

A STUDY ON THE IMPACT OF CORPORATE NEWS ON INVESTMENT DECISION AMONG PUBLIC

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ABSTRACT: *The process of decision making requires information, financial and non-financial information as well. All organizations, both public and private, need to disclose financial information relating to their operations in order to assist investors in making investment decisions. They do so as a matter to satisfy the legal requirement, retain existing investors and to attract potential ones through the publication of their corporate performance. The perceived relevance of publishing corporate news are to provide information about the trends, performance and changes of a company's stock level, that is useful to a wide range of users in making management and investment decisions. These users include managers, directors, employees, prospective investors, financial institutions, government regulatory agencies and general public. Accurate and transparent business and corporate reporting are in the spotlight today, more than ever before. National and also international market conditions and frequent company failures both highlights needs for transparency and efficiency in the process of generation and dispatching of information. The purpose of this article is to provide an awareness about how corporate news affects investment habits among the public.*

KEY WORDS: *Corporate decision, investment, stock market index*

INTRODUCTION

The working of a stock market is all about informed decision making. Since in the present world of finance, system failures, human expectations and national afflictions can make things so unpredictable, it becomes necessary to have a deep knowledge about the concept of Stock markets. Stock Market is basically, guided by the risk factor and in the Indian Market the general tendency is to avoid the element of risk by all means. This is not an effective strategy to deal with risk. In financial decisions risk and return are correlated. If we want to enter the stock market, it is better to gain the knowledge, information and understanding of all the procedures and functioning of the market and its highest possible profits. Stock market provides financing through the issuance of shares and stocks and enables the subsequent trading thereof. A stock market is a very crucial element of the financial system of an economy. If we want to know how the stock market is performing, we can consult an index of stocks for the whole market or for a segment of the market. Indexes are used to measure changes in the overall stock market. In the present day public use different channels of information for making the investment decision.

STATEMENT OF THE PROBLEM

In the capital market sector there are lot of technical problems. Sometimes people may not have proper knowledge about investment information or they are not satisfied about the information provided through various medias. The present study attempts to find out the impact of corporate news on public for their investment decision people through the analysis of the response among them.

OBJECTIVES OF THE STUDY

1. To study about the awareness about the corporate news among public.
2. To understand the extend of using various channels by the public for knowing corporate news.
3. To analyzing the impact of corporate news on their investment habits.

REVIEW OF LITERATURE

- Henry (2000) finds a strong relationship between the growth rate of investment and changes in stock market valuation measured by returns on the stock market, the turnover ratio, and the traded value as a share of GDP
- A large academic literature has studied the effects of the information from traditional media sources on stock prices (e.g., see Tetlock 2007, 2011, Fang and Peress 2009, Dougal et al 2011, Engelberg and Parsons 2011, and Peress 2013). Others (e.g. Riordan et al 2013, Gross-Klugmann and Hautsch 2011, Sinha 2012, Zhang 2013) have investigated the market reaction to news analytics
- In this regard, the media have been identified to play a significant role in shaping the consensus market opinion and evoking this "herdlike" behaviour
- The signals derived by RavenPack from the DJ Newswire measure (a) the importance of the article to the firm that is the subject of the story ('relevance'), and (b) whether the story conveyed positive or negative information about the firm ('sentiment').

RESEARCH METHODOLOGY

The study was based on both primary and secondary data. Primary data were collected by distributing questionnaire to 50 people using convenient sampling technique. The data is also collected from articles in financial news paper, experts opinion published in various printed media, books written by various foreign and Indian authors and data available on internet.

DATA ANALYSIS AND INTERPRETATION

Table .1
Age wise classification

Age group	No. of respondents	Percentage
20-30	10	20
30-40	20	40
40-50	12	24
Above 50	8	16
Total	50	100

(Source: primary data)

Table 1 shows that out of 50 respondents 20 % are in age between 20-30, 40 % are in between 30-40, 24 % are in age between 40-50, only 16 % are in age above 50. Most of the respondents come under the age category of 30-40.

Table. 2
Investment habit among people

Investment habit	No. of respondents	Percentage
Always	10	20
Some times	32	64
Never	8	16
Total	50	100

(Source: primary data)

Table.2 shows that only 20% respondents are always having investment habit, 64 % are some times have investment habit.

Table.3
Medias used by investors

Modes	No. of respondents	Percentage
News paper	15	30
Internet	22	44
TV	13	26
Total	50	100

(Source: primary data)

Table.3 shows that 30% respondents are using news paper, 44% respondents are using internet, and 13% respondents are using TV as their media of communication.

Table.4
Awareness about corporate news

Awareness about corporate news	No. of respondents	Percentage
Yes	38	76
No	12	24
Total	50	100

(Source: primary data)

Table.4 shows that majority of respondents (76%) have awareness about corporate news, 24% respondents are not aware about corporate news.

Table.5
Ways used for knowing investment information

Ways used	No of respondents	Percentage
Internet	20	40
TV	18	36
News paper	12	24
Total	50	100

(Source :primary data)

Table.5 shows that 40% respondents use internet, 36% respondents use TV, remaining 24 % respondents use news paper as ways for knowing investment information.

Table 6
Satisfaction of the people in different media investment information.

Satisfaction of people in different Media	No.of respondent	Percentage
News paper	18	36
TV	12	24
Internet	20	40
Total	50	100

(Source: primary data)

Table.6 shows that 36% respondents are satisfied with news paper,24% respondents are satisfied with TV and 40%respondents are satisfied with internet for providing investment information.

FINDINGS

- Majority of the respondents are in age between 30-40.
- Most of the respondents sometimes having investment habit.
- Internet is the widely used media by the investors.
- Large number of respondents is aware about corporate news on various media.
- For knowing investment information, most of the respondents use internet.
- Majority of the respondents are satisfied with the corporate news provided by the internet.

SUGGESTIONS

- ❖ Company should provide timely information regarding their performance.
- ❖ For providing awareness about corporate news, company should try to convey their investment information using different ways.
- ❖ Recently internet is most widely used media, so the company should introduce various links for knowing their own performance in the capital market.

CONCLUSION

Stock markets lie at the heart of financial systems. The primary function of stock markets is to serve as a mechanism for transforming savings into financing for the real sector. From a theoretical perspective, stock markets can accelerate economic growth by mobilizing and boosting domestic savings and improving the quantity and quality of investment. Better savings mobilization may increase the rate of saving and if stock markets allocate savings to investment projects yielding higher returns, the increasing rate of return to savers will make savings more attractive. Consequently, more savings will be channeled into the corporate sector. Efficient stock markets make corporations compete on an equal basis for funds and help make investment more efficient. It logically follows that, as a result, it would be in the corporation's best interest to provide that information to facilitate thorough comparisons between competing corporations. One outstanding benefit of the existence of stock markets is the potential imposition of greater discipline in the area of economic management.

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