"Retail Equity Investors: Information Search and Extent of Brokers' Influence- Evidences From Marathwada Region of Maharashtra"

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Introduction and Review of Literature:

The securities prices incorporate all the relevant information and in the long run market remains efficient. The stock prices follow random walk; hence price cannot be predicted based on past trend (Malkiel B.1973). But if market prices captured all information about stock prices, then no one would be researching stocks (since that involves costs in terms of time and effort) but rather accept the market price as the best estimate of the real "value" of the stock. As long as information is costly (as it always is), there must always be rewards to researching companies. (Grossman and Stiglitz 1980).Hence; investment is a craft and it gets better with themarket knowledge. Availability of information and ability to process it correctly is the key attribute of successful investment craftsman. Investor should be able to identify and invest inundervaluedor high growth potential stocks of companies to generate high returns. Investing in stocks is characterized by a high degree of competition. A few knowledgeable, intelligent, and determined traders and investors constantly hunt for the bust buys. Stock market fairly, quickly and efficiently assimilates all the relevant information about listed companies and reflects it in its stock prices. Hence, there is a trade-off between risk and return.To successfully identify these types of mispriced stocks to buy or sell, investor has to rely on various publicly available information sources and process it quickly and thoroughly. Warren Buffet, a very successful US investor advises to read 500 pages on investing and think on it every day (Ward M. 2016).This approach to investing is physically, intellectually and psychologically difficult for retail investor as they have limited resources, capability and knowledge at their disposal. On Bombay Stock Exchange more than 5000 companies' stocks are listed. It is herculean task to identify the future Multi-Bagger or good return potential stocks; as all companies does not earn normal or abnormal profit and rewards its shareholders handsomely. Investors' have to continuously search and identify stocks for profitable investment. With limited knowledge and resources at disposal, most of the retail investors rely on some readymade, simplified and ready to use information in the form of stock recommendations while some determined investors adopt difficult path to search the mispriced stocks on their own by using intellect and publicly available information. The outcomes of both the approaches are unpredictable and uncertain but the process determines the relative returns on investmentanddurability of investor in the market.

Stock analysts probe companies closely and bring new information about the probing companies to investors and traders. Typically, analysts not only provide new information but also make "buy, hold, sell" type recommendations. The analysts collectively feed the market with information, making it efficient and yet efficient markets make individual analyst reports ineffective in predicting market movements.The analysts are known to be overoptimistic and issue far more buy recommendations than sell, at least partially to help the business of their employers' i.e. stock brokers. Interestingly, investors fail to adequately correct this bias when acting on the recommendations with potentially serious damage to themselves and market efficiency. The retail investors are novice and brokers or broker employed analyst report creates availability heuristics.Availability heuristics is a judgmental heuristic in which a person evaluates the probability of events by readilyavailable information (Tversky A. and Kahneman D. 1973). Analyst reports often require reading between the lines—an ability that distinguishes institutional professional from the average investor. Hence it is advised that investors' should stop listening to professional analysts. The small investors' are called dumb money investors. Dumb money is only dumb when it listens to the smart analysts (Lynch P. 1989)

Objective of the Study: To examine the nature, extent of broker/sub-broker/agent/group influence on the investment decision of the investors from Marathwada Region of Maharashtra.

Methodology: The study is empirical in nature based on survey method. Hence, collection of primary data is essential for achieving appropriate outcome. For this, structured questionnaire is used as a tool for collecting the primary data. The sample retail investors drawn from Aurangabad, Nanded and Latur city. These cities selected because of the fact that equity or shares and debenture ownership is mostly an urban phenomenon and these cities represent the most urbanized part of the region. The retail investors' are thinly spread in the study region. The information on small city wise turnover in stock market and number of pin code wise or city wise investors is not publicly available. Hence to represent the population sample, the researcher has used the Robert V. Krejcie and Daryle W. Morgan(1970) formula with assumed standard error =0.05. Overall, 450 samples were randomly chosen and only 384 sample responses of retail investors are found suitable for the research purpose from the study region. The stock brokers' and sub-brokers helped to develop proper rapport with the respondents.

The investors were asked to rank the investment information sources relatively as per their usage and reliability. The consolidated preference opinion of the investors about various information sources are considered for the analysis. The study is based on various socio-economic attributesand information sources. The Average Rank and Final Rank are calculatedfor the socio-economic attributes. The Final Rank is calculated based on the criterion, 'lesser the Average Rank more is the priority'. The output of the processed data is presented with suitable interpretations.

1.1 Place of Residence and Investment Information Search

Place of residence may affect the information availability for investment purpose. A well connected and urbanized city provides better information and learning sources for the investors. If the invested company is located in the city or area, people may have better information about the company and its business. On the basis of place of residents of investors, stock brokers'advice is the most preferred source of investment information to the investors across the cities. Except Aurangabad, Latur and Nanded investors' prefers technical analysis and TV Channels as second and third choice. Investors' forum is least preferred choice of information search.

Place of Residence and Investment Information Search

Name of the City		Prospectus and Annual Report	View of Annalists in Newspaper or Magazine	TV channels	Websites	Brokers Forecast/Advise	Investors Forum	Technical Analysis	Company Announcement	Stock Exchange Announcement/Filings	Friends/Relatives
Aurangabad	AR	5.99	4.82	4.03	4.98	2.83	9.57	4.85	7.07	6.7	4.19
	FR	7	4	2	6	1	10	5	9	8	3
Latur	AR	6.99	5.93	3.93	5.77	2.81	9.54	2.94	6.22	5.63	5.28
	FR	9	7	3	6	1	10	2	8	5	4
Nanded	AR	6.21	5.36	4.17	5.23	2.83	9.67	3.73	6.89	5.64	5.26
	FR	8	6	3	4	1	10	2	9	7	5

AR-Average Ran FR-Final Rank

1.2Age and Investment Information Search

Age may influence the information sources for the investment as young aged investors are mobile and active seeker of information, knowledge whereas old aged investors may be confined to the limited mobility and may rely on publicly available information. On

the basis of age of investors, stock brokers' advice is the most preferred source of investment information to the investors across the age category. Over 26 years age investors prefer TV Channels as the second most preferred choice whereas less than 25 years age investors look technical analysis as second choice. The friends and relatives are the third most preferred choice for investors less than 25 years age and the technical analysis is third choice for above 26 years age investors. Except less than 25 year age investors company announcement is the least preferred followed by investors' forum across the category.

Age and Investment Information Search

Age Group	AR / FR	Prospectus and Annual Report	View of Analysts in Newspaper or Magazine	TV channels	Websites	Brokers Forecast/Advise	Investors Forum	Technical Analysis	Company Announcement	Stock Exchange Announcement /Filings	Friends/Relatives
Under 25	AR	7.55	6.34	4.31	5.68	2.35	9.52	2.88	6.66	5.42	4.29
	FR	9	7	4	6	1	10	2	8	5	3
26-40	AR	6.50	5.16	3.90	5.26	2.78	9.58	4.08	6.72	6.26	4.80
	FR	8	5	2	6	1	10	3	9	7	4
Over 41	AR	5.48	4.91	4.11	5.08	3.11	9.63	4.50	6.95	6.27	4.99
	FR	7	4	2	6	1	10	3	9	8	5

AR- Average Rank FR-Final Rank

1.3 Gender and Investment Information Search

Gender may confine the mobility of investor. The information source of housewife may differ than the students. Brokers' advice is the most preferred choice and male preferred TV channels as second most preferred choice whereas technical analysis is the second choice of female investors. Prospectus, company announcement and investors forum are the least favored sources of information to the investors.

Gender and Investment Information Search

Investment Information source Gender of the respondent		Prospectus and Annual Report	View of Annalists in Newspaper or Magazine	TV channels	Websites	Brokers Forecast/Advise	Investors Forum	Technical Analysis	Company Announcement	Stock Exchange Announcement/Filings	Friends/Relatives
Male	AR	6.3	5.25	4.02	5.25	2.87	9.56	4.03	6.77	6.11	4.85
	FR	8	5	2	6	1	10	3	9	7	4
Female	AR	6.42	5.35	4.16	5.33	2.61	9.71	3.99	6.87	6.14	4.46
	FR	8	6	3	5	1	10	2	9	7	4

AR- Average Rank FR-Final Rank

1.4 Marital Status and Investment Information Search

Family responsibilities and time devotion to the family may reduce the required time

for information search. Brokers' advice is the most preferred choice irrespective of the marital status. Married investors prefer TV Channel as second preference whereas unmarried investors chose technical analysis as the second choice. Investors' forum is the least preferred choice of investors irrespective of the investors' marital status.

Marital Status and Investment Information Search

Marital Status of the Respondent	AR/FR	Prospectus and Annual Report	View of Annalists in Newspaper or Magazine	TV channels	Websites	Brokers Forecast/Advise	Investors Forum	Technical Analysis	Company Announcement	Stock Exchange Announcement/Filings	Friends/Relatives
Married	AR	5.98	4.99	4.02	5.18	2.99	9.57	4.28	6.8	6.34	4.88
	FR	7	5	2	6	1	10	3	9	8	4
Unmarried	AR	7.21	6	4.1	5.49	2.39	9.62	3.36	6.75	5.56	4.52
	FR	9	7	3	5	1	10	2	8	6	4

AR- Average Rank FR-Final Rank

1.5 Education Leveland Investment Information Search

Educational level enhances the information process and leads to better judgment and rational decisions. The cross section data on educational level and investment information sources shows that brokers are the most preferred choice of investment information sources. Except post graduates, technical analysis and TV Channels are the second and third choice of investment information source. Investors' forum is the least preferred choice of information source.

Education Level and Investment Information Search

Educational Status	AR/FR	Prospectus and Annual Report	View of Annalists in Newspaper or Magazine	TV channels	Websites	Brokers Forecast/Advise	Investors Forum	Technical Analysis	Company Announcement	Stock Exchange Announcement/Filings	Friends/Relatives
Post Graduate	AR	5.93	5.02	4.04	5.18	2.97	9.64	4.32	6.81	6.17	4.96
	FR	7	5	2	6	1	10	3	9	8	4
Graduate	AR	6.69	5.37	3.95	5.3	2.75	9.49	3.84	6.79	6.24	4.6
	FR	8	6	3	5	1	10	2	9	7	4
HSC and above	AR	7.03	6.1	4.39	5.65	2.42	9.68	3.16	6.52	5.61	4.45
	FR	9	7	3	6	1	10	2	8	5	4
Below HSC	AR	7	6.27	4.27	5.45	2.36	9.55	3.27	7	5.09	4.73
	FR	8	7	3	6	1	10	2	8	5	4

AR- Average Rank FR-Final Rank

1.6 Occupationand Investment Information Search

Certain occupation may prove advantageous to the investor. Businessmen may have different approach and sources than the ordinary investor for better investment outcome. The

cross section data on occupation and investment information sources shows that brokers are the most preferred choice of investment information sources. Except salaried and self-employed, technical analysis is the second preferred choice of investment information source as they prefer TV Channels as the second choice. Investors' forum is the least preferred source of information search.

Occupation and Investment Information Search

Occupation	AR\FR	Prospectus and Annual Report	View of Annalists in Newspaper or Magazine	TV channels	Websites	Brokers Forecast/Advise	Investors Forum	Technical Analysis	Company Announcement	Stock Exchange Announcement/Filings	Friends/Relatives
Salary	AR	4.80	4.28	3.83	4.88	3.35	9.58	5.02	6.89	6.90	5.51
	FR	4	3	2	5	1	10	6	8	9	7
Self Employed	AR	6.36	5.26	4.04	5.22	2.87	9.62	4.20	6.69	6.06	4.72
	FR	8	6	2	5	1	10	3	9	7	4
Business	AR	7.26	5.87	4.22	5.44	2.52	9.56	3.32	6.87	5.43	4.51
	FR	9	7	3	6	1	10	2	8	5	4
Housewife	AR	6.65	5.48	4.19	5.48	2.63	9.71	3.81	6.85	6.15	4.10
	FR	8	5	4	5	1	10	2	9	7	3
Student	AR	7.05	5.80	4.00	5.53	2.53	9.45	3.30	6.65	5.93	4.75
	FR	9	6	3	5	1	10	2	8	7	4

AR- Average Rank FR-Final Rank

1.7 Family size and Investment Information Search

Family size wise investment information search preference in terms of Average Rank and Final Rank is presented in the following table. The cross section data on family size and investment information sources shows that brokers are the most preferred choice of investment information sources. Less than four and above seven family members' group prefers TV Channels as second choice. Prospectus and annual report, company announcement and investors forum are the least preferred sources of information search.

Family Size and Investment Information Search

Family members Group	AR\FR	Prospectus and Annual Report	View of Annalists in Newspaper or Magazine	TV channels	Websites	Brokers Forecast/Advise	Investors Forum	Technical Analysis	Company Announcement	Stock Exchange Announcement/Filings	Friends/Relatives
Under 4 Members	AR	6.32	5.28	4.03	5.15	2.89	9.57	4.04	6.86	6.14	4.72
	FR	8	6	2	5	1	10	3	9	7	4
5 to 6 Members	AR	6.3	5.29	4.04	5.37	2.74	9.6	3.92	6.69	6.16	4.91
	FR	8	5	3	6	1	10	2	9	7	4
7 and above Members	AR	6.63	4.94	4.13	5.69	2.88	9.63	4.81	6.81	5.44	4.25
	FR	8	5	2	7	1	10	4	9	6	3

AR- Average Rank FR-Final Rank

1.8 Monthly Family Income and Investment Information Search

Income of investors' family can improve the investment information sources as some resources can be deployed for better information and enhancement of the knowledge of the

markets. Monthly family incomewise investment information search preference in terms of Average Rank and Final Rank is presented in the following table. The cross section data on occupation and investment information sources shows that brokers are the most preferred choice of investment information sources. Except less than Rs. 35000 income group, TV Channels are the second choice and for Rs.35000 income group technical analysis is the second choice of information source. Investors' forum is the least preferred choice of investment information source.

Monthly Family Income and Investment Information Search

Monthly Income Group	AR / FR	Prospectus and Annual Report	View of Analysts in Newspaper or Magazine	TV channels	Websites	Brokers Forecast/Advise	Investors Forum	Technical Analysis	Company Announcement	Stock Exchange Announcement/Filings	Friends/Relatives
Under Rs. 35000	AR	7.90	6.16	4.52	5.58	2.16	9.29	3.03	6.97	5.35	4.03
	FR	9	7	4	6	1	10	2	8	5	3
Rs. 36000 to Rs. 60000	AR	6.15	5.18	3.97	5.24	3.00	9.58	4.09	6.67	6.28	4.90
	FR	7	5	2	6	1	10	3	9	8	4
Rs. 61000 and Above	AR	6.25	5.22	4.04	5.25	2.76	9.64	4.12	6.87	6.08	4.77
	FR	8	5	2	6	1	10	3	9	7	4

AR- Average Rank FR-Final Rank

1.9 Market Experienceand Investment Information Search

Experience can change the reliability of the information source. Market experience wise investment information search preference in terms of Average Rank and Final Rank is presented in the following table. The cross section data on occupation and investment information sources shows that brokers are the most preferred choice of investment information sources. Except high experience group, the technical analysis is the second most preferred choice of information source. High market experience group's third choice is analyst view in newspaper, low and moderate experience group fourth choice of information source is friend and relatives. Overall company announcement and investors forum is the least preferred choice of investment information sources.

Market Experience and Investment Information Search

Market Experience Group	AR \ FR	Prospectus and Annual Report	View of Analysts in Newspaper or Magazine	TV channels	Websites	Brokers Forecast/Advise	Investors Forum	Technical Analysis	Company Announcement	Stock Exchange Announcement/Filings	Friends/Relatives
Low	AR	7.42	5.85	4.24	5.44	2.46	9.53	3.29	6.82	5.58	4.38
	FR	9	7	3	5	1	10	2	8	6	4
Moderate	AR	6.35	5.38	3.97	5.37	2.87	9.62	3.89	6.58	6.23	4.76
	FR	8	6	3	5	1	10	2	9	7	4
High	AR	4.98	4.36	3.96	4.86	3.17	9.6	5.15	7.16	6.54	5.28
	FR	5	3	2	4	1	10	6	9	8	7

AR- Average Rank FR-Final Rank

Results:

The average rank score and analysis performed on the preference of information search to ascertain the extent and nature of broker/sub-broker or any group (friends and relatives) influence on the stock investment decision. The major finding of the study shows the high extent of Brokers Advice on the decision making process of the investors'. This phenomenon can be rationalised by two way a) most of the respondents interview were conducted at brokers/sub brokers' office. The presence of broker might have affected the revealed preference b) the investors' does not have expertise on the investment decision making which might have caused the information availability heuristics. Since 20013, the stock market up move might have resulted better returns to the investors which led to this finding. On the basis of place of residents of investors, stock brokers'advice is the most preferred source of investment information to the investors across the cities. Except Aurangabad, Latur and Nanded investors' prefers technical analysis and TV Channels as second and third choice. Investors' forum is least preferred choice of information search.

i)   On the basis of age of investors, stock brokers' advice is the most preferred source of investment information to the investors across the age category. Over 26 years age investors prefer TV Channels as second most preferred choice whereas less than 25 years age investors look technical analysis as second choice. The friends and relatives are the third most preferred choice for investors less than 25 years age and the technical analysis is third choice for above 26 years age investors.

ii)   Gender wise brokers' advice is the most preferred choice across the gender and male preferred TV channels as second most preferred choice whereas technical analysis is the second choice of female investors.

iii)   Brokers' advice is the most preferred choice irrespective of the marital status. Married investors prefer TV Channel as second preference whereas unmarried investors chose technical analysis as second choice. Investors' forum is the least preferred choice of investors irrespective of the investors marital status.

iv)   The cross section data on educational level and investment information sources shows that brokers are the most preferred choice of investment information sources. Except post graduates, technical analysis and TV Channels are the second and third choice of investment information source.

v)   The cross section data on occupation and investment information sources shows that brokers are the most preferred choice of investment information sources. Except salaried and self-employed, technical analysis is the second preferred choice of investment information source as they prefer TV Channels as second choice.

vi)   The cross section data on family size and investment information sources shows that brokers are the most preferred choice of investment information sources. Less than four and above seven family members' group prefers TV Channels as the second choice. Prospectus and annual report, company announcement and investors' forum are the least preferred sources of information search.

vii)   The cross section data on occupation and investment information sources shows that brokers are the most preferred choice of investment information sources. Except less than Rs. 35000 income group, TV Channels are the second choice and for Rs.35000 income group technical analysis is the second choice of information source.

viii)   The cross section data on occupation and investment information sources shows that brokers are the most preferred choice of investment information sources. Except high experience group, the technical analysis is the second most preferred choice of information source. High market experience group's third choice is analyst view in newspaper, low and moderate experience group fourth choice of information source is friend and relatives.

Conclusion:

The investors' inertia and easy available advises of the broker might have been the cause of brokers advise preference for investment information source. The investors are not

professionals, and easily accept the readymade solutions. In general the sustained up word movement of the stock market might have delivered good returns to these investors.

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