corporate sustainable firms. The impacts are measured in terms of stock return, risk and liquidity. It is not found any strong evidence that announcement significant impact on stock return and risky. Index inclusion stocks experience a significant but temporary increase in stock return. Systematic risk shows little change after announcements. But, idiosyncratic risk is higher after announcements. Renneboog, L., Ter Horst, J., & Zhang, C. (2008). The paper provides a critical review of the literature on socially responsible investments. Particular to SRI is that both financial goals and social objectives are pursued. Over the past decade, SRI has experienced an explosive growth around the world reflecting the increasing awareness of investors to social, environmental, ethical and corporate governance issues.

Worrell, D. L., Davidson, W. N., & Glascock, J. L. (1993). The study investigates about investors' reactions to announcements. We found announcements containing information about permanent replacements to be associated with positive market reactions, whereas other types of firing announcements resulted in no market response. In addition, outsider appointments were perceived as beneficial immediately, while insider appointments elicited a wait-and-see reaction. Cooke, T. E. (1992). The paper represents a contribution to rigorous testing of Japanese financial reporting and specifically reports on the impact of size, stock market listing and industry type on disclosure. It is found that size and listing status are important explanatory variables. In addition, manufacturing corporations were found to disclose significantly more information than other types of Japanese corporations. The interaction between industry type and quotation status was also found to be significant.

Ranganathan, K. (2006). Consumer behaviour from the marketing world and financial economics has brought together to the surface an exciting area for study and research: behavioural finance. Analysts seem to treat financial markets as an aggregate of statistical observations, technical and fundamental analysis. A rich view of research waits this sophisticated understanding of how financial markets are also affected by the 'financial behaviour' of investors. Chai, S., Kim, M., & Roa, H. R. (2011). In the information society, it is important for firms to manage their core information resources securely and firms in making such investment decisions. Security investments with commercial exploitation tend to result in higher returns than those for IT security improvement. Another finding is that stock market reaction to security investments shows higher abnormal returns after the Sarbanes–Oxley Act (SOX) than any of those before.

Zahra, S. A. (1996). Corporate entrepreneurship is important for organizational survival, profitability, growth, and renewal. Outsiders, including stock owners, might lead companies away from internal product development, the traditional route to corporate entrepreneurship. Finally, an industry's technological opportunities moderate the associations observed between corporate governance and ownership variables and corporate entrepreneurship. Cormier, D., Magnan, M., & Morard, B. (1993). Expectations are that corporations with a good environmental record should be valued at a premium by the stock market. Such a relation results from the emergence of "ethical" investing and from an increased awareness by investors of the potential negative consequences from corporate environmental damages.

Miyazaki, A. D., & Morgan, A. G. (2001). The difficulties of evaluating sports sponsorship are well known. In this study Miyazaki and Morgan use 'event study analysis' to assess corporate sponsorship of the 1996 Olympic Games. The theory, well known in financial circles, is that consequences of an activity are reflected in the market price of the sponsor's stock. The active was positive in activity. Jacobson, R., & Aaker, D. (1993). In order to gain insights into possible cross-national differences in asymmetric information between managers and investors. Our findings indicating that the Japanese stock market incorporates information earlier than does the U.S. stock market are consistent with the hypothesis that Japanese investors, who tend to have close ties to the businesses they invest in, are better informed than their U.S. counterparts. It consists of short run and long run.

OBJECTIVE OF THE STUDY

- The objective is to study the investors awareness in the Stock Markets.
- To study the influence of stock and investment strategies.
- To study the influence of demographic profile on investors awareness in stock markets.

HYPOTHESIS DEVELOPED FOR THE STUDY

The hypothesis developed to achieve the stated objective are:

Null Hypothesis: There is no significant difference between Investors with respect to Investment awareness about investment in stock.

Alternative Hypothesis: There is a difference between Investors with respect to Investment awareness about investment in stock.

RESEARCH METHODOLOGY

To study the investors awareness about investment in Stock Market, a structured questionnaire was prepared and was administered on the investors of the stock market in Chennai. The questionnaire was distributed through personal contacts, the executives of the participating broking agencies. The questionnaires were distributed to the clients of various stock broking agencies in Chennai and 120 responses were ultimately received.

RESEARCH METHODS USED FOR ANALYSIS

The study used two major parametric tests viz., T- Test and Anova-one way.

DATA ANALYSIS

Primary data

It is the first hand information, which is being collected by the researcher, or assistant is called primary data. In this study, the primary data was collected through structured questionnaire. Questionnaire was employed to collect the primary data from 120 selected sample respondents in organization.

TABLE 1: MEAN ANALYSIS OF THE AWARENESS LEVEL OF THE INVESTOR:

| S. No | Dimensions of Investors Awareness Level | Mean | Rank |
|-------|---|--------|------|
| A1 | I am somewhat knowledgeable about stock market | 3.3167 | 3 |
| A2 | I Usually follow the stock market through financial news on TV and newspapers | 3.3500 | 2 |
| A3 | I clearly understand the role of brokerage firms in listing on the BSE | 3.1167 | 8 |
| A4 | Stock exchange carries out awareness campaigns for investors | 3.1667 | 5 |
| A5 | I always have trust when trading on BSE | 3.0417 | 10 |
| A6 | When seeking financial advice, I deal with licensed brokers, intermediaries or financial services companies | 3.6250 | 1 |
| A7 | I usually visit the BSE website | 3.1250 | 7 |
| A8 | I usually buy shares based on future expectation rather than past performance | 3.0583 | 9 |
| A9 | Raising funds from the stock market is much easier and cheaper than the other sources like banks | 3.1833 | 4 |
| A10 | The return on investment in stock market is higher than those of other investments | 3.1333 | 6 |
| | Valid N (list wise) | | |

From the table it is found that the dimension of investors awareness level having the higher rank is A6, followed by A2, followed by A1, followed by A9, followed by A4, followed by A10, followed by A7, followed by A3, followed by A8, followed by A5.

TABLE 2: ANALYSIS OF GENDER

| Gender | Frequency | Percent |
|--------|-----------|---------|
| Female | 63 | 52.5 |
| Male | 57 | 47.5 |
| Total | 120 | 100.0 |

From the table 2 it is found that the analysis of Gender displays the frequency results of Gender. It is clear that majority of the investors are 52.5% are Female, 47.5% are Male.

TABLE 3: ANALYSIS OF AGE

| Age | Frequency | Percent |
|----------|-----------|---------|
| Up to 30 | 32 | 26.7 |
| 31- 40 | 26 | 21.7 |
| 41-50 | 41 | 34.2 |
| Above 50 | 21 | 17.5 |
| Total | 120 | 100.0 |

From the table 3 it is found that the analysis of Age displays the frequency results of Age. It is clear that majority of the investors are 26.7% are Up to 30, 21.7% are 31-40, 34.2% are 41-50, 17.5% are Above 50.

TABLE 4: ANALYSIS OF MARITAL STATUS

| Marital Status | Frequency | Percent |
|----------------|-----------|---------|
| Married | 76 | 63.3 |
| Single | 43 | 35.8 |
| Total | 120 | 100.0 |

From the table 4 it is found that the analysis of Marital Status displays the frequency results of the Marital Status of the investors are 63.3% are Married, 35.8% are Single.

TABLE 5: ANALYSIS OF EDUCATION

| Education | Frequency | Percent |
|---------------|-----------|---------|
| Up to school | 15 | 12.5 |
| Graduate | 30 | 25.0 |
| Post graduate | 56 | 46.7 |
| Others | 18 | 15.0 |
| Total | 120 | 100.0 |

From the table 5 it is found that the analysis of Education displays the frequency results of the Education of the investors are 12.5% are Up to School, 25.0% are Graduate, 46.7% are Post Graduate, 15.0% are others.

TABLE 6: ANALYSIS OF OCCUPATION

| Occupation | Frequency | Percent |
|------------|-----------|---------|
| Public | 26 | 21.7 |
| Private | 31 | 25.8 |
| Business | 49 | 40.8 |
| Others | 14 | 11.7 |
| Total | 120 | 100.0 |

From the table 6 it is found that the analysis of Occupation displays the frequency results of the Occupation of the investors are 21.7% are Public, 25.8% are Private, 40.8% are Business, 11.7% are others.

TABLE 7: ANALYSIS OF MONTHLY INCOME

| Monthly Income | Frequency | Percent |
|--------------------|-----------|---------|
| Up to Rs.25000 | 27 | 22.5 |
| Rs.25000- Rs.50000 | 34 | 28.3 |
| Rs.50000-Rs.75000 | 37 | 30.8 |
| Above Rs.75000 | 22 | 18.3 |
| Total | 120 | 100.0 |

From the table 7 it is found that the analysis of Monthly Income displays the frequency results of the Monthly Income of the investors are 22.5% are Up to Rs.25000, 28.3% are Rs.25000– Rs.50000, 30.8% are Rs.50000 – Rs.75000, 18.3% are Above Rs.75000.

SCOPE OF THE STUDY

- The study is restricted to the investing in equity shares and stocks in the market which provides the customers the higher return and lower risk of stocks.
- The study also helps the investors in taking good decisions when investing in equity shares and also ascertain the behaviour of share returns in the stock markets.
- The study is confined to Chennai region and shares purchased from other regions.

LIMITATIONS OF THE STUDY

- The study is restricted to 2 months.
- It is difficult to gather data using questionnaire.

FINDINGS OF DEMOGRAPHIC PROFILE

GENDER

Majority of the investors 52.5% are Female and 47.5% are Male.

AGE

Majority of the investors 26.7% are Up to 30 Age, 21.7% are 31-40, 34.2% are 50, 17.5% are Above 50.

MARITAL STATUS

Majority of the investors 63.3% are Married and 35.8% are Single.

EDUCATION

Majority of the investors 12.5% are Up to School, 25.0% are Graduate, 46.7% are Post Graduate, 15.0% are others.

OCCUPATION

Majority of the investors 21.7% are Public, 25.8% are Private, 40.8% are Business, 11.7% are others.

MONTHLY INCOME

Majority of the investors 22.5% are Up to Rs.25000, 28.3% are Rs.25000 – Rs.50000, 30.8% are Rs.50000 – Rs.75000, 18.3% are Above Rs.75000.

SUGGESTIONS

- The Age levels of investors above 40 are aware of investing in stock market with 34.2% compare to other level of group. Hence awareness should be provided to other age.
- The Marital Status of investors those who Married are aware of investing in stock market with 63.3% compare to Unmarried. Hence awareness should be provided to those who unmarried.
- The Education of investors of Post Graduate are highly aware of investing in stock market with 46.7% compare to other level. Hence awareness should be provided to other educational level.
- The Occupation of investors of Business are highly aware of investing in stock market with 40.8% compare to other level. Hence awareness should be provided to other occupational level.
- The Monthly Income of investors is highly aware of investing in stock market with 30.8% compare to other level. Hence awareness should be provided to other income level.
- The Mean Analysis of the investors consist of the dimension of investors awareness level having the higher rank is A6, followed by A2, followed by A1, followed by A4, followed by A10, followed by A7, followed by A3, followed by A8, followed by A5.

CONCLUTIONS

The Awareness of Investors in Stock Market tells about Age levels of investors above 40 are highly aware compare to other groups. The marital status is highly aware. The education levels of investor are highly aware and there is a significant difference between them. The occupation levels of the investor of business people are highly aware compare to other. The investors of the income level are highly aware and of investing in stock markets. The Mean Analysis of the investors consist of the dimension of investors awareness level having the higher rank is A6, and the investors awareness level having the least rank is A5. Therefore the investors are highly aware in investing in stock markets and the company earns the profit and they also collect money from the financial institutions to develop the organisation.

REFERENCES

- Cheung, A. W. K. (2011). Do stock investors value corporate sustainability? Evidence from an event study. *Journal of Business Ethics*, 99(2), 145-165.
- Renneboog, L., Ter Horst, J., & Zhang, C. (2008). Socially responsible investments: Institutional aspects, performance, and investor behaviour. *Journal of Banking & Finance*, 32(9), 1723-1742.
- Worrell, D. L., Davidson, W. N., & Glascock, J. L. (1993). Stockholder reactions to departures and appointment of key executives attributable to firings. *Academy of Management Journal*, 36(2), 387-401.

Cooke, T. E. (1992). The impact of size, stock market listing and industry type on disclosure in the annual reports of Japanese listed corporations. *Accounting and Business Research*, 22(87), 229-237.

Ranganathan, K. (2006). A Study of Fund Selection Behaviour of Individual Investors towards Mutual Funds with Reference to Mumbai City.

Chai, S., Kim, M., & Rao, H. R. (2011). Firms' information security investment decisions: Stock market evidence of investors' behaviour. *Decision Support Systems*, 50(4), 651-661.

Zahra, S. A. (1996). Governance, ownership, and corporate entrepreneurship: The moderating impact of industry technological opportunities. *Academy of management journal*, 39(6), 1713-1735.

Cormier, D., Magnan, M., & Morard, B. (1993). The impact of corporate pollution on market valuation: some empirical evidence. *Ecological economics*, 8(2), 135-155.

Miyazaki, A. D., & Morgan, A. G. (2001). Assessing the Market Value of Sponsoring: Corporate Olympic Sponsorships. *Journal of Advertising Research*, 41(1), 9-15.

Jacobson, R., & Aaker, D. (1993). Myopic management behaviour with efficient, but imperfect, financial markets: A comparison of information asymmetries in the US and Japan. *Journal of Accounting and Economics*, 16(4), 383-405.

