Investors' Awareness of fundamental and Technical Analysis for Investments in Securities Market

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Abstract: ***The role of investors in the securities market reveals the rising prominence of financial savings and also the growth of industry and the economy. The focal point is to survey the investors' awareness of the fundamental and technical analysis for investment in the securities market. The study identified an analysis of the economy, industries and companies as the three fundamental components that influence and affect the investors' investment in the securities market.***

Keywords: securities market, investors, rising prominence, financial savings & technical analysis.

I. INTRODUCTION

Investment in the securities market needs analysis to identify and select the right instruments and right time to invest to reap high returns, which in turn, can increase the investors' wealth. Based on the analysis, the investment strategies have to be framed and portfolios constructed, evaluated and revised from time to time. Fundamental analysis and technical analysis examine the securities individually or in groups. Fundamental analysis calculates the intrinsic value of securities and the present values of cash inflows. It measures the macro-economic environment, industrial competition and the performance of companies. It is performed by long term investors. On the other hand, a technical analysis deals with the present and future price trends, the movements in the market and the market value of securities. Technical analysis is preferred by frequent traders in the market. The present study intends to identify the extent of awareness among investors about Indian securities market and the factors influencing investment in capital market. The perception of the investor's aboutthe risks in capital market investment will be analyzed. The study also focused on the attitude of retail investors towards the securities market so as to identify the reasons behindthe poor response of investors**.**

Revised Manuscript Received on July 06, 2019.

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II. REVIEW OF LITERATURE

Wiwik Utami (2017) conducted a case study on investors' stock investment decisions in Indonesia. The result showed that the period of investment and experience influenced the method of security analysis adopted before investment decisions. Technical analysis was mostly preferred by regular tradinginvestors for quick decision-making. Prasaanna Prakash (2016) found that the retail investors were less aware of the various investment options and the protective measures taken by the government. A majority of the retail investors chose investments for a short duration. The researcher suggested that the retail investors be given proper attention. Investors' decisions were based on psychological, emotional and behavioral factors. Raghavendra Prasad (2016) found that 55% of the respondents followed both fundamental analysis and technical analysis before making investment decisions. The study concluded that the print media and brokering agencies played a significant role ininvestors' investment decisions. Wellington Garikai Banga (2015) indicated that fundamental strategy and technical strategy turnedthe investors' investment objective from safety to wealth appreciation and augmentation ofthe value of holdings. The result showed that a security analysis provided the investors with the skill to makeinvestment decisions more efficiently. Suresh (2013) examined the security analysis for selection of portfolio and revealed the strength of top down approach of Fundamental analysis on three phases and tools of technical analysis. The study found that Trend was the tool mostly applied by the investors for technical analysis. Abdul Shaik, et al. (2012) found that the retail equity investors were drawn more towards liquidity, quick returns, capital appreciation and safety. The study concluded that fundamental analyses must be framed as the basisfor the development of investment objectives. Srinivasa Rao Kasisomayajula (2012) revealed that 39% of respondents lack awareness and 27% analytical skills in secondary market investments. The study concluded that individual investors faced problems due to lack of information and were dependent on brokering agencies. Dhiraj Jains and Nakul Dashora (2012) found that 47% of respondents were not able to forecast the capital market due to lack of market information. Vanita Tripathi (2009) examined the investment strategies, perceptions and preferences of the investors of securities market and found that investors' had shifted their investment strategy from a purely technical analysis to fundamental analysis while

making decisions. Abdul Ansari and Samiran Jana (2009) proved that during an uncertain situation the investors'decision-making process had psychological biases. Only rational traders used both the analyses as tools for constructing portfolios. SomSankar Sen and Santanu kumar Ghosh (2008) have carried out an empirical study on the impact offive selected macroeconomic variables on securities market Liquidity of two premier stock exchanges of India. The study clearly indicates asignificant positive impact of all the independent variables on the market liquidity.

III. STATEMENT OF THE PROBLEM

The Indian securities market is significantly influenced by the activitiesof financial institutions. Even thoughthe operation of these institutions isconfined to a small group of shares, itsimpact is often quite pervasive. A significant number of investors lack professional expertise, and so the performance of the securities market is determined and dominated by a few large, wealthy playersand the technicalities of securities market operators. So, the awareness among the general public about the fundamental and technical analyses for securities market investment have to be analyzed. Hence, the present research work attempts to analyze investor awareness of fundamental and technical analyses for securities market investments.

IV. RESEARCH METHODOLOGY

The present research work is descriptive in nature with a portentacceptance in the current scenario. This study is carried out to describe the investors' awareness ofFundamental and Technical analyses for investment in securities market instruments. It also makes an attempt toexplain the importance of Economic, Industrial and Company analyses. The populationof investorsin securities market is very large, so it was decided to adopt "Convenient Sampling".Questionnaire was prepared in consultation with experts. Primary data were gathered from 100 respondents. The collected data have been analyzed using Z test and ANOVA. To ensure the reliability and validity of data reliability and normality test were applied.

Objectives

To study the level of awareness and significance of Fundamental and Technical Analysesamong investors for investments in securities markets.

Research Hypothesis

Respondents with varying personal profileshave almostthe same level of awareness of, and give similar importance to, Fundamental and TechnicalAnalyses for investments in securities market.

Framework Of The Study

Framework of the study wasFundamental analysis which constitutes the Economy, Industries andCompaniesand Technical Analysis.

- AWARENESS
- IMPORTANCE OF FUNDAMENTAL ANALYSIS
- INDUSTRIAL ANALYSIS
- ECONOMIC ANALYSIS
- COMPANY ANALYSIS
- IMPORTANCE OF TECHNICAL ANALYSIS

V. THE IMPACT OF GENERATION GAP ON SECURITY ANALYSIS

The study found that generation gap among the respondents had an impact on Awarenessand Importance of Fundamental and Technical Analyses. Since there were five groups in the questionnaire comprisingthree groups based on generation gap to compare their opinion on the basis of Means Analysis of variance technique, ONEWAY ANOVAwas followed. H_0: Respondents of different generations give similaropinion on Awareness, Importance forFundamental and Technical Analyses. H_1: Respondentsof different generations do not give similar opinion on Awareness, Importance for Fundamental and Technical Analyses.

Mean Value and F (Anova) Test Based on Generation

Generation	Awareness	Importance of Fundamental Analysis			Importance ofTechnical Analysis
		Economic	Industrial	Company	
1965 – 1976 1977 – 1995 After 1995	23.1563 20.3279 22.0000	10.6563 11.2295 10.0000	28.1563 26.6721 23.0000	51.6875 47.5902 41.0000	31.3125 28.8689 26.0000
'F' ratio	5.220	0.612	2.644	8.835	3.627
Significance	0.007	0.544	0.076	0.000	0.030
Remark	Significance	Not Sig	Not Sig	Significance	Significance

*The mean difference is significant at the 0.05 level.

ANOVA analysis shows that the respondents of different generations do not differ significantly in the case of Economic Analysis and IndustrialAnalyses. This is concluded by comparing the table, significant with fixed level of significance 0.05. Table significance is greater than 0.05. But in the case of Awareness, Company Analysis and Technical Analysis the table significance is 0.000, and so the Null Hypothesis is rejected. The study concludes that respondents of different generations significantly differ on Awareness, Company Analysis and Technical Analysis. To identify the group that differs from others Post – Hoc test is applied.

Post – Hoc Test based On Generation

	Generations compared		Mean difference	Significance	Remark
Awareness	1965-1976	1977-1995	2.8284	0.008	Sig
Importance of Economic Analysis	1965-1976	1977-1995	- 0.5733	0.738	Not sig
Importance of Industrial Analysis	1965-1976	1977-1995	1.4841	0.469	Not sig
Importance of Company Analysis	1965-1976	1977-1995	4.0973	0.020	Sig
		After 1996	10.68750	.001	Sig
	1977-1995	After 1996	6.59016	.048	Sig
Importance of Technical Analysis	1965-1976	1977-1995	2.4437	0.126	Not sig

*The mean difference is significant at the 0.05 level.

The following observations are made from the table: Since the table significance in the case of construct awareness and the importance of company analysis are less than the level of significance 0.05, the opinion of the investors differs significantly. When the two groups 1965-1976 and 1977-95 are compared, they do differ significantly in the level of awareness. Mean difference suggests that respondents belonging to the generation 1965-1976 give higher opinion on awareness than the respondents belonging to the generation 1977-1995. Mean difference suggests that respondents belonging to the generation 1965-1976 give higher opinion on company analysis than the respondents belonging to the generation 1977-1995 and the respondents belonging to 1996 and later. In the case of the importance of economic analysis, industrial analysis and technical analysis the table significance is more than the level of significance 0.05.When the groups are compared, they do not differ significantly. Mean difference suggests that respondents belonging to the generation 1965-1976 give lower opinion about theimportance of economic analysis, industrial analysis and technical analysis than the respondents belonging to the generation 1977-1995.

VI. THE IMPACT OF GENDER ON SECURITY ANALYSIS

Statistical tool 'Z' **test** was applied to compare two groups on the basis of the mean valueto analyze the investors' opinion on Awareness and Importance of Fundamental Analysis and Technical Analysis based also on gender.

H_0: Respondents of different gender give similar opinion on Awareness, Importance for Fundamental and Technical Analyses.

H_1: Respondents of different gender do not give similar opinion on the Awareness and Importance of Fundamental and Technical Analyses.

Test Analysis Based on Gender

	Gender	Mean	Z	Significance	Remark
Awareness	Male	22.00	1.26	0.210	No Significance
	Female	20.92			
Importance of Economic Analysis	Male	12.2	3.158	0.002	Significance
	Female	10.13			
Importance of Industrial Analysis	Male	26.6	-0.422	0.674	No Significance
	Female	27.08			
Importance of Company Analysis	Male	49.6	1.339	0.184	No Significance
	Female	47.67			
Importance of Technical Analysis	Male	32.6	5.168	0.000	Significance
	Female	27.35			

*The mean difference is significant at 0.05 levels.

In case of Awareness, Industrial Analysis and Company Analysis the table shows that the significancevalue is greater than 0.05 (not significant)and hence Null Hypothesis is Accepted. The study results show that both genders are similar in awareness andgive the same level of importance for industry and company analyses on investment in securities market. The mean 22.00 being greater than 20.92 indicates that males have higher level of awareness on the security analysis. But on the level of importance for economic and technical analyses, it is understood from the table, the significance level is less than 0.05 (significant);so, the Null Hypothesis is rejected.

VII. THE IMPACT OF ACADEMIC QUALIFICATION ON SECURITY ANALYSIS

Since there are three groups reduced from six on the basis of academic qualification to compare the opinion, Means Analysis of variance technique (ANOVA) is followed.

H_0: Respondents with different Academic Qualifications give similar opinion on the Awareness and Importance of Fundamental and Technical Analyses.

H_1: Respondents with different Academic Qualifications give similar opinion on the Awarenessand Importance of Fundamental and Technical Analyses

Mean Values and F (Anova) Test Based on Academic Qualification

Academic qualification	Awareness	Importance of Fundamental Analysis			Importance of Technical Analysis
		Economic	Industrial	Company	
School level	30.0000	15.0000	35.0000	60.0000	40.0000
PG	22.9091	10.5682	26.4091	48.4545	29.5227
Professional	18.3143	11.2857	26.4000	46.0000	26.5714
Others	18.9231	8.9231	24.8462	47.8462	30.4615
'F' Ratio	53.877	6.820	7.672	11.062	20.164
Significance	0.000	0.000	0.000	0.000	0.000
Remark	Significance	Significance	Significance	Significance	Significance

The mean difference is significant at 0.05 levels. ANOVA analysis proves that the respondents with different Academic Qualifications significantly differ on Awareness, Industrial Analysis, Economic Analysis, Company Analysis and Technical Analysis. This is concluded by comparing table significant (0.000) with fixed level of significance 0.05. To identify thegroup that differs from others, post–Hoc test is applied.

POST–HOC TESTBASED ON ACADEMIC QUALIFICATION

	Academic qualification compared		Mean difference	Significance	Remark
Awareness	School level	PG	7.09091*	.000	Significance
		Professional	11.68571*	.000	Significance
		Others	11.07692*	.000	Significance
	PG	Professional	4.59481*	.000	Significance
		Others	3.98601*	.000	Significance
Importance of Economic Analysis	School level	PG	4.43182*	.004	Significance
		Professional	3.71429*	.029	Significance
		Others	6.07692*	.001	Significance
Importance of Industrial Analysis	School level	PG	8.59091*	.001	Significance
		Professional	8.60000*	.001	Significance
		Others	10.15385*	.000	Significance
Importance of Company Analysis	School level	PG	11.54545*	.000	Significance
		Professional	14.00000*	.000	Significance
		Others	12.15385*	.001	Significance
Importance of Technical Analysis	School level	PG	10.47727*	.000	Significance
		Professional	13.42857*	.000	Significance
		Others	9.53846*	.000	Significance
	PG	Professional	2.95130*	.041	

*The mean difference is significant at 0.05 levels.

Table shows the calculated values are less than 5% level of significance, and the null hypothesis is rejected for groups compared in the above table. It is inferred that, on an average,investors with various academic qualificationsatschool level have higher opinion on awareness andeconomic, industrial, company and technical analyses than those with postgraduate, professional and other qualifications. Next to the school level PG graduates have higher opinion than professionals on awareness and technical analyses. The magnitude of average mean compared on the basis of various constructs for other groups indicate that the table values are greater than the significant level 5% and null hypothesis is accepted.Various categories of academic qualification groups have an average opinion on the constructs under study.

VIII. THE IMPACT OF OCCUPATIONAL STATUS ON SECURITY ANALYSIS

As the sample size is large and there are six groups, ANOVA is used to compare the demographic variables in term of occupational status.

H_0: Respondents with different occupational status give similar opinion on Awareness, and Importance for Fundamental and Technical Analyses.

H_1: Respondents with different occupational status do not give similar opinion on the Awareness and Importance of Fundamental and Technical Analyses.

MEANS AND F (ANOVA) TEST BASED ON OCCUPATIONAL STATUS

Occupational status	Awareness	Importance of Fundamental Analysis			Importance ofTechnical Analysis
		Economic	Industrial	Company	
Agriculture	19.0000	10.0000	27.0000	48.0000	24.0000
Business	19.0000	10.0000	27.0000	48.0000	24.0000
Profession	18.0000	9.0000	21.0000	42.0000	27.0000
Student	14.0000	4.0000	31.0000	46.0000	28.0000
Govt. Employee	20.8750	11.0833	27.0000	49.6667	32.1667
Private employee	23.9556	12.4000	27.3778	49.3778	30.7778
'F' Ratio	14.618	9.915	2.575	1.821	7.134
Significance	0.000	0.000	0.031	.116	0.000
Remark	Significance	Significance	Significance	Not Sig	Significance

*The mean difference is significant at the 0.05 level

The table shows that the calculated values are greater than 5% level of significance, and so the null hypothesis is acceptedfor company analysis. The result showsthat investors of different occupational status have similar opinion on company analysis. The calculated value withlesser than 5% level of significance indicates that the null hypothesis is rejected. The investors differ on awareness, economic analysis, industrial analysis and technical analysis. The analysis concludesthat respondents with different occupational status significantly differ on Awareness, Company Analysis and Technical Analysis.

POST – HOC TEST BASED ON OCCUPATIONAL STATUS

	Occupational status compared		Mean difference	Significance	Remark
Awareness	Govt. Employee	Student	6.87500*	.004	Significance
	Private Employee	Agriculture	4.95556*	.006	Significance
		Business	4.95556*	.006	Significance
		Profession	5.95556*	.001	Significance
		Student	9.95556*	.000	Significance
		Govt. Employee	3.08056*	.020	Significance
Importance of Economic Analysis	Agriculture	Student	6.00000*	.015	Significance
	Business	Student	6.00000*	.015	Significance
	Govt. Employee	Student	7.08333*	.000	Significance
	Private employee	Student	8.40000*	.000	Significance
Importance of Technical Analysis	Govt. Employee	Agriculture	8.16667*	.004	Significance
		Business	8.16667*	.004	Significance
	Private employee	Agriculture	6.77778*	.018	Significance
		Business	6.77778*	.018	Significance

*The mean difference is significant at the 0.05 level.

The table revealsthat the mean difference is significant,as the value is less than 0.05 levels. It is inferred that private employees are moreaware than investors with other occupation status. Government employees and private employees have higher level of opinion on technical analysis than investors doing agriculture and business. Students give less importance to economic analysis. Regarding industrial analysis and company analysis the significancevalue is greater than the level of significance. Respondents with different occupational status give similar opinion on Industrial Analysis and Company Analysis.

IX. THE IMPACT OF INCOME ON SECURITY ANALYSIS

Since there are three groups on the basis of income to compare their opinion on the constructs on the basis of their Means Analysis of variance technique, ANOVA is followed.
H_0: Respondents of different income groups give similar opinion on Awareness, Importance for Fundamental and Technical Analyses.
H_1: Respondents of different income groups do not give similar opinion on Awareness, Importance for Fundamental and Technical Analyses.

MEAN VALUES AND F (ANOVA) TESTBASED ON INCOME

Income	Awareness	Importance of Fundamental Analysis			Importance ofTechnical Analysis
		Economic	Industrial	Company	
Below 50,000	21.7083	11.2500	26.6042	49.1458	27.8958
50,000 - 1,00,000	21.9189	11.9189	26.6042	49.7027	32.5405
1,50,000 and Above	18.8000	7.6667	25.2000	43.0667	26.8000
'F' Ratio	3.410	10.710	1.418	5.593	11.086
Significance	0.037	0.000	.247	.005	0.000
Remark	Significance	Significance	Significance	Significance	Significance

*The mean difference is significant at 0.05 level.

ANOVA table shows that the respondents ofdifferent income groupsdiffer significantly in the case of Awareness, Economic Analysis, Company Analysis and Technical Analysis. This is concluded by comparing table significancewith fixed level of significance 0.05. Table significance is less than 0.05, and the Null Hypothesis is rejected. But for Industrial Analysis table significance is greaterthan 0.05 level of significance, and the Null Hypothesis is accepted. The result concludesthat respondents belonging to different income groupsdo not differ significantlyon their opinion on Industrial Analysis.

POST – HOC TEST BASED ON INCOME

	Income compared		Mean difference	Significance	Remark
Importance of Economic Analysis	Below 50,000	1,50,000 and Above	3.58333*	.001	Significance
	50,000 - 1,00,000	1,50,000 and Above	4.25225*	.000	Significance
Importance of Company Analysis	Below 50,000	1,50,000 and Above	6.07917*	.013	Significance
	50,000 - 1,00,000	1,50,000 and Above	6.63604*	.008	Significance
Importance of Technical Analysis	50,000 - 1,00,000	Below 50,000	4.64471*	.000	Significance
		1,50,000 and Above	5.74054*	.002	Significance

*The mean difference is significant at 0.05 levels.
The tablereveals table significance in the case of awareness and the importance of industrial analysis isgreater than the

level of significance 0.05, and opinions of the investors do not differ significantly. When the income groups are compared they do differ significantly on the level of importance for economic analysis, company analysis and technical analysis. Mean difference suggests that investors belonging to the income group of Rs. 50,000 – Rs. 1,00,000 give high level of importance to technical analysis. Respondents belonging to the income group below Rs. 50,000 and those from Rs. 50,000 – Rs. 1,00,000 give higher opinion on economic analysis and company analysis.

X. SUGGESTIONS

Investors have varying levels of saving and investment patterns. The present analysis reveals 61% of the respondents belong to younger generation. The frequency of younger generation investors in investment activities has to be increased. The study found that the investors have awareness of fundamental analysis and technical analysis, but the level of awareness and the applicability of the awareness have to be improved.

XI. CONCLUSION

Investors carry out investment analysis to support investment decisions by making use of fundamental analysis and technical analysis. The percentage analysis reveals that 61% of the respondents belong to theyounger generation. It can be inferred that younger generation does not think much of savings and investments. The Z testproves that both genders have awareness offundamental analysis and technical analysis, but only occasionally put them to use. The mean 22.00 being greater than 20.92 indicates that males have higher level of awareness on security analysis. The study indicates that females have higher level of opinion on the importance of industrial analysis. It is concluded that males have a higher level of opinion on the importance ofeconomic, company and technical analyses on investments in securities market. ANOVA indicates that irrespective of the demographic variables like gender, generation, academic qualification, occupational status and income level, the investors have apositive opinion on security analysis. The present study concludes that investors have awareness offundamental analysis and technical analysis. The investors should effectively and efficiently utilize fundamental analysis and technical analysis to make investments decisions to earn high returns in securities market.

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