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## A BIRD VIEW ON INFLUENCE OF INVESTOR AWARENESS OF COMPANIES' FINANCIAL PERFORMANCE ON PERFORMANCE OF STOCK MARKET INVESTMENT

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### ABSTRACT

India's economy is expanding at the fastest rate in the world. Because of this, the Indian stock markets are attractive and a hub for opportunities for both local and foreign investors. Financial instruments such as stocks, bonds, and commodities are traded on the Indian stock exchange. It is a venue where buyers and sellers meet to exchange financial instruments within set hours of any given working day, all while abiding by the clear regulations set forth by SEBI. The present study aimed to know the influence of investor awareness of companies' financial performance on performance of stock market investment. The study was conducted in Malappuram District of Kerala State. 100 samples were chosen by applying convenience sampling method. Questionnaire was used for collecting data from the respondents. The study revealed that the impact investments are being made by investors worldwide in an effort to harness the positive power of capital. Read on to find out more about the fundamentals of impact investing, who is doing it, what kinds of returns they can yield, and much more. Investor's awareness level of companies' financial performance will help investors in identifying investment risk early to be more willing to choose the investment with greater returns in their risk acceptance. According to investors. Investor's awareness level of companies' financial performance during this research will be proxied by investment level and importance level of companies' financial performance. As a result, investors need to be adequately educated about how to divide their money across various investment horizons.

**KEYWORDS:** Financial, SEBI, Positive, Awareness, Investor.

### INTRODUCTION

A nation's stock market plays a significant role in its economy. The country's economy is greatly impacted by the development of the nation's industry and commerce, both of which are greatly aided

by the stock market. For this reason, the nation's central banks, business community, and government all closely monitor events in the stock market. Stock market brokers are the intermediaries that investors must use in order to trade or invest in stocks. In order to maintain stock trading, brokers actually carry out investor buy and sell orders and settle the transactions. The brokers basically act as a middleman between the buyers and sellers. Once the buyer places a buy order in the stock market the broker finds a seller of the stock and thus the deal is closed. All these take place on the stock market and it is the demand and supply of the stock of a company that determines the price of the stock of that particular company. So, the stock market is not only providing the much-required funds for boosting the business, but also providing a common place for stock trading. It is the stock market that makes the stocks a liquid asset unlike the real estate investment. It is the stock market that makes it possible to sell stocks at any point in time and get back the investment along with the profit. This makes the stocks much more liquid in nature and thereby attracts investors to invest in the stock market. The stock market is important from both the industry's point of view as well as the investor's point of view. Whenever a company wants to raise funds for further expansion or settling a new business venture, they have to either take a loan from a financial organization or they have to issue shares through the stock market. In fact, the stock market is the primary source for any company to raise funds for business expansions. If a company wants to raise some capital for the business, it can issue shares in the company that is basically part ownership of the company. To issue shares for the investors to invest in the stocks a company needs to get listed on a stocks exchange and through the primary market of the stock exchange they can issue the shares and get the funds for business requirements. There are certain rules and regulations for getting listed at a stock exchange and they need to fulfill some criteria to issue stocks and go public. The stock market is primarily the place where these companies get listed to issue shares and raise the fund. In the case of an already listed public company, they issue more shares to the market to collect more funds for business expansion. For the companies which are going public for the first time, they need to start with the Initial Public Offering or the IPO. In both the cases these companies have to go through the stock market. This is the primary function of the stock exchange and thus they play the most important role in supporting the growth of industry and commerce in the country. That is the reason that a rising stock market is the sign of a developing industrial sector and a growing economy of the country. Of course, this is just the primary function of the stock market and just half of the role that the stock market plays. The secondary function of the stock market is that the market plays the role of a common platform for the buyers and sellers of these stocks that are listed at the stock market. It is the secondary market of the stock exchange where retail investors and institutional investors buy and sell the stocks. In fact, it is these stock market traders who raise funds for the businesses by investing in the stocks.

### **STATEMENT OF THE PROBLEM**

The problem today is that investors underestimate the amount of risk in their financial plan. Investors

make buying and selling decisions based on how confident they are that a company will make profits, pay dividends and continue to grow so it can make more profit in the future. Investing in shares is risky. Profitability in the stock market companies is regarded as a measurement of financial stability. The stock market companies' financial performance is a very delicate area that is influenced by many different factors that work in different ways. A few have an impact on the costs and quantities of products; others alter the capital stock, the firm's size, market share, and growth. Furthermore, the financial performance of the stock market companies will be impacted by corporate policy pertaining to different functions. The process of making any investment decision entails assessing the potential returns and risks associated with different future investment options. While risk estimates are being set aside, the assessment of profit can serve as the starting point for discussions. Knowing what to do with the data after it has been gathered presents investors with their biggest challenge. Investors frequently encounter difficulties in making use of the data they gather because financial data can be complicated and challenging to understand. A viable solution to this problem is to work with a seasoned financial analyst who can assist with data interpretation and offer insightful analysis. This is due to the complexity and difficulty of understanding financial data. To obtain valuable insights into the operation and well-being of a company, it is frequently essential to compile, evaluate, and examine data from several sources. It can be challenging for inexperienced financial data investors to acquire the specialised knowledge and skills needed for this task due to its complexity.

### **Objective of the Study**

To know the influence of investor awareness of companies' financial performance on performance of stock market investment among the investors in Malappuram District

### **Materials and Methods**

Hemavathy and Gurusamy (2015) tried to study the influence of demographic variables on the reasons which facilitate the stock market participation and reasons for resistance among the Indian working women to make equity investment. The study stated that retail investors are considered as the backbone to the equity market. There is zero superior way of empowering the investor than taming their financial literacy among the working women. Results revealed that Indian working women's age, marital status, education, income, role in the family and the source of information about the investment avenue serves as the best proxy variables to determine the working women's preference for equity as an investment avenue. Reddy and Narayanan (2015) examined the investment pattern and awareness of the women investors about different investment instruments such as bank deposits, small savings, life insurance schemes, bullions, corporate security- bonds, mutual funds, and equity and preference shares, pension plan, a home or some other mode of investment like investing in real estate (property) or in saving schemes of post offices. More specifically, an attempt has been made to measure the level of awareness of investors about several pre-identified investment products and to rank the investment

products on the basis of importance of parameters considered before investment is made. Each of these investments has common characteristics such as potential return and the risk associated with it. The key to a successful financial plan is to keep apart a larger amount of savings and invest it intelligently for a longer period of time. This research also found the impact of age, qualification and work experience on the income level of the individual on investment. It was observed that among all investment avenues, investments in provident fund followed by post office scheme (monthly investment schemes) are considered to be the safest and most preferred by the respondents. Gaur Jighyasu (2010) determined on the financial performance measures of business group companies of Indian non-metallic mineral products industries. The study used financial data of 57 business group companies of Indian non-metallic mineral products industries namely cement, gems and jewelry, refractories, ceramic tiles, glass, abrasives and granite over a period of 10 years (1999-2008) and examined the firm's financial performance using performance measures through Operating Profit (OP) and Return on Net Worth (RONW). The study concluded that size, leverage, working capital ratio and Age of the firm are the major determinants of firm performance. Pattanashetti (2012) indicated that the institutions offering various investment schemes have a noble vision of encouraging and developing the saving habits among working women as well as guaranteeing the safety of funds. Accordingly, the institutions have developed appropriate modes of delivery as well as creating awareness through technology enabled support services. In addition, the discussion also throws light on perceptions of institutions offering various investment schemes, about the styles/preferences of working women. The institutions have perceived that most of the working women prefer investment schemes which offer regular return, promote family welfare and ensure retirement benefits. The institutions have also found that working women specially consider liquidity followed by safety of funds.

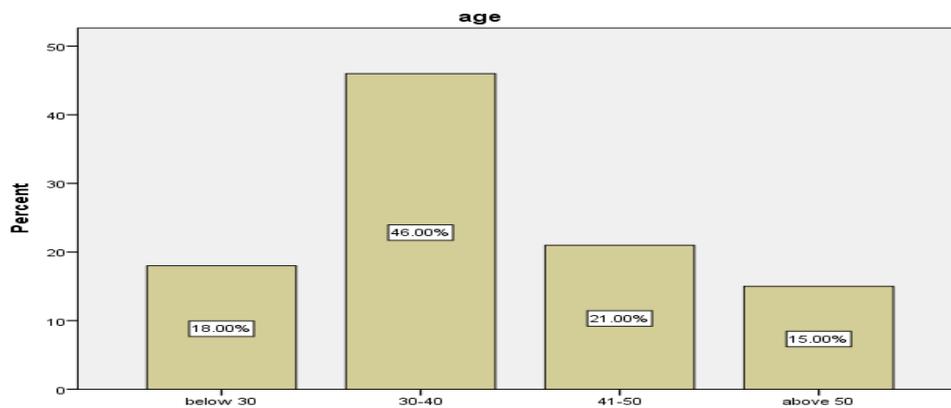
A researcher can describe their intended research approach by using research methodology. It's a methodical, logical strategy to address a research issue. A methodology describes how a researcher will conduct their study in order to produce valid, trustworthy results that meet their goals and objectives. It includes the types of data they will gather, where they will get them, and how they will gather and analyse them. A plan for addressing research question is called a research design. A research method is a tactic to carry out that scheme. While research design and methods are different, they are closely linked because a well-designed study guarantees that the information collect will enable to address research question more fully. The study was conducted in Malappuram District of Kerala State. 100 sample investors were chosen by applying convenience sampling method. Questionnaire was used for collecting data from the respondents. Ean and S.D value was used to know the relationship between influence of investor awareness of companies' financial performance on performance of stock market investment among the investors.

**RESULTS AND DISCUSSIONS**

**Table 1: Age and influence of investor awareness of companies’ financial performance on performance of stock market investment**

Age	Mean	N	Std. Deviation	% of Total N
Below 30 years	78.00	18	19.238	18.0%
30-40 years	86.70	46	11.728	46.0%
41-50 years	75.29	21	15.024	21.0%
Above 50 years	74.93	15	18.445	15.0%
Total	80.97	100	15.780	100.0%

Table 1 exhibits that the average opinion score of investors on influence of investor awareness of companies’ financial performance on performance of stock market investment was high (86.70) among the investors of 30-40 years category followed by below 30 years age category of investors (78.00).

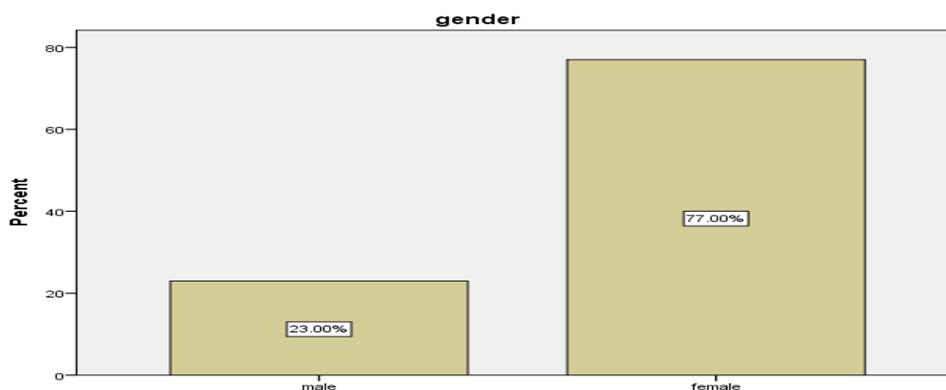


**Figure 1: Age of the investors**

**Table 2: Age and influence of investor awareness of companies' financial performance on performance of stock market investment**

Gender	Mean	N	Std. Deviation	% of Total N
Male	80.04	23	16.369	23.0%
Female	81.25	77	15.699	77.0%
Total	80.97	100	15.780	100.0%

Table 1 exhibits that the average opinion score of investors on influence of investor awareness of companies' financial performance on performance of stock market investment was high (81.25) among the female investors followed by male investors (81.25).



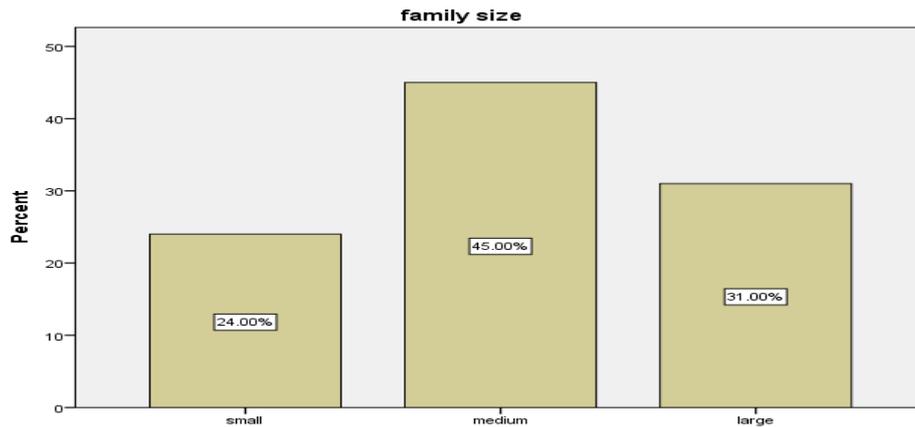
**Figure 2: Gender of the investors**

**Table 3: Family size and influence of investor awareness of companies' financial performance on performance of stock market investment**

Family size	Mean	N	Std. Deviation	% of Total N
Small	78.00	24	18.311	24.0%
Medium	81.64	45	14.026	45.0%
Large	82.29	31	16.326	31.0%
Total	80.97	100	15.780	100.0%

Table 3 exhibits that the average opinion score of investors on influence of investor awareness of companies' financial performance on performance of stock market investment was high (82.29)

among the investors belonging to large size family followed by the investors of medium size family (81.64).



**Figure 3: Family size of the investors**

**Table 4: Residential area and influence of investor awareness of companies' financial performance on performance of stock market investment**

Residential area	Mean	N	Std. Deviation	% of Total N
Rural	76.29	38	16.676	38.0%
Urban	84.07	29	13.514	29.0%
Semi-urban	83.64	33	15.714	33.0%
Total	80.97	100	15.780	100.0%

Table 4 exhibits that the average opinion score of investors on influence of investor awareness of companies' financial performance on performance of stock market investment was high (84.07) among the investors belonging to urban area followed by the investors of semi-urban area (83.64).

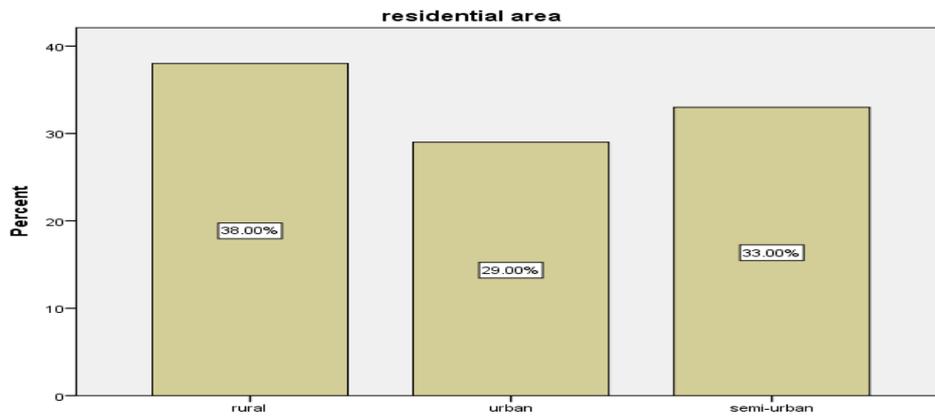
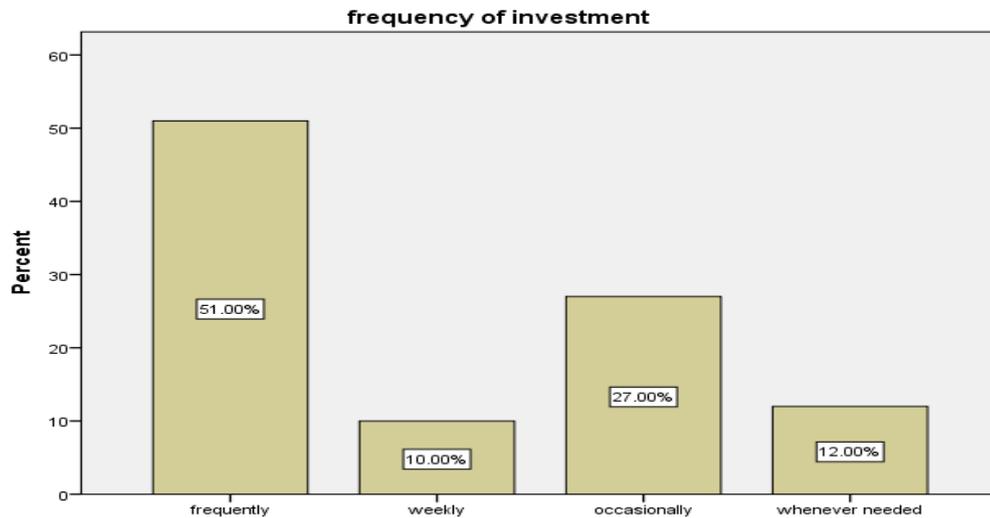


Figure 4: Residential area of the investors

Table 5: Frequency of investment and influence of investor awareness of companies' financial performance on performance of stock market investment

Frequency	Mean	N	Std. Deviation	% of Total N
Frequently	84.90	51	14.221	51.0%
Weekly	75.20	10	19.054	10.0%
Occasionally	80.85	27	11.578	27.0%
Whenever needed	69.33	12	21.402	12.0%
Total	80.97	100	15.780	100.0%

Table 5 exhibits that the average opinion score of investors on influence of investor awareness of companies' financial performance on performance of stock market investment was high (84.90) among the investors who frequently invest in stock market followed by the investors who made investment occasionally (80.53).



**Figure 5: Frequency of investment of the investors**

## RECOMMENDATIONS AND CONCLUSION

Over the past 20 years, the globalisation of financial markets has expanded the number of retail investors by offering a diverse range of market and investment opportunities. As a result, it complicates their process of making investment decisions. Return on investment, market trend or risk, short-term profitability, share price, dividend policy, historical financial performance, company reputation, board reputation, current earnings of the company, and expert opinion are the factors influencing investors' perceptions. An investor's choice of investments and financial performance are mutually dependent. This study demonstrated how investor sentiment can be influenced by awareness factors, which in turn can impact investors' financial performance. Therefore, investor sentiment may be influenced by the media, which could cause emotional swings in investors and have an impact on their decision-making. An increasing number of media and internet use among investors has a significant impact on how they think, feel, and make decisions. Equity investors must receive new information from a company or economic expansion as soon as possible. As a result, investors need to be adequately educated about how to divide their money across various investment horizons. Individual investors can make wise investment decisions thanks to the wealth of information available to companies in the economic sector, including mutual funds, insurance companies, and financial intermediaries. It should be routinely reviewed to identify their understanding of behavioural traits and to improve their ability to make decisions in the financial markets, thereby reducing the likelihood of making bad choices. In the stage where they are able to make appropriate investment decisions, this can help investors make logical decisions. Those with sufficient knowledge were investing in mid-cap and small-cap companies in addition to large-cap stocks in the stock market. Additionally, a few

investors expressed interest in day trading stocks. It makes sense for investors who are not familiar with the financial market to make investments. In order to ensure that everyone is aware of and prepared for real-world stock market investing, society must educate its members.

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