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Stock Market Investors' Awareness on Financial Performance of Companies in Malappuram District

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ABSTRACT
Investment is the economic decision of committing a set of fixed monetary resources with the expectation of receiving a stream of returns over a reasonable long period of time in the future. Since the decision to invest in securities is revocable, investment ends are momentary and investment environment is fluctuating, the reliable bases for reasoned expectation become more and more ambiguous as one envisages the distant future. The present study aimed to know the awareness level of investors on financial performance of companies especially stock market investors in Malappuram District of Kerala State. Convenience sampling was used to collect data from one hundred sample investors. A questionnaire method was used to collect the information. The study revealed that investment decisions are often supported by decision tools. It is also noted that information structure, financial performance of the companies and the factors in the market systematically affect individuals' investment decisions as well as market outcomes.

Keywords: Investment, Economic decision, Revocable, Environment, Financial performance.

I. INTRODUCTION

Investment is concerned with the purchase and sale of financial assets and an attempt of the investor to make logical decisions about the various alternatives in order to earn suitable return. Investment decisions are made by investors and investment managers. Investors usually perform investment analysis by making use of technical analysis, fundamental analysis and judgment. Investor market behaviour derives from the psychological values of decision making to explain why people buy or sell stocks. These factors will focus upon how investors understand and act on information to make investment decisions. For investors the return on their investments is highly valuable, and a well performing business can bring high and long-term returns for their investors. Furthermore, the financial profitability of a firm will enhance the income of its employees, bring better quality products for its customers, and have better environmentally friendly manufacturing units. Also, further profits will mean more future investments, which will generate employment opportunities and enhance the income of people.

Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account. It also helps in short-term and long-term forecasting and growth can be identified with the help of financial performance analysis. Financial performance principally reflects business sector outcomes and results that show the overall financial health of the sector over a specific period of time. It indicates how well an entity is utilizing its resources to maximize the shareholders' wealth and profitability. A company's financial statements provide various financial information to investors and creditors for evaluating a company's financial performance. Financial statements are also important to a company's managers because by publishing financial statements, management can communicate with interested outside parties about its accomplishment running the company. Different financial statements focus on different areas of financial performance.

Need for the study

Individual savings and investment patterns play an important role in any economy since they are a major component of the resource market. In the recent past the paradigm shift has been observed in the strategies of service sector in India. With the increase in purchasing power and the demand for a wide variety of products by the rural consumers, the rural markets offer new and greater opportunities to manufacturers of several consumer and industrial products in India. Selection of a perfect investment avenue is a difficult task for any investor. So, the analysis of financial performance is an important thing for shareholders. When the company develops as a result of a financial decision such as confinement of profits, then that growth will be reflected in the current value of the shares on the grounds that it is the result of a reflection of what will happen in the future. The present value of the shares is the sum of the future cash flows, and this will be reflected in the accounting profits when they occur, and they won't reflect the historical accounting profits.

Problem of the Study

Financial statements are necessary for investors to evaluate a startup's profitability, financial standing, and prospects for expansion. Most of the stock market investors are not having awareness on the financial performance of the companies. But they do the trading activities. Certain companies might only generate reports with one column; these reports lack comparative data and are therefore less informative than those with multiple columns. It is easier for the reader to determine whether current amounts meet or exceed expectations when prior-year, prior-month, or budgeted amounts are included.

Objective of the study

To know the stock market investors' awareness on financial performance of companies in Malappuram district of Kerala State.

II. MATERIALS AND METHODS

Mittal and Vyas (2008) explored the relationship between various demographic factors and the investment personality exhibited by the investors.Empirical evidence suggested that factors such as income, education and marital status affect an individual's investment decision. Further the results revealed that investors in India can be classified into four dominant investment personalities namely casual, technical, informed and cautions. Reddy and Krishnudu (2009) summarized that a majority of the investors are quite unaware of corporate investment avenues like equity, mutual funds, debt securities and deposits. They are highly aware of traditional investment avenues like real estate, bullion, bank deposits, life insurance schemes and small saving schemes. Study argued the primary motive of investment among the small and individual investors is to earn regular income either in form of interest or dividend on the investment made. Dashi (2010) aimed to gain knowledge about key factors that influence investment behavior and ways these factors impact investment risk tolerance and decision-making process among men and women and among different age groups. The individuals may be equal in all aspects, may even be living next door, but their financial planning needs are very different. It is by using different age groups along with gender that synergism between investors can be generated. In this context, demographics alone no longer suffice as the basis of segmentation of individual investors. The study concluded that investors' age and gender predominantly decide the risk-taking capacity of investors.

This study is purely based on primary data collected from a sample of 100 stock market investors in Malappuram District. The geographical area selected for the study is Malappuram District, purely based on convenience sampling. The questionnaire method was used to collect data from the sample respondents. Multiple Regression analysis was employed for the purpose of analysis.

III. RESULTS AND DISCUSSIONS

The most popular type of linear regression analysis is multiple linear regression. To explain the relationship between one continuous dependent variable and two or more independent variables, multiple linear regression is used as a predictive analysis. The present study presents the association between awareness of stock market investors and selected independent variables that were studied. The model summary of the study is given below.

Table 1
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.906[a]	.821	.796	8.425

The main goal of this technique is to estimate the uncertainty of the dependent variable based on its covariance with all independent variables. The R-square coefficient of determination assesses the measured Sample Regression Plane's (SRP) goodness-of-fit in terms of the percentage of variance in the dependent variables defined by the fitted sample regression

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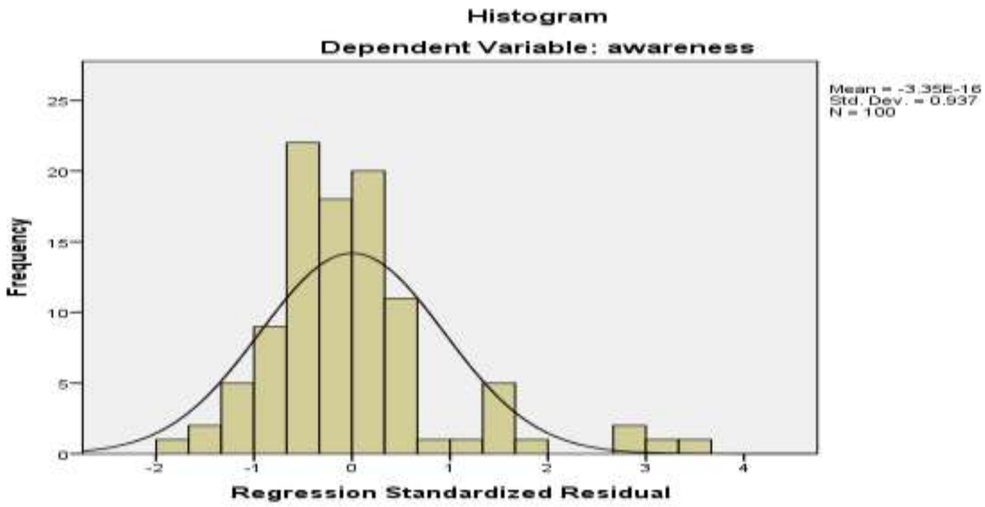
equation.It is noted that R square value is 0.821 which shows that

Chart 1



five variables such as gender, educational status, monthly income, family type and investment pattern are contributing 82% on the awareness of investors on financial performance of stock market companies and these are significantly associated at 1% and 5% level.

The following table shows the multiple regression analyses which presents the relationship between independent variables and the awareness of investors on financial performance of stock market companies.

Table 2
Multiple Regression Analysis

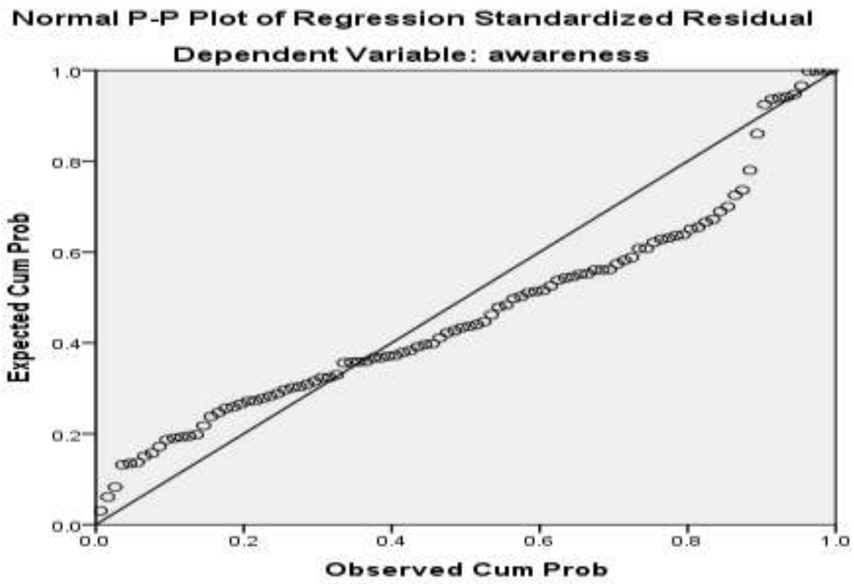
Variables	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(constant)	-3.712	7.660	-.485	.629
Gender	3.853	1.799	2.142	.035**
Age	-.458	.882	-.519	.605
Educational status	3.466	1.562	2.218	.029**
Marital status	-.779	.967	-.806	.423
Occupation	-.177	.633	-.280	.780
Monthly income	10.354	1.158	8.938	.000*
Family size	-.563	1.119	-.503	.616
Family type	-2.074	.745	-2.783	.007*
Earning members	1.083	1.076	1.007	.317
Source of information	.339	.638	.532	.596
Investment pattern	-2.167	1.060	-2.045	.044**
Preferred sector to invest	-1.058	1.060	-.998	.321

- - Significant at 1% level: ** - Significant at 5% level.

It is divulged that the variables such as gender, educational status, monthly income, earning members in the family of investors, source of information are positively associated with the awareness of investors on financial performance of stock market companies.

The velocity of raising the level of awareness of investors on financial performance of stock market companies shows better results of the key indicators of financial performance such as gender with 3.853 units change, with 3.466 units change in educational status of the investors, with 10.354 units change in monthly income, with 1.083 units change in earning members, and with 0.339 units change in source of information to know about the stock markets. The following chart shows the Normal P-P plot of regression standardized residual.

Chart 2



In Anova table, the variables whose F Value is 33.202 and the associated probability for F test is less than or equal to 0.05.

Hence the F value is significant at 1% level and the study is perfectly fit to know the relationship between the selected variables.

Table 3

ANOVA						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	28277.368	12	2356.447	33.202	.000[b]
	Residual	6174.632	87	70.973		
	Total	34452.000	99			
a. Dependent Variable: Awareness of investors						

Therefore, it is revealed from the study that the independent variables such as such as gender, educational status, monthly income, family type and investment pattern are contributing 82% on the awareness of investors on financial performance of stock market companies and these are significantly associated at 1% and 5% level. At the same time, the variables such as gender, educational status, monthly income, earning members in the family of investors, source of information are positively associated with the awareness of investors on financial performance of stock market companies. These variables proved their positive performance with the dependent variable.

IV. RECOMMENDATIONS AND CONCLUSION

The study revealed that investment decisions are often supported by decision tools. Many companies will release important news on their social media platforms, such as Facebook, X (formerly Twitter), and YouTube. The investors can follow these accounts for updates on the company's' financial performance and changes that may impact on their investments. It is also concluded that information structure, financial performance of the companies and the factors in the market systematically affect individuals' investment decisions as well as market outcomes.Not everyone who can pick the newest hot stock or make money quickly qualifies as a smart investor. Rather, a smart investor is typically one who uses a long-term investment strategy and keeps an eye out for broad trends. In order to create wealth over a long period of time, smart investors diversify their investment portfolio by making regular investments with their financial resources. It's not simple to raise awareness of stock markets. Ordinary people don't want to deal with the intricacies of the stock markets in order to invest and make money. Additionally, they are too busy with their lives to spend sitting up late at night poring over balance sheets and charts from companies. For most people, it simply takes too much work, and they would much rather purchase jewelry, gold, or apartments. So, Widespread awareness should be created through awareness programs among the investors.

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