Sources of Information used by Equity Investors: A Study of Punjab

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Abstract

Retail equity investors seek guidance from various sources of information to manage their investment and to meet their own and their families' goals. The investors rely on advice of these sources of information for investment and expect that advice to be given in their best interest. . The study has been done to investigate the various sources of information used by equity investors and to check whether there is any significant difference in the opinion equity investors across their demographics regarding the various sources of information used by them.

Keywords: Investment Advisors, Investors, Information, Television, Newspaper, Internet

Introduction

Investing in shares is risky. If the company does well, investor benefits, if it does not, investor loses. There is no guarantee whatsoever. The best way to make money is to buy the shares when the price is low and sell it when the price is high. But it is very difficult to time the market. That is why, it is best to invest for long term. A smart investor should never buy shares of companies he does not know much. Relying on the advice of the friends, relatives, peers and investment advisors is not always a great idea. Do some ground work; take a look at the company's profit and loss statement and balance sheet which would have been audited by chartered accountants. There is a wealth of information in it. Do some basic calculations and it will give an investor a fair understanding about the company.[1]

Review of Literature

McAlexander and Scammon (1988) conducted a primary survey to access sources of information that high and low knowledgeable investors used while selecting an investment advisor. Chi-square technique was used to analyze the data. The findings of the study were as follows 1. Low knowledgeable investors required comprehensive financial planning services and they relied upon their friends and relatives, professionals as well as company representatives as a source of information, 2. They considered credentials and social characteristics as important attributes of financial advisors, 3. high knowledgeable investors required problem specific advice and they used professional persons' recommendations and company report as a source of information, 4. they considered advisors' knowledge as the

most important attribute while selecting the financial advisor. Lease, Lewellen and Schlarbaum (1997) revealed that the investors followed a fundamental approach preferring a well-diversified and balanced portfolio of income. It was further found that investors favoured long term capital appreciation securities with dividend income in place of short term gains. Journals and newspapers were used as sources of information by the investors. Anderson (1998) highlighted that there had not been any variation in the sources of information used by the shareholders for making investment decisions. They relied on the advice of stockbrokers while making the investment decisions. Their least preferred source of information was annual report. The study suggested that there was a need for the regulators to determine the informational needs of the investors to provide true and fair view of the economic affairs of the company. Gerrans (2004) showed that while making investment in managed fund, investors used various information sources like published fund ratings, magazine & newspaper investment articles, financial advisor recommendations, investment books, fund advertisements, television, recommendations of family and friends. The findings suggested that for individual retail investors, mutual fund ratings had become an important, relied upon feature of the Australian managed fund industry. Mirshekary and Saudagaran (2005) indicated that different user groups used annual reports with different levels of frequency and there was no statistically significant differences among users about the annual report, oral information, published daily share price and tips and rumors. But there were statistically significant differences among users about the advice of friends, acquaintances, stockbroker's advice and communication with management. The results also revealed that there was a statistically significant difference between user groups about the cash flow statement and directors' report but there were no statistically significant differences among user groups about the remaining six sections of annual report. Results regarding the problem encountered by annual report users showed statistically significant differences among user groups regarding their opinions about the lack of access and comprehensive accounting system, shortage of professional accountants and published accounting standards but there was no difference regarding the rest of the problems. On 81 disclosure items statistically significant differences were found. Chi (2006) analyzed that investors' decisions had been influenced by brokers' recommendations. His study highlighted that in the absence of brokers' recommendations, investors were willing to sell the stock in both circumstances i.e. in case of loss as well as profit. When the impact of brokers recommendations were analysed, it was found that investors were following their recommendations. Retail Investor Survey Report (2006) explored that young, highly

educated and male investors mostly traded through online trading system and they took advice from personal financial consultants. The study further exhibited that the respondents did not have in-depth financial understanding and they preferred television programme followed by investor's stories, articles/ Q and A in newspaper, radio segment and short video on public transport to enhance their understanding of financial and investor protection issues. Brijlal (2007) revealed that investors relied upon the recommendations of stockbrokers, investment letters or articles and used technical analysis while making investment. Australian Investors: At A Glance Report (2008) found that investors were aware of the rate of return provided on various assets (fixed interest, shares, property and growth super), investors were aware of various types of scams like unsolicited phone calls from overseas stockbrokers, unsolicited offers to buy investors' shares, letter style scams, tax minimization schemes, property related scams, fake lottery offers etc., investors were found to be responsible for their own investment choices and were not protected by any government bodies, investors considered higher returns and safety as their main reasons while investing and investors used various information sources while making investment decisions like financial institutions, friends and family members, professional financial advisors, daily newspaper and internet. Ravichandran (2008) highlighted that most of the respondents were influenced by relatives and friends followed by brokers while making investment. The study further revealed that investors had a highly favourable attitude toward investment in cash market, future market and option market and they preferred to invest in short term funds and wealth maximization instruments. Maini and Sharma (2009) concluded that investors were not satisfied with the financial information provided by the companies and they desired to have non-financial (i.e. qualitative) information. The researchers exhibited that the major factors underlying the informational needs of investors were information relating to company, financial fundamentals of company, reliability of information provided by the company, company profile, qualities of board of directors and future prospects. The study suggested that the information provided by the companies to the investors should not be restricted to the annual financial statements only, but the qualitative information should also be provided to the investors so that they could take right investment decision. Sultana (2010) revealed that most of the investors were financial illiterates and they preferred electronic media, newspaper/ magazines, friends, brokers and internet in the decreasing order as the sources of investment information. Al-Htaybat, Alberti-Alhtaybat and Hutaibat (2011) examined the perceived usefulness and usability of internet financial reporting among interested external user groups in Jordan. The

collected data were analyzed with the help of descriptive statistics and Kurskal-Wallis one way analysis of variance. The results of the study highlighted that regarding the usefulness users had some concerns regarding relying on internet financial reporting as the only source of information to enable them to make a more informed decision. Moreover, regarding usability respondents agreed that internet financial reporting had been a usable, accessible and clear source of information for user's decision making. Bashir et al. (2013) highlighted the crucial factors that influence their investment decisions, for companies also because companies would formulate their strategies and plans keeping these factors into consideration. The research had importance for financial advisors as they would suggest investments to investors by considering these factors and government would also modify the required legislation and other procedures that were needed for satisfying the desires of investors. Apparao and Babu (2015) revealed that most of the respondents obtained information regarding investment through their friends and relatives followed by national newspapers, brokers and magazines etc and they were very satisfied regarding courtesy followed by interest in work, attitude, efficiency and helpfulness of the stock broking firms. Imthiyas, Shyamasundar and Ramar (2015) revealed that electronic media like TV, radio, internet was highly effective, useful and played a major role in creating investor awareness while investment professionals like brokers, agents, investment consultants were less effective, less useful and played a minor role in creating investor awareness among individual investors belonging to IT, ITES and software professionals in Chennai, India. Parimalakanthi and Kumar (2015) disclosed that the majority of investors used internet for mobilizing investment related information followed by watching television, consulting friends and peer investors etc.

Hypothesis Development and Data Collection

In order to achieve the objective of this research paper a survey has been designed and data have been collected from retail equity investors by physically staying at brokers' offices during their office hours. Data have been collected from retail equity investors of Amritsar, Jalandhar, Ludhiana and Mohali districts of the state of Punjab. Since the number of stockbrokers has been quite large, so researcher has employed random investigation method while choosing stockbrokers. The researcher has dispersed about one thousand questionnaires but only three hundred and seventy three research instruments have been received back from the clients of the brokers. Researcher has asked the brokers' clients to please fill the research instrument. Some of the clients have filled the instrument while staying at brokers' office while some clients have taken the research instrument at their place and never returned it back. Out of three hundred and seventy three surveys received back, it has been found that forty five surveys have not been completely filled by the respondents. So, further analysis has been carried out on remaining three hundred and twenty eight surveys. The aim of this research paper has been to investigate the various sources of information used by retail equity investors.

This analysis has been done to check whether there is any significant difference in the opinion of equity investors across their demographics regarding the importance of sources of information used by them while making equity investment decision and to test the following null hypothesis.

H01: There is no difference in the opinion of the equity investors as per their gender regarding the sources of information used by them while making equity investment decision.

H02: There is no significant difference amongst equity investors regarding the sources of information used by them while making equity investment decision across their age.

H03: There is no significant difference amongst equity investors regarding the sources of information used by them while making equity investment decision across their education level.

H04: There is no significant difference amongst equity investors regarding the sources of information used by them while making equity investment decision across their occupation.

H05: There is no significant difference amongst equity investors regarding the sources of information used by them while making equity investment decision across their income.

H06: There is no significant difference amongst equity investors regarding the sources of information used by them while making equity investment decision across their location background.

Data Interpretation

Out of total three hundred and twenty eight respondents 190 (57.9%) respondents have been male and 138 (42.1%) respondents have been female. The respondents have been of different age groups. 153 (46.6%) respondents have been upto 35 years of age; 80 (24.4%) respondents have been in the age group of 35-50 years of age and 95 (29%) respondents have been above the age of 50 years. These respondents have different educational backgrounds. 60

(18.3%) respondents have been professionals; 151 (46.0%) have been post graduates; 104 (31.7%) respondents have been graduates and 13 (4.0%) respondents have been undergraduates.

Out of total respondents, 63 (19.2%) respondents have been academicians, 70 (21.3%) respondents have been employees at banks or insurance companies, 34 (10.4%) respondents have been finance and accounting experts like CA, CS etc., 90 (27.4%) respondents have been businessmen and 71 (21.6%) respondents represent other category. Doctors, lawyers, engineers etc. composed the group of other category. Classification of respondents as per income has revealed that 18 (5.5%) respondents have been earning less than two lakh rupees per annum, 89 (5.5%) respondents have been earning income ranging between two lakhs to five lakh rupees per annum, 157 (47.9%) respondents have been earning income ranging between five lakhs to ten lakh rupees per annum and 64 (19.5%) respondents have been earning more than ten lakh rupees per annum. As the total sample size has been three

hundred and twenty eight, therefore uniform number i.e. eighty two, signifying twenty five percent questionnaires have been got filled from Amritsar, Jalandhar, Ludhiana and Mohali respectively thereby composing total hundred percent.

Investors use various sources of information like family, relatives, peers, investment advisors, television, radio, magazines/journals, newspapers, hoardings, brochures and pamphlets, company sources, regulatory agencies, internet and self knowledge. The respondents have been given a list of fourteen sources of information and have been asked to rate those on five point Likert scale ranging from five to one, where five stands for 'Very Important', four stands for 'Important', three stands for 'Neutral', two stands for Not Important' and one for 'Not at all Important'. The ratings have been given by equity investors on all 14 sources of information and have been analyzed in terms of percentages of equity investors and mean scores, the results of which are presented in table 1.

Table 1

Equity Investors Ratings on Various Sources of Information used by them while making Equity Investment Decision

Sr. No.	Information Sources	Very Important	Important	Neutral	Not Important	Not at all Important	N	Mean
1	Family	88 (26.8%)	120 (36.6%)	43 (13.1%)	42 (12.8%)	35 (10.7%)	328	3.56
2	Relatives	45 (13.7%)	122 (37.2%)	33 (10.1%)	94 (28.7%)	34 (10.4%)	328	3.15
3	Peers	36 (11.0%)	90 (27.4%)	59 (18.0%)	77 (23.5%)	66 (20.1%)	328	2.86
4	Investment Advisors	51 (15.5%)	217 (66.2%)	47 (14.3%)	12 (3.7%)	1 (0.3%)	328	3.93
5	Television	41 (12.5%)	113 (34.5%)	42 (12.8%)	71 (21.6%)	61 (18.6%)	328	3.01
6	Radio	1 (0.3%)	6 (1.8%)	35 (10.7%)	93 (28.4%)	193 (58.8%)	328	1.56
7	Magazines/ Journals	154 (47.0%)	101 (30.8%)	48 (14.6%)	16 (4.9%)	9 (2.7%)	328	4.14
8	Newspapers	125 (38.1%)	149 (45.4%)	42 (12.8%)	10 (3.0%)	2 (0.6%)	328	4.17
9	Hoardings	6 (1.8%)	20 (6.1%)	48 (14.6%)	113 (34.5%)	141 (43.0)	328	1.89
10	Brochures and Pamphlets	-	-	1 (0.3%)	136 (41.5%)	191 (58.2%)	328	1.42
11	Company Sources	148 (45.1%)	160 (48.8%)	18 (5.5%)	2 (0.6%)	-	328	4.38
12	Regulatory Agencies	-	-	53 (16.2%)	66 (20.1%)	209 (63.7%)	328	1.52
13	Internet	118 (36.0%)	147 (44.8%)	24 (7.3%)	18 (5.5%)	21 (6.4%)	328	3.98
14	Self-Knowledge	62 (18.9%)	180 (54.9%)	53 (16.2)	20 (6.1)	13 (4.0)	328	3.79

The table 1 highlights the importance of various sources of information used by equity investors while making investment decisions in terms of percentages of the total equity investors and mean scores. The variable company source has the largest score of 4.38 followed by newspapers (4.17) and magazines and journals (4.14). This shows that these sources of information have been considered very important by retail equity investors while making investment decision. More than 3.5 rating have been found for the sources of information such as investment advisors, internet, self-knowledge and family. Therefore, the investors are working on the right lines, they are digging the information on their own and then they are relying upon the advice of investment advisors, family, relatives and peers etc.

The table 2 reveals that most of the equity investors are educated in commerce background only i.e. academician, bankers and insurers and CA/CS/CWA/financial consultants.

Table 2

Cross tabulation Occupation*Company Sources

Company Sources						
		Less Important	Neutral	Important	Very Important	Total
Occupation	Academician	-	3	33	27	63
	Banker and Insurer	-	5	31	34	70
	CA/CS/CWA/ financial consultant	1	1	15	17	34
	Businessman	1	4	44	41	90
	Others	-	5	37	29	71
	Total	2	18	160	148	328

The table 3 highlights that most of the equity investors (114) have been investing in equity shares for more than 5 years so they have huge experience of investing in equity shares. That is why; they have been using company sources as the major source of information.

Table 3

Cross tabulation Time Period of Equity Investment * Company Sources

Company Sources						
		Less Important	Neutral	Important	Very Important	Total
Time Period of Equity Investment	0-1	-	4	15	2	21
	1-3	-	3	11	8	22
	3-5	-	4	35	24	63
	More Than 5 Years	2	7	99	114	222
	Total	2	18	160	148	328

Equity investors use a number of personal and impersonal sources to get the information while making equity investment decision. Here, the opinion of three hundred and twenty eight equity investors (one hundred and ninety males and one hundred and thirty eight females) on the sources of awareness has been comparatively analyzed by using Independent Sample T–test. The respondents have been asked to rate the sources from which they get information regarding equity investment and it has been measured on five point Likert Scale ranging from five to one, where five stands for 'Very Important', four stands for 'Important', three stands for 'Neutral', two stands for Not Important' and one for 'Not at all Important'.

This analysis has been done to check whether there is any difference in the opinion of male and female equity investors regarding the importance of sources of information used by them while making equity investment decision.

Independent Sample T-test has been performed, the results of which are shown by table 4. The table presents the comparative picture of the equity investors as regards their gender on their opinion regarding the importance of the sources of information they use while making equity investment decision. The table depicts the descriptives (Mean and Standard Deviation), and t-value of the differences together with the level of significance.

It is found that female equity investors have given 4.13 average rating to family. A highly significant difference is found in opinion of female and male equity investors as far as the information from family is concerned. Female equity investors ratings to this is higher than males and lies between four and five i.e. 'Important' to 'Very Important' whereas male equity investors rate this source at 3.15 and it is also a good rating by male equity investors. Similarly in

case of relatives, the usage of relatives by female equity investors as a source of awareness is comparatively higher than male equity investors. Again the difference is found to be significant. Similarly, it is found that the female equity investors have given 2.87 average rating to peers whereas the average rating of male equity investors is found to be 2.85 which show that the reliance of female equity investors on peers is slightly more than male equity investors but the difference is not significant as shown by insignificant t-value.

Likewise, in case of Investment Advisors, it is observed that reliance of female equity investors on Investment Advisors as a source of awareness is a little more than male equity investors though the difference is found to be insignificant. But in case of television, the usage of television by male equity investors as s source of awareness is slightly more than female equity investors. Again the difference is not found to be significant. But in case of radio, hoardings and brochures & pamphlets it is observed that reliance of both male and female equity investors on these sources of awareness is very less and lies in between one and two i.e. 'Not at all Important' to 'Not Important'. The reliance on magazines/ journals, newspapers and company sources as a source of information by both male and female equity investors is very high and lies in between four and five i.e. 'Important' to 'Very Important'. Therefore, these sources have been most popular among equity investors of both the groups especially company sources which has an average rating of 4.4 for both the groups. For internet, the table 4 shows that female equity investors use this source comparatively more than male equity investors while female equity investors do not use self knowledge as deeply as the male equity investors do.

Table 4

Differences across Gender in Sources of Information used by Equity Investors while making Equity Investment Decision

Sr. No.	Information Sources	Levene's Test for Equality of Variance (F Significance)	Groups	Mean (Standard Deviation)	T-statistic (p-value)	Remarks
1	Family	36.19 (0.00)	Male	3.15 (1.33)	-7.62 (0.000)***	Significant difference exists
			Female	4.13 (1.00)		
2	Relatives	0.25 (0.62)	Male	3.29 (1.27)	2.41 (0.017)**	Significant difference exists
			Female	2.96 (1.24)		
3	Peers	0.36 (0.55)	Male	2.85 (1.34)	-0.150 (0.88)	No significant difference exists
			Female	2.87 (1.29)		

4	Investment Advisors	0.76 (0.38)	Male	3.90 (0.71)	-0.93 (0.35)	No significant difference exists
			Female	3.97 (0.65)		
5	Television	7.6 (0.38)	Male	3.03 (1.37)	0.40 (0.69)	No significant difference exists
			Female	2.97 (1.31)		
6	Radio	5.72 (0.017)	Male	1.62 (0.84)	1.61 (0.108)	No significant difference exists
			Female	1.48 (0.67)		
7	Magazines/ Journals	1.16 (0.28)	Male	4.14 (0.99)	-0.134 (0.893)	No significant difference exists
			Female	4.15 (1.07)		
8	Newspapers	1.08 (0.30)	Male	4.18 (0.76)	0.135 (0.893)	No significant difference exists
			Female	4.17 (0.88)		
9	Hoardings	0.101 (0.75)	Male	1.88 (0.97)	-0.308 (0.758)	No significant difference exists
			Female	1.91 (1.01)		
10	Brochures and Pamphlets	0.179 (0.67)	Male	1.42 (0.51)	0.014 (0.989)	No significant difference exists
			Female	1.42 (0.49)		
11	Company Sources	0.035 (0.85)	Male	4.41 (0.62)	0.724 (0.470)	No significant difference exists
			Female	4.36 (0.62)		
12	Regulatory Agencies	0.002 (0.96)	Male	1.56 (0.74)	1.09 (0.278)	No significant difference exists
			Female	1.47 (0.78)		
13	Internet	0.48 (0.49)	Male	3.89 (1.13)	-1.831 (0.068)*	Significant difference exists
			Female	4.12 (1.07)		
14	Self Knowledge	5.83 (0.016)	Male	3.86 (0.88)	1.67 (0.096)*	Significant difference exists
			Female	3.68 (1.04)		

*10 % level of significance
**5% level of significance
***1% level of significance

The dependence of female equity investors on others especially their family to get information regarding equity investment decisions is more as compared to male equity investors as shown in table 5.

Table 5

Cross tabulation Gender * Family

		Family					
		Not at all Important	Not Important	Neutral	Important	Very Important	Total
Gender	Male	28	39	33	57	33	190
	Female	7	3	10	63	55	138
	Total	35	42	43	120	88	328

An attempt has been made in this section to investigate the differences, if any, among equity investors regarding the sources of information used by them while making equity investment decision across their demographic variables. This analysis has been done by using One-way ANOVA, for which equity investors usage is measured on five point Likert scale (five stands for 'Very Important', four stands for 'Important', three stands for 'Neutral', two stands for Not Important' and one for 'Not at all Important') has been taken as dependent variable and demographics of the

equity investors such as age, educational qualification, occupation, income and location background have been taken as independent variables

The results of the one way ANOVA are presented in table 6 which demonstrates the impact of equity investors' age on their level of usage of various sources of information. The table 6 reveals that there is significant impact of age on the level of usage of various sources of information such as relatives, investment advisors, radio, company sources and internet i.e. statistically significant difference have been found in the level of usage of these sources of information on account of age.

The F-values of these sources of information have been arrived at 2.59, 4.17, 2.42, 5.713 and 3.52 respectively and the difference in level of usage of company sources on account of age is found to be statistically significant at 1% level of significance while in case of investment advisors and internet the differences are found to be statistically significant at 5% level of significance while in the case of radio and relatives the differences are statistically significant at 10% level of significance. On analyzing relatives as a source of information it has been found that as the respondents grow old they rely on their experiences than upon their relatives.

As it has been shown in the table 6 that as the respondent grows older (more than 50 years) the mean value of relying upon relatives is decreasing (2.98) as compared to the younger age groups (less than 35 years mean value is 3.32 and 35-50 years mean value is 3.04).

Table 6

Differences across Age in Sources of Information used by Equity Investors while making Equity Investment Decision

Sr. No.	Information Sources	Group	Mean (Standard Deviation)	F- statistic (p-value)	Remarks
1	Family	Less than 35	3.64 (1.27)	1.18 (.308)	No significant difference exists
		35-50	3.61 (1.31)		
		More than 50	3.39 (1.32)		
2	Relatives	Less than 35	3.32 (1.24)	2.59 (0.077)*	Significant difference exists
		35-50	3.04 (1.28)		
		More than 50	2.98 (1.28)		
3	Peers	Less than 35	2.92 (1.28)	0.352 (.703)	No significant difference exists
		35-50	2.81 (1.41)		
		More than 50	2.79 (1.30)		
4	Investment Advisors	Less than 35	3.84 (0.69)	4.170 (0.16)**	Significant difference exists
		35-50	4.11 (0.69)		
		More than 50	3.91 (0.65)		
5	Television	Less than 35	3.16 (1.31)	1.973 (0.141)	No significant difference exists
		35-50	2.86 (1.36)		
		More than 50	2.87 (1.38)		
6	Radio	Less than 35	1.66 (0.78)	2.420 (0.091)*	Significant difference exists
		35-50	1.44 (0.69)		
		More than 50	1.51 (0.84)		
7	Magazines/ Journals	Less than 35	4.08 (0.92)	0.578 (0.561)	No significant difference exists
		35-50	4.20 (1.08)		
		More than 50	4.20 (1.12)		
8	Newspapers	Less than 35	4.25 (0.70)	1.264 (0.284)	No significant difference exists
		35-50	4.09 (0.94)		
		More than 50	4.13 (0.85)		
9	Hoardings	Less than 35	1.90 (1.07)	1.16 (0.315)	No significant difference exists
		35-50	1.76 (0.87)		
		More than 50	1.99 (0.93)		
10	Brochures & Pamphlets	Less than 35	1.41(0.51)	0.541 (0.583)	No significant difference exists
		35-50	1.39 (0.49)		
		More than 50	1.46 (0.50)		

11	Company Sources	Less than 35	4.27 (0.65)	5.713 (0.004)***	Significant difference exists
		35-50	4.54 (0.53)		
		More than 50	4.44 (0.61)		
12	Regulatory Agencies	Less than 35	1.57 (0.82)	1.73 (0.178)	No significant difference exists
		35-50	1.39 (0.63)		
		More than 50	1.57 (0.74)		
13	Internet	Less than 35	3.82 (1.22)	3.52 (0.031)**	Significant difference exists
		35-50	4.19 (0.87)		
		More than 50	4.08 (1.08)		
14	Self-Knowledge	Less than 35	3.82 (0.82)	0.489 (0.614)	No significant difference exists
		35-50	3.81 (1.02)		
		More than 50	3.70 (1.09)		

*10 % level of significance
**5% level of significance
***1% level of significance

In case of investment advisors and company sources as a source of information, the respondents in the age group of thirty five to fifty (35-50) years are more dependent upon investment advisors and company sources because respondents in this age group have more responsibilities towards their families. In order to avoid risky investments they try to consult professionals for their financial security. While analysing radio as a source of information the respondents in the age group of less than 35 years of age are more relying on this source as it is a good source of entertainment and information. Because it is an application available in their mobile handsets and respondents in this age group are more curious about using new technologies and smart phones. Respondents in the age group of thirty five to fifty (35-50) years are relying upon internet as a source of information because the respondents in this age group are more concerned about their future financial stability. So, they use internet in a productive way to explore various financial instruments but the respondents in other age groups are using internet for entertainment purposes like using internet for social networking sites like face book, twitter, what's app etc.

Table 7

Differences across Educational Background in Sources of Information used by Equity Investors while making Equity Investment Decision

Sr. No.	Information Sources	Group	Mean (Standard Deviation)	F-statistic (p-value)	Remarks
1	Family	Professional	4.00 (1.06)	7.36 (.000)***	Significant difference exists
		Post Graduate	3.69 (1.24)		
		Graduate	3.21 (1.398)		
		Undergraduate	2.77 (1.16)		
2	Relatives	Professional	3.17 (1.26)	1.69 (0.17)	No significant difference exist
		Post Graduate	3.29 (1.27)		
		Graduate	3.00 (1.27)		
		Undergraduate	2.69 (1.03)		
3	Peers	Professional	2.88 (1.32)	0.154 (0.93)	No significant difference exist
		Post Graduate	2.86 (1.37)		
		Graduate	2.86 (1.28)		
		Undergraduate	2.61 (1.12)		
4	Investment Advisors	Professional	3.92 (0.62)	0.301 (0.824)	No significant difference exist
		Post Graduate	3.96 (0.71)		
		Graduate	3.88 (0.70)		

		Undergraduate	4.00 (0.58)		
5	Television	Professional	2.98 (1.36)	0.318 (0.812)	No significant difference exist
		Post Graduate	3.08 (1.36)		
		Graduate	2.91 (1.36)		
		Undergraduate	3.00 (1.08)		
6	Radio	Professional	1.42 (0.59)	2.194 (0.089)*	Significant difference exists
		Post Graduate	1.59 (0.81)		
		Graduate	1.55 (0.79)		
		Undergraduate	2.00 (1.00)		
7	Magazines/ Journals	Professional	4.30 (1.03)	1.97 (0.118)	No significant difference exist
		Post Graduate	4.01 (1.00)		
		Graduate	4.21 (1.06)		
		Undergraduate	4.46 (0.66)		
8	Newspapers	Professional	4.37 (0.66)	3.29 (0.021)**	Significant difference exists
		Post Graduate	4.15 (0.81)		
		Graduate	4.16 (0.84)		
		Undergraduate	3.62 (1.04)		
9	Hoardings	Professional	2.05 (0.96)	1.209 (0.307)	No significant difference exist
		Post Graduate	1.93 (1.02)		
		Graduate	1.78(0.99)		
		Undergraduate	1.69 (0.48)		
10	Brochures & Pamphlets	Professional	1.57 (0.50)	4.18 (0.006)***	Significant difference exists
		Post Graduate	1.40 (0.50)		
		Graduate	1.34 (0.47)		
		Undergraduate	1.69 (0.48)		
11	Company Sources	Professional	4.38 (0.61)	0.290 (0.833)	No significant difference exist
		Post Graduate	4.37 (0.63)		
		Graduate	4.38 (0.63)		
		Undergraduate	4.54 (0.52)		
12	Regulatory Agencies	Professional	1.68 (0.85)	1.713 (0.164)	No significant difference exist
		Post Graduate	1.48 (0.75)		
		Graduate	1.47 (0.72)		
		Undergraduate	1.77 (0.60)		
13	Internet	Professional	4.27 (0.94)	3.176 (0.024)**	Significant difference exists
		Post Graduate	3.85 (1.22)		
		Graduate	3.94(1.05)		
		Undergraduate	4.54 (0.52)		
14	Self- Knowledge	Professional	3.95 (0.93)	0.816 (0.486)	No significant difference exist
		Post Graduate	3.73 (0.97)		
		Graduate	3.79 (0.98)		
		Undergraduate	3.69 (0.63)		

*10 % level of significance
**5% level of significance
***1% level of significance

The table 7 presents the results of the one way ANOVA which demonstrates the impact of equity investors' education level on their level of usage of various sources of information. The table has revealed that there is significant impact of education level on their level of usage of various sources of information such as family, radio, newspaper, brochures & pamphlets and internet i.e. statistically significant differences have been found in the level of usage of these sources of information used by retail equity investors on account of education level. The F-values of these sources of information have been arrived at 7.36, 2.194, 3.29, 4.18 and 3.176 respectively. The differences in level of usage of family and brochures and pamphlets on account of education level are found to be statistically significant at 1% level of significance while in case of newspapers and internet the differences are statistically significant at 5% level of significance while for the radio the differences are statistically significant at 10% level of significance. The table 7 highlights that professionals are more relying upon family, internet and newspapers as a source of information because they feel that every advice is important. They give due weightage to each source of information and after collecting information they apply their own brain to analyse the information gathered and make investment decision. The respondents who are less educated i.e. undergraduates are more curious about new technologies and new things so they rely more on internet, radio, brochures and pamphlets as a source of information.

Table 8

Differences across Occupation in Sources of Information used by Equity Investors while making Equity Investment Decision

Sr. No.	Information Sources	Group	Mean (Standard Deviation)	F- statistic (p-value)	Remarks
1	Family	Academician	3.89 (1.23)	4.88 (0.001)***	Significant difference exists
		Banker & Insurer	3.70 (1.21)		
		CA/CS/CWA/FC	3.94 (1.04)		
		Businessman	3.11 (1.34)		
		Others	3.52 (1.35)		
2	Relatives	Academician	3.00 (1.27)	1.326 (0.260)	No significant difference exists
		Banker & Insurer	3.08 (1.38)		
		CA/CS/CWA/FC	3.32 (1.32)		
		Businessman	3.04 (1.23)		
		Others	3.41 (1.14)		
3	Peers	Academician	2.60 (1.33)	2.420 (0.048)**	Significant difference exists
		Banker & Insurer	3.04 (1.37)		
		CA/CS/CWA/FC	2.56 (1.31)		
		Businessman	2.77 (1.28)		
		Others	3.15 (1.26)		
4	Investment Advisors	Academician	4.03 (0.62)	0.619 (0.650)	No significant difference exists
		Banker & Insurer	3.96 (0.67)		
		CA/CS/CWA/FC	3.85 (0.66)		
		Businessman	3.88 (0.70)		
		Others	3.91(0.75)		
5	Television	Academician	3.13 (1.36)	0.605 (0.659)	No significant difference exists
		Banker & Insurer	2.88 (1.40)		
		CA/CS/CWA/FC	3.00 (1.35)		
		Businessman	3.12 (1.32)		
		Others	2.87 (1.32)		

6	Radio	Academician	1.33 (0.62)	2.344 (0.055)*	Significant difference exists
		Banker & Insurer	1.54 (0.75)		
		CA/CS/CWA/FC	1.80 (0.81)		
		Businessman	1.61 (0.87)		
		Others	1.62 (0.76)		
7	Magazines/ Journals	Academician	4.17 (1.10)	0.830 (0.507)	No significant difference exists
		Banker & Insurer	3.97 (1.15)		
		CA/CS/CWA/FC	4.21(0.77)		
		Businessman	4.25 (0.91)		
		Others	4.11 (1.05)		
8	Newspapers	Academician	4.19 (0.84)	0.651 (0.627)	No significant difference exists
		Banker & Insurer	4.16 (0.83)		
		CA/CS/CWA/FC	4.29 (0.63)		
		Businessman	4.22 (0.77)		
		Others	4.06 (0.89)		
9	Hoardings	Academician	1.92 (1.00)	0.051 (0.995)	No significant difference exists
		Banker & Insurer	1.91(1.12)		
		CA/CS/CWA/FC	1.85 (1.18)		
		Businessman	1.87(0.94)		
		Others	1.90 (0.79)		
10	Brochures & Pamphlets	Academician	1.41(0.53)	3.228 (0.013)**	Significant difference exists
		Banker & Insurer	1.26(0.44)		
		CA/CS/CWA/FC	1.47(0.51)		
		Businessman	1.43(0.50)		
		Others	1.55 (0.50)		
11	Company Sources	Academician	4.38 (0.58)	0.157 (0.96)	No significant difference exists
		Banker & Insurer	4.41 (0.62)		
		CA/CS/CWA/FC	4.41 (0.70)		
		Businessman	4.39 (0.63)		
		Others	4.34 (0.61)		
12	Regulatory Agencies	Academician	1.55 (0.86)	0.478 (0.752)	No significant difference exists
		Banker & Insurer	1.51 (0.77)		
		CA/CS/CWA/FC	1.59 (0.82)		
		Businessman	1.57 (0.73)		
		Others	1.42 (0.65)		
13	Internet	Academician	4.00 (1.16)	2.033 (0.089)*	Significant difference exists
		Banker & Insurer	4.14 (1.02)		
		CA/CS/CWA/FC	3.50 (1.42)		
		Businessman	4.02 (1.14)		
		Others	4.00 (0.88)		
14	Self- Knowledge	Academician	3.68(1.10)	1.156 (0.330)	No significant difference exists
		Banker & Insurer	3.77(1.06)		
		CA/CS/CWA/FC	3.85 (0.66)		
		Businessman	3.94 (0.81)		
		Others	3.66 ((0.97)		

*10 % level of significance
**5% level of significance
***1% level of significance

The table 8 reveals the impact of equity investors' occupation on their level of usage of various sources of information. The table highlights that there is significant impact of occupation on level of usage of various sources of information such as family, peers, radio, brochures and pamphlets and internet. Statistically significant differences have been found in the level of usage of these sources of information used by retail equity investors on account of occupation. The F-values of these sources of information have been found to be 4.88, 2.42, 2.344, 3.228 and 2.033 respectively. The difference in the level of usage of family on account of occupation has been found to be statistically significant at 1% level of significance while in case of peers and brochure & pamphlets the differences are found to be statistically significant at 5% level of significance while in rest of the cases i.e. internet and radio the differences are statistically significant at 10% level of significance. It becomes more evident from the table 8 that professionals i.e. CA/CS/CWA and Financial Consultants give more value to the advice given by their family members. It is highlighted in the table 8 that respondents rely more upon their own knowledge than the information received from their peer groups because they have spent a lot of time in studying these financial instruments and their markets.

Table 9

Differences across Income in Sources of Information used by Equity Investors while making Equity Investment Decision

Sr. No.	Information Sources	Group	Mean (Standard Deviation)	F- statistic (p-value)	Remarks
1	Family	Less than 2,00,000	3.61 (1.04)	0.016 (0.997)	No significant difference exists
		2,00,001- 5,00,000	3.55 (1.24)		
		5,00,001-10,00,000	3.55 (1.36)		
		More than 10,00,000	3.58 (1.31)		
2	Relatives	Less than 2,00,000	3.55 (1.25)	0.962 (0.411)	No significant difference exists
		2,00,001- 5,00,000	3.08 (1.35)		
		5,00,001-10,00,000	3.10 (1.24)		
		More than 10,00,000	3.26 (1.21)		
3	Peers	Less than 2,00,000	3.05 (1.30)	1.67 (0.172)	No significant difference exists
		2,00,001- 5,00,000	2.59 (1.40)		
		5,00,001-10,00,000	2.96 (1.27)		
		More than 10,00,000	2.91 (1.29)		
4	Investment Advisors	Less than 2,00,000	3.83(0.51)	1.596 (0.190)	No significant difference exists
		2,00,001- 5,00,000	4.04(0.64)		
		5,00,001-10,00,000	3.92 (0.67)		
		More than 10,00,000	3.81(0.79)		
5	Television	Less than 2,00,000	3.67(0.84)	2.885 (0.036)**	Significant difference exists
		2,00,001- 5,00,000	3.02(1.34)		
		5,00,001-10,00,000	2.83(1.35)		
		More than 10,00,000	3.22(1.40)		
6	Radio	Less than 2,00,000	1.83 (0.78)	3.479 (0.016)**	Significant difference exists
		2,00,001- 5,00,000	1.37 ((0.61)		
		5,00,001-10,00,000	1.58 (0.82)		
		More than 10,00,000	1.72 (0.84)		
7	Magazines/ Journals	Less than 2,00,000	3.89 (0.90)	0.787 (0.502)	No significant difference exists
		2,00,001- 5,00,000	4.12(1.10)		
		5,00,001-10,00,000	4.22(1.01)		
		More than 10,00,000	4.06(0.94)		

8	Newspapers	Less than 2,00,000	4.05(0.80)	0.703 (0.551)	No significant difference exists
		2,00,001- 5,00,000	4.09(0.94)		
		5,00,001-10,00,000	4.20(0.77)		
		More than 10,00,000	4.25(0.71)		
9	Hoardings	Less than 2,00,000	1.67(1.24)	4.276 (0.006)***	Significant difference exists
		2,00,001- 5,00,000	1.71(0.92)		
		5,00,001-10,00,000	1.88(1.08)		
		More than 10,00,000	2.25 (0.50)		
10	Brochures & Pamphlets	Less than 2,00,000	1.39 (0.49)	0.258 (0.856)	No significant difference exists
		2,00,001- 5,00,000	1.41 (0.50)		
		5,00,001-10,00,000	1.41 (0.50)		
		More than 10,00,000	1.47 (0.64)		
11	Company Sources	Less than 2,00,000	3.94 (0.58)	3.575 (0.014)**	Significant difference exists
		2,00,001- 5,00,000	4.46 (0.57)		
		5,00,001-10,00,000	4.39 (0.72)		
		More than 10,00,000	4.37 (0.51)		
12	Regulatory Agencies	Less than 2,00,000	1.17 (0.77)	1.429 (0.234)	No significant difference exists
		2,00,001- 5,00,000	1.55 (0.79)		
		5,00,001-10,00,000	1.55 (0.71)		
		More than 10,00,000	1.53 (0.77)		
13	Internet	Less than 2,00,000	4.00 (0.82)	7.189 (0.000)*	Significant difference exists
		2,00,001- 5,00,000	4.21 (1.11)		
		5,00,001-10,00,000	4.08 (1.37)		
		More than 10,00,000	3.44 (0.78)		
14	Self- Knowledge	Less than 2,00,000	3.83 (1.09)	0.314 (0.815)	No significant difference exists
		2,00,001- 5,00,000	3.71 (0.89)		
		5,00,001-10,00,000	3.83 (0.95)		
		More than 10,00,000	3.78		

*10 % level of significance
**5% level of significance
***1% level of significance

The results of the one way ANOVA are presented in table 9 which demonstrates the impact of income of equity investors on their level of usage of various sources of information. The table highlights that there is significant impact of income on their level of usage of various sources of information such as television, radio, hoardings, company sources and internet. The F-values of these sources of information have been found to be 2.85, 3.479, 4.276, 3.575 and 7.189 respectively. The differences in the level of usage of hoardings and internet on account of income are found to be statistically significant at 1% level of significance while in case of television, radio and company sources the differences are found to be statistically significant at 5% level of significance.

Table 10

Differences across Location Background in Sources of Information used by Equity Investors while making Equity Investment Decision

Sr. No.	Information Sources	Group	Mean (Standard Deviation)	F- statistic (p-value)	Remarks
1	Family	Amritsar	3.45 (1.43)	2.04 (0.109)	No significant difference exists
		Jalandhar	3.38 (1.31)		
		Ludhiana	3.57 (1.37)		
		Mohali	3.84 (1.01)		

2	Relatives	Amritsar	3.04 (1.27)	4.16 (0.007)***	Significant difference exists
		Jalandhar	3.01 (1.20)		
		Ludhiana	2.99 (1.29)		
		Mohali	3.57 (1.23)		
3	Peers	Amritsar	2.73 (1.27)	3.27 (0.022)**	Significant difference exists
		Jalandhar	2.57 (1.16)		
		Ludhiana	2.95 (1.34)		
		Mohali	3.17 (1.43)		
4	Investment Advisors	Amritsar	4.02 (0.59)	3.646 (0.013)**	Significant difference exists
		Jalandhar	3.72 (0.76)		
		Ludhiana	4.01 (0.71)		
		Mohali	3.96 (0.64)		
5	Television	Amritsar	3.00 (1.36)	1.683 (0.170)	No significant difference exists
		Jalandhar	3.08 (1.31)		
		Ludhiana	3.19 (1.38)		
		Mohali	2.74 (1.31)		
6	Radio	Amritsar	1.44 (0.72)	3.482 (0.016)**	Significant difference exists
		Jalandhar	1.78 (0.84)		
		Ludhiana	1.45 (0.65)		
		Mohali	1.58 (0.84)		
7	Magazines/ Journals	Amritsar	4.29 (0.91)	2.255 (0.082)*	Significant difference exists
		Jalandhar	4.04 (0.78)		
		Ludhiana	3.96 (1.20)		
		Mohali	4.28 (1.11)		
8	Newspapers	Amritsar	4.18 (0.67)	3.182 (0.024)**	Significant difference exists
		Jalandhar	4.02 (0.74)		
		Ludhiana	4.10 (0.98)		
		Mohali	4.39 (0.80)		
9	Hoardings	Amritsar	1.89 (1.20)	0.684 (0.562)	No significant difference exists
		Jalandhar	1.88 (0.97)		
		Ludhiana	2.01 (1.01)		
		Mohali	1.79 (0.71)		
10	Brochures & Pamphlets	Amritsar	1.21 (0.41)	9.078 (0.00)***	Significant difference exists
		Jalandhar	1.58 (0.52)		
		Ludhiana	1.40 (0.49)		
		Mohali	1.49 (0.50)		
11	Company Sources	Amritsar	4.22 (0.68)	3.43 (0.017)**	Significant difference exists
		Jalandhar	4.39 (0.58)		
		Ludhiana	4.52 (0.57)		
		Mohali	4.40 (0.60)		

12	Regulatory Agencies	Amritsar	1.67 (0.87)	2.78 (0.041)**	Significant difference exists
		Jalandhar	1.51 (0.77)		
		Ludhiana	1.57 (0.67)		
		Mohali	1.34 (0.67)		
13	Internet	Amritsar	3.99 (1.13)	6.62 (0.000)***	Significant difference exists
		Jalandhar	3.65 (1.14)		
		Ludhiana	3.91 (1.16)		
		Mohali	4.39 (0.88)		
14	Self- Knowledge	Amritsar	3.97 (0.72)	1.84 (0.139)	No significant difference exists
		Jalandhar	3.74 (0.75)		
		Ludhiana	3.63 (1.15)		
		Mohali	3.79 (1.10)		

*10 % level of significance
**5% level of significance
***1% level of significance

The table 10 highlights the impact of location background of equity investors on their level of usage of various sources of information. The table reveals that there are statistically significant differences have been found in the level of usage of various sources of information such as relatives, peers, investment advisors, radio, magazines/journals, newspapers, brochures & pamphlets, company sources, regulatory agencies and internet on account of location background. The F-values of these sources of information are 4.16, 3.27, 3.646, 3.482, 2.255, 3.182, 9.078, 3.430, 2.78 and 6.62.The differences in the level of usage of magazines/journals on account of location background are found to be statistically significant at 10% level of significance while in case of peers, investment advisors, radio, newspapers, company sources, regulatory agencies the differences are found to be statistically significant at 5% level of significance while the differences are found statistically significant at 1% significance level in the rest of the cases i.e. relatives, brochures and pamphlets and internet the differences.

Research Highlights

Company sources, newspapers, magazines and journals have been considered as very important sources of information by retail equity investors while making investment decision. It has been found that significant difference has existed in the opinion of female and male equity investors as far as family, relatives, internet and self-knowledge have been considered as sources of information. Moreover, statistically significant differences have been found in the level of usage of relatives, investment advisors, radio, company sources and internet as sources of information on account of age.

It has been revealed that there has been significant impact of educational qualification on the level of usage of various sources of information such as family, radio, newspaper, brochures, pamphlets and internet. It has also been found that there has been significant impact of occupation on the level of usage of various sources of information such as family, peers, radio, brochures, pamphlets and internet.

It has been found that there has been significant impact of income on the level of usage of various sources of information such as television, radio, hoardings, company sources and internet. Moreover, statistically significant differences have been found in the level of usage of various sources of information such as relatives, peers, investment advisors, radio, magazines and journals, newspapers, brochures and pamphlets, company sources, regulatory agencies and internet on account of location background.

Conclusion

Therefore, it can be concluded from the above analysis that equity investors rely upon company sources as the major source of information because most of the equity investors are educated and they have more than five years of experience of investing in equity shares. Significant differences have been found in the level of usage of various sources of information used by equity investors while making equity investment decisions across their demographics. Moreover, typical Indian women rely upon the advice of their husbands, family and relatives when making investment in equity shares.

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Endnote:

1. http://www.rediff.com/getahead/205/apr/26share.html