

FACTORS AFFECTING TO THE CSE INVESTOR'S PERCEPTION: A CASE OF NORTH CENTRAL PROVINCE

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Abstract

The aim of this study is to identify the factors that affect to the perception of investors for investing in Colombo Stock Exchange special reference to the North Central Province. In the present study, three independent variables and one dependent variable are considered. A sample size of sixty individual investors was drawn from the population of North Central Province's individual investors by using stratified random sampling method. The structured questionnaire was used to collect the data and the study used descriptive analysis, correlation analysis and regression analysis as the analytical tools. Result of the study revealed that socioeconomic status and savings have significant impact on perception of investors and awareness has insignificant impact on perception of investors for investing Colombo Stock Exchange. These results are implied to encourage investors and financial analyst to investing Colombo Stock Exchange by identifying factors that affected to their perception.

Keywords: Socioeconomic status, Awareness, Savings, Colombo Stock Exchange

Introduction

Investment and savings are very imperative to all countries for their economy. There are many causes affect for savings and investment. Colombo Stock Exchange is one of most widespread stock exchange in South Asia, and it is providing a fully automated trading platform for Sri Lankan investor. It has opened to investors for their transactions since 1985 but evolution of the share trading began 1895. Colombo Stock Exchange is a systematized market for buying and selling securities. The debentures, shares issued by public listed companies. Now stock market has branches over the Sri Lanka in Kandy, Jaffna, Negombo, Matara, Kurunegala, Anuradhapura and Ratnapura. Hence it's more advantageous to the rural area people to diversify their assets.

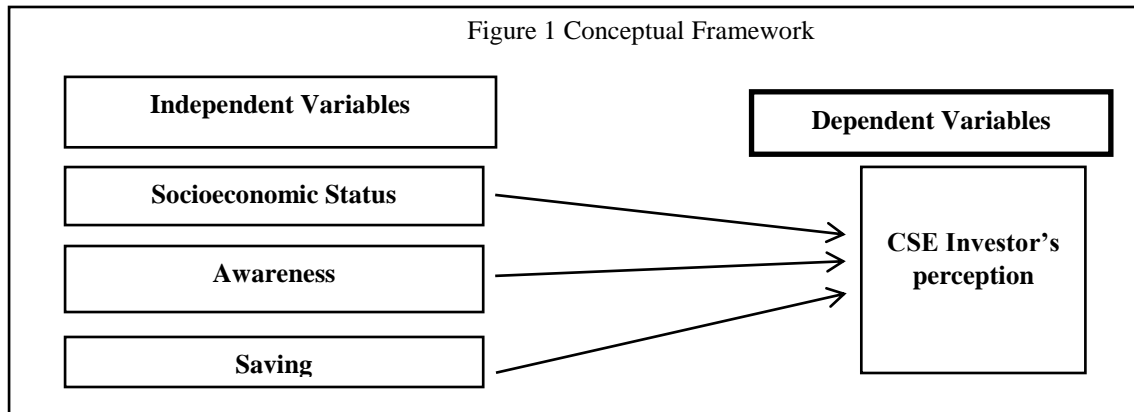
Past studies show that many factors affected on the investor's perception when investing. For example, Bhavani & Shetty (2017) studied that impact of demographics and perceptions of investors on investment avenues and they identified that individual investor's investment choice depends on the demographic variables and the perception of investors.

When compared to other developed countries, the researches regarding behavioral finance is therefore by considering all the above issues, researcher identified unfilled gap regarding the investor perception on Stock Market Investment. As a main objective, researcher observed the factors that affect to the perception of investors for investing in Colombo Stock Exchange and sub objectives are;

1. To examine the impact of socioeconomic status on perception of investors for investing in Colombo stock Exchange.
2. To examine the impact of awareness on perception of investors for investing in Colombo Stock Exchange.
3. To examine the impact of savings on perception of investors for investing in Colombo Stock Exchange.

Methodology

Conceptual Framework



Population and Sample

Population

The population of this study consists of individual investors in North Central Province. According to CSE data, 4525 investors have been registered in Colombo Stock Exchange from North Central Province. But actively participation very close to 300 from registered investors.

Sample

The target group of this study consists of 60 of individual investors who are investing in Colombo Stock Exchange in North Central Province. Stratified Random Sampling technique was used to select respondent over the North Central Province.

Method of Data Collection

The primary data were collected by issuing questionnaire for 60 investors in North Central Province. Investors were selected randomly as sample from above province. Structured Questionnaire was distributed to the sample to get information.

Data Analysis & Presentation

Reliability Analysis

Table 2. Reliability Statistic

Cronbrach's Alpha	Variable	No of Item
0.726	Socioeconomic Status (SES)	05
0.785	Awareness (AWS)	05
0.801	Savings (SAV)	06
0.768	Perception of Investors for Investin CSE (PICE)	06

Regression Analysis

Table 5. Regression Analysis Model

Model	R	R Squared	Adjusted Square	Std. Error of the Estimate	Significance
1	0.528 ^a	0.279	0.240	0.296	0.000

a. Predictors: (Constant), AWS, SAV, SES

Table 6. Coefficients Model

Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.281	0.537		6.108	0.000
SES	0.407	0.092	0.537	4.442	0.000
AWS	0.60	0.088	0.078	0.680	0.499
SAV	-0.211	0.76	-0.333	-2.763	0.008

Conclusion

This study investigated the factors influencing on the perception of investors for investing in Colombo Stock Exchange. On behalf of the research questions, three objectives were established and three hypotheses were formulated to achieve those research objectives. According to the results, there is a significant impact of socioeconomic status on perception of investors for investing Colombo Stock exchange. As a result, there is a significant impact of socioeconomic status on perception of investors for investing in Colombo Stock Exchange. Therefore, H1 is accepted. There is a significant impact of awareness on perception of investors for investing Colombo Stock exchange. According to the result, there is insignificant impact of awareness on perception of investors for investing in Colombo Stock exchange. Therefore, H2 is rejected. There is a significant impact of savings on perception of investors for investing Colombo Stock exchange. The result highlights that there is a significant impact of savings on perception of investors for investing in Colombo Stock exchange. Therefore, H3 is accepted.

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