A model of expert investment preferences on listed companies at Colombo Security Exchange (CSE)

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The Colombo Stock Exchange is the secondary market for securities where the shares of all listed companies are traded. This market is freely accessible to any buyer or seller. According to the nature of the business the listed companies are classified into 20 sectors. The most frequently trading nine sectors and 50% companies of each sector were randomly selected into the sample. The purpose of this study was to develop a decision making criteria to the ordinary investors in terms of financial performance indicators of the individual companies and market performance indicators. The Friedman test and Ordinary regression statistical techniques were used to identify the financial and market factors which influence the decision making on shares of the companies. The results of Friedman test indicated that the financial performance and market performance indicators were significantly impacted macro factors to the experts' investment decision. Further, study emphasized that the result of Ordinary regression, P/E ratio, Dividend Yield, Current ratio and Debt to equity ratio are the micro level financial indicators which were affected on experts' decision. The market performance indicators of the return sort, volatility of shares have a significant impact on perfect investment decision by the expert professional investors at CSE.

The aggregated expected preference score (P'_j) order of the companies provide decision making criteria to purchase share. The company with highest P'_j score is the most preferred stock to invest. This study provides to the ordinary investors about the financial performances of the listed companies and market indicators in which they are eager to invest in them with a non-traditional way of evaluation for effective and economical decision making.

Key words: Colombo stock exchange, Expert investors, Investment criteria, Financial, Market.

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