

AN EMPIRICAL STUDY ON FACTORS INFLUENCING EQUITY STOCK SELECTION BY INVESTORS IN MYSORE CITY

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ABSTRACT

Investors consider a number of factors while making decisions relating to selection of equity stock. This depends upon their type of personality, knowledge about the product, readiness to get exposed to risk and the business environment. The major objectives of this paper are: (i) to know the factors influencing equity stock selection; (ii) to know the perceptions of investors on each of the factors in influencing equity stock selection; and (iii) to identify the preferences of investors' perceptions towards factors influencing equity stock selection. Primary data was collected from a sample of fifty investors in the city of Mysore. Nine factors were identified to know the perceptions of investors namely, Financial Statements, Safety, Referral, Public Information, Stock Movements, Accounting Information, Economic Variables, Profitability, and Government. The responses by sample investors showed that the factors like profitability, accounting information and referral are the major factors influencing equity stock selection by investors which indicates that they select equity stocks for earning more profits compared to safety of their funds. The investors' priority amongst various factors influencing equity stock selection helps organizations in deciding dividends to be declared as well as in the profit retention ratio to enable continuous growth for the organizations.

KEYWORD: Equity Stock, Investors, Perceptions, Profitability
