4.1 INTRODUCTION

In this chapter, the research methodology followed for carrying out the study is explained. The method of data collection, sampling procedure, framework of analysis and definition of terms used in the study are explained here.

4.2 METHOD OF DATA COLLECTION

The study depends on primary data. The data required for the study have been collected through questionnaires. Questions related to the objectives have been included after consulting the investors, investor forum, brokers and financial experts. Based on the information gathered through a pilot study, the structure of the questionnaire has been redesigned. The questionnaire has been divided into five sections. Socio-economic profile of investors, details about the sources of investment information, particulars regarding investment behaviour of investors, investor awareness about company-related information including investor rights, stock exchanges as well as SEBI regulations and investor complaining habits are the broad components included in the questionnaire.

4.3 SAMPLING PROCEDURE

Coimbatore is the second industrially developed district next only to Chennai in the State of Tamilnadu. Apart from the Madras Stock Exchange, Coimbatore Stock Exchange is the only other exchange in Tamilnadu. A lot of investment activities are
going on in Coimbatore district, through 116 individual members and 59 corporate members of the Coimbatore Stock Exchange. Besides this, 18 corporate bodies carry on stock market business through the National Stock Exchange’s online trading terminals. A SEBI - recognised investor forum is functioning at Coimbatore. This prompted the selection of Coimbatore district as the study area. 800 investors have been chosen by the random sampling method from the investor list furnished by the brokers as well as the investor forum. The data reported in the research is the result of responses from 411 investors. Responses from investors numbering 59 have been found unusable while the remaining investors failed to respond.

4.4 FRAMEWORK OF ANALYSIS

The statistical tools used to analyse the data include (i) Chi-square test (ii) Analysis of Variance (ANOVA) (iii) Simple Correlation (iv) Multiple Regression (v) Step-wise Regression and (vi) Path Analysis.

i. Chi-square Test

Chi-square test has been used to examine whether there exists any association between selected variables and (i) information seeking behaviour of investors (ii) investment behaviour of investors and (iii) level of awareness of investors.

In chapter six, nine variables termed as attributes have been identified in order to test their association with information seeking behaviour of investors. They are, (i) Sex (ii) Age (iii) Educational qualification (iv) Occupation (v) Regularity of investment (vi) Motive of investment (vii) Time taken for investment (viii) Portfolio Diversification
and (ix) Annual value of trading. The information seeking behaviour of investors is identified through the (i) Type of newspaper read (ii) Number of newspapers read (iii) Type of magazine read (iv) Number of magazines read and (v) Usage of Internet. Two additional variables namely, (i) Monthly income and (ii) Family income have been included for testing their association with number of newspapers read and number of magazines read.

Ten variables/attributes, namely, (i) Sex, (ii) Age, (iii) Marital status (iv) Educational qualification (v) Occupation (vi) Monthly income (vii) Number of dependents (viii) Monthly savings (ix) Period of investment and (x) Regularity of investment have been tested for their association with investment behaviour of equity investors in chapter seven.

In chapter eight, twenty variables/attributes have been selected for examining their association with level of awareness. They are (i) Sex (ii) Age (iii) Educational qualification (iv) Occupation (v) Type of newspaper read (vi) Number of newspapers read (vii) Type of magazine read (viii) Number of magazines read (ix) Reading habit (x) Television viewing (xi) Usage of Internet (xii) Membership in investor forum (xiii) Period of investment (xiv) Regularity of investment (xv) Motive of investment (xvi) Type of market preferred (xvii) Proportion of wealth in shares (xviii) Portfolio diversification (xix) Annual value of trading and (xx) Frequency of meetings attended.

The levels of confidence chosen for the Chi-square test are five and one per cent.
ii. Analysis of Variance (ANOVA)

Analysis of variance (ANOVA) has been used to test whether the mean awareness index among different groups of investors significantly differed or not.

iii. Simple Correlation

Factors that are significantly associated with awareness of investors have further been tested for their nature and strength of relationship through correlation analysis. Only those variables that are quantifiable have been considered for correlation analysis. They are (i) Educational qualification (ii) Number of Newspapers Read (iii) Number of Magazines Read (iv) Reading Habit (v) Usage of Internet (vi) Regularity of Investment (vii) Proportion of Wealth in Shares (viii) Portfolio Diversification (ix) Annual Value of Trading and (x) Frequency of Meetings Attended. The levels of confidence chosen are five and one per cent.

iv. Multiple Regression

The technique of Multiple Regression has been employed to ascertain the combined influence of the ten variables - included for correlation analysis - on the awareness of the investors. The following regression equation is framed and tested.

\[
AI = a + b_1 EQ + b_2 NNPR + b_3 NMAG + b_4 RH + b_5 UNET + b_6 RI + \\
\quad b_7 PWS + b_8 PDIV + b_9 AVT + b_{10} FMA + e
\]

Where,

- \(AI\) = Awareness Index
- \(a\) = Intercept Term
- \(EQ\) = Educational Qualification
- \(NNPR\) = Number of Newspapers Read
NMAG = Number of Magazines Read
RH = Reading Habit
UNET = Usage of Internet
RI = Regularity of Investment
PWS = Proportion of Wealth in Shares
PDIV = Portfolio Diversification
AVT = Annual Value of Trading
FMA = Frequency of Meetings Attended
e = Error Term

The significance of the regression coefficients are tested through ‘t’ statistic. $R^2$ value, calculated to ascertain the goodness of fit of the regression equation, has been tested for its significance through ‘F’ statistic. The levels of confidence chosen for ‘t’ and ‘F’ statistics are five and one per cent.

v. Step-wise Regression

The most prominent factors that influence investor awareness are ascertained through step-wise regression analysis.

vi. Path Analysis

Path analysis has been carried out to find the direct and indirect effect of the variables, included for correlation and regression analysis, on investor awareness.
4.5 DEFINITION OF TERMS

Investor awareness, awareness index and investor attributes are the terms frequently used in this study. The meaning of these terms is as below.

4.5.1 Investor Awareness

The present study examines the extent of awareness of investors and factors that are associated with it. Awareness of an investor as used in the study refers to awareness of investors about (i) Company-related information including rights of investors, (ii) Stock exchanges and their role in investor protection and (iii) regulations of the Securities and Exchange Board of India (SEBI). In order to ascertain the awareness of the investors, 33 awareness-associated questions have been included in the questionnaire.

4.5.2 Awareness Index

The level of awareness of the investors has been measured by constructing an index called ‘awareness index’. For this purpose, the awareness-related questions, numbering 33, have been given scores on a three-point scale, ranging from one to three. Thus, the maximum score an investor would get is 99. The awareness index has been ascertained by converting the score of each investor into percentage. Thus,

\[
\text{Awareness Index (AI)} = \frac{\text{Awareness Score of an Investor}}{\text{Maximum Score}} \times 100
\]

* * * *