Perception of Investors towards Influences of Financial Performance of Privatized Companies in Investment Decision

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ABSTRACT
Captivating a public company private is comparatively straightforward and typically involves fewer regulatory hurdles than private-to-public transitions.Analyses of a privatized company's financial performance are conducted for external users to determine whether or not it is worthwhile for them to invest. Financial performance is the process of creating an intellectual activity. It is concerned with the business operations which contribute to increasing the profits and also to enhancing the total investments. Financial performance is also concerned with the prosperity of shareholders. The financial performance of companies has a great role among the investors of the stock exchange. The stock exchange is one of the most important institutions in the capital market. The present study aimed to know the perception level of investors on financial performance of privatized companies especially investors in Malappuram District. Snowball sampling was used to collect data from 120 sample investors of privatized companies. A questionnairemethod was used to collect the data from the respondents. The study was conducted in Malappuram District of Kerala. The process of taking a business private can be difficult. It may also be costly. Many businesses collaborate with private equity firms that have the resources to repurchase all shares that are listed on public markets.

Keywords: Privatized,intellectual, Financial performance, Prosperity, Stock exchange.

I. INTRODUCTION

Today, a wide range of sources are used to analyse investment decisions, including operations research, engineering economy, and economics and finance.The increasing trend of privatization has, of course, not been without opposition. Widespread privatization has its detractors who argue that increased efficiency is not always a result of private ownership. More importantly, they contend, private sector managers might not feel guilty about implementing corporate policies or profit-making techniques that drive out of reach or out of reach large swaths of the population for basic services. For example, a profit-driven business might decide not to offer health care to the impoverished or educate children with learning disabilities. In an attempt to turn these endeavours into profitable ventures, government intervention would almost certainly be reinstated—after the fact. The outcome might not be as desirable as it would have been if the government had just kept offering the services in the first place.When a publicly traded company goes private, the investors that acquire the company buy its shares at a premium from the public company. The stock exchange where the company's shares were previously traded deals with it. Shares are no longer available for public trading.Companies can be impacted by changes in the stock market in a number of ways. A company's market value and market capitalization are impacted by changes in share prices. A company's market value increases with the price of its shares and vice versa. When contemplating acquisitions or mergers that include shares as a component of the transaction, the market value of the business may be significant. Decisions about the issuance of shares may also be influenced by stock performance. A company may be more likely to issue more shares if its stock is performing well because it thinks it can raise more money at the higher price. The performance of the stock market has an impact on a company's cost of capital.

Problem Identification

Poor financial performance has a negative effect on the firm's profitability and solvency. A poor financial performance is indicated by the inability to sustain regular business operations. A company's performance is important to stakeholders, investors, and the economy at large. High and long-term returns on investments can be obtained by investors in a well-performing company, and this return is very valuable.

Aim of the study
To understand the perception of investors towards influences of financial performance of privatized companies in investment decision with special reference to Malappuram District of Kerala.

II. REVIEW OF LITERATURE

Wang (2022)conducted a methodical and scientific evaluation of the financial performance of listed companiesin order to assist investors in confirming their investment in China. The study found that the issue of corporate financial performance has gradually gained popularity in tandem with the rapid expansion of China's economy. It is vital to apply pertinent economic principles to rationally analyse investors' behavioural motivations in order to guarantee that mathematical models can limit their investment behaviours.Juniarti et al. (2021)confirmed that financial performance is an essential instrument in decision making. This study was conducted to compare investor responses to M&A and financial performance. However, over time, many researchers stated that the relevance of financial statement information had decreased so that investors did not respond positively to financial performance.Furthermore, investors view corporate action simply because it adds value and growth to the company. It was found that the results rejected the hypothesis in this study because it contradicted the findings. Investors responded negatively to the M&A actions carried out by consumer goods companies in ASEAN, as seen from the test results on the two event windows that had a consistently negative-significant value. This study concluded that M&A is not always responded positively to investors.Sami and Khan (2015)investigated the financial performance of paper industries namely Ballarpur Industries Limited (BILT) and Tamil Nadu Newsprint and Papers Limited (TNPL) with the application of independent sample t-test. The findings showed significant differences in gross profit, net profit, current ratios, quick ratios and debt equity ratios in BILT and TNPL.Hussein (2007) found that getting rich quickly, stock marketability,expected corporate earnings, past performance of the firm's stock, government holdings, and the creation of the organized financial markets are the investors considerations.

III. METHODOLOGY

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.This study is based on primary and secondary data. The primary datawas collected from a sample of 120 investors in Malappuram District of Kerala. The questionnaire method was used to collect data from the sample respondents. Snowball sampling was applied in the study. Kruskal Wallis test was employed for analysis process the details are given below.

IV. RESULTS AND DISCUSSIONS

Research questions comparing three or more independent groups on an ordinal outcome are addressed using the Kruskal-Wallis test. Since the result of the Kruskal-Wallis test cannot be measured continuously, it is regarded as non-parametric. When using a Kruskal-Wallis test, researchers will report the median and interquartile range of each group rather than the means and standard deviations.

Hypothesis 1
There is no close relationship between the gender of the investors and their perception. (H_0)
There is a close relationship between the gender of the investors and their perception.(H_1)

Table 1
Gender and Perception

S. No.	Gender	No. of Respondents	Mean Rank	Kruskal-Wallis H	'p' Value
1	Male	74	69.30		
2	Female	46	46.35	12.366	0.000 (Significant at 1% level)
	Total	120			

The above table shows that the mean rank score of the male respondents is 69.30 and the respondents belonged to female group is46.35. Hence, it was found from the test that the

respondents belonged to female group had maximum level of perception. Since the 'p' value is lower than 0.05, the null hypothesis is rejected. So, there is a close relationship between the gender of the investors and their perception.

Hypothesis 2
There is no close relationship between the age of the investors and their perception. (H_0)
There is a close relationship between the age of the investors and their perception.(H_1)

Table 2
Age and Perception

S. No.	Age	No. of Respondents	Mean Rank	Kruskal-Wallis H	'p' Value
1	Up to 25	8	24.63		
2	26-35	37	53.34		
3	36-45	64	66.11		0.005 (Significant at 1% level)
4	46-55	8	75.56	14.712	
5	Above 55	3	84.67		
	Total	120			

The above table shows that the mean rank score of the young respondents is 24.63 and the respondents belonged to 26-35 age group is 53.34. The mean rank of the respondents belonged to 36-45 age group is 66.11. The mean rank of the respondents belonged to 46-55 age group is 75.56.The mean rank of the respondents belonged to the old age group is 84.67.Hence, it was found from the test that the respondents belonged to young group (up to 25) had maximum level of perception. Since the 'p' value is lower than 0.05, the null hypothesis is rejected. So, there is a close relationship between the age of the investors and their perception.

Hypothesis 3
There is no close relationship between the marital status of the investors and their perception. (H_0)

There is a close relationship between the marital status of the investors and their perception.(H_1)

Table 3
Marital status and Perception

S. No.	Marital status	No. of Respondents	Mean Rank	Kruskal-Wallis H	'p' Value
1	Unmarried	29	53.00		0.182 (Not Significant)
2	Married	91	62.89	1.780	
	Total	120			

The above table shows that the mean rank score of the unmarried respondents is 53.00 and the respondents belonged to married group is 62.89. Hence, it was found from the test that the respondents belonged to unmarried group had maximum level of perception. Since the 'p' value is higher than 0.05, the null hypothesis is accepted. So, there is noclose relationship between the marital status of the investors and their perception.

Hypothesis 4

There is no close relationship between the occupation of the investors and their perception. (H_0)
There is a close relationship between the occupationof the investors and their perception.(H_1)

Table 4
Occupation and Perception

S. No.	Occupation	No. of Respondents	Mean Rank	Kruskal-Wallis H	'p' Value
1	Agriculture	10	69.90		
2	Government employee	45	55.27		
3	Private employee	30	52.12		
4	Business	16	85.47	11.755	0.019 (Significant at 5% level)
5	Professional	19	60.16		
	Total	120			

The above table shows that the mean rank score of the agri respondents is 69.90 and the respondents belonged to government employee category is 55.27. The mean rank of the respondents belonged to private employee group is 52.12. The mean rank of the respondents belonging to business group is 85.47. The mean rank of the respondents belonged to the professional group is 60.16. Hence, it was found from the test that the respondents belonged to private employee category had maximum level of perception. Since the 'p' value is lower than 0.05, the null hypothesis is rejected. So, there is a close relationship between the occupation of the investors and their perception.

Hypothesis 5
There is no close relationship between the educational qualification of the investors and their perception. (H_0)
There is a close relationship between the educational qualification of the investors and their perception.(H_1)

Table 5
Educational qualification and Perception

S. No.	Educational qualification	No. of Respondents	Mean Rank	Kruskal-Wallis H	'p' Value
1	Illiterate	6	86.92		
2	School level	34	68.34		
3	Graduate	28	46.25		
4	Post graduate	34	54.78	12.127	0.016 (Significant at 5% level)
5	Professional	18	69.86		
	Total	120			

The above table shows that the mean rank score of the illiterate respondents is 86.92 and the respondents of schooling category is 68.34. The mean rank of the graduate respondents is 46.25. The mean rank of the respondents belonging to post graduate category is 54.78. The mean rank of the respondents belonged to the professional group is 69.86. Hence, it was found from the test that the respondents belonged to graduate category had maximum level of perception. Since the 'p' value is lower than 0.05, the null hypothesis is rejected. So, there is a close relationship between the educational qualification of the investors and their perception.

Hypothesis 6
There is no close relationship between the monthly income of the investors and their perception. (H_0)
There is a close relationship between the monthly income of the investors and their perception.(H_1)

Table 6
Monthly income and Perception

S. No.	Monthly income	No. of Respondents	Mean Rank	Kruskal-Wallis H	'p' Value
1	Below Rs.20,000	44	53.31		
2	Rs.20000-Rs.30000	48	68.10		
3	Rs.30001-Rs.40000	17	55.94	12.127	0.231 (Not Significant)
4	Rs.40001-Rs.50000	6	73.00		
5	Above Rs.50000	5	51.30		
	Total	120			

The above table shows that the mean rank score of the low-income respondents is 53.31 and the respondents of Rs.20000- Rs.30000 income category is 68.10. The mean rank of the respondents earning between Rs.30001- Rs.40000 is 55.94. The mean rank of the respondents belonging to Rs.40001- Rs.50000 income category is 73.00. The mean rank of the respondents belonging to Above Rs.50000 income category is 51.30. Hence, it was found from the test that the respondents belonged to high income category (Above Rs.50000) had maximum level of perception. Since the 'p' value is higher than 0.05, the null hypothesis is accepted. So, there is no close relationship between the monthly income of the investors and their perception.

V. SUGGESTIONS AND CONCLUSION

It is a difficult task in and of itself to forecast stock prices because of the multitude of variables involved. Additionally, a company's stock market is greatly impacted by its financial performance. The market serves as a voting tool as well, but it also serves as a weighing tool over an extended period of time, making it possible to predict market actions. Stock markets are really just a random walk, so trying to predict them is a fool's errand, according to some of the theories. Using other procedures and mechanism learning methods for stock price analysis and forecasting is a promising field. On the other hand, assets, profitability,reserves, and surplus in a good financial state always match those in bad financial condition, and vice versa. As mentioned, governments frequently worry that wealth concentration in the hands of "undesirable" domestic or foreign groups could result from privatization. As a result, they would much rather find a means of widely distributing ownership. There is a common misconception, both inside and outside of developing nations, that public stock offerings are frequently ineffective for privatizing. Investors in rural areas should closely examine the financial performance of the company with regard to capital structure, dividend policy, and capital budgeting strategies. These factors are thought to be essential in determining an organization's ability to manage investment decisions and turn a profit. Finally, it is concluded that Stock market investors should use reasonable professional knowledge of financial performance to carefully assess the investment factors prior to making an investment decision. Investors should be able to interpret market and economic indicators because they impact the security's performance on the market.

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