AN EMPIRICAL STUDY ON IMPACT OF INDIVIDUAL INVESTOR'S PERCEPTIONS ABOUT SELECTED MUTUAL FUND INVESTMENTS

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Cite this Article as :

Kakkar R and Agarwal A. (2021), *"An Empirical Study On Impact Of Individual Investor's Perceptions About Selected Mutual Fund Investments",International Journal of Social Sciences & Economic Environment*, Vol. 6,Issue 2,2021, pp 01–07.

DOI :
https://doi.org/10.53882/IJSSEE.2021.0602001

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ABSTRACT

Objectives: Investors' investments patterns, inclinations, and views of open-ended Equity Linked Saving Schemes (ELSS) Mutual Funds are discussed in this study.

Design Methodology: For the study, 251 respondents from M.P., District Indore, were given structured questionnaires. Various statistical procedures, such as ANOVA, coefficients, and regression analysis, were used to analyse the collected data.

Findings: The security of the principal amount, liquidity, and capital appreciation are the most important aspects of the investment. Investors' opinions of tax-saving mutual funds have a limited influence on behaviour and inclinations.

Research Implications:Gradual and systematic choices centred on high-quality, personalised perspectives of investment options should be given priority. Providing practice-based mutual fund investments that are optimised for the features of various investment avenues would increase investors' effectiveness and, as a result, contribute to expanding their understanding of mutual fund schemes and their role in capital markets.

Scope for future work / Research limitations:In the relationship between preferences and behaviour in open ended tax saving mutual fund schemes, there may be more than one mediator.

Originality/value: This will be the first study to look into perceptions as a possible mediator between preferences and behaviour. We looked at the mediating effects of perceptions on various preferences and behaviours as predictors.

Keywords:open ended tax saving mutual fund, mediator, ANOVA, partial mediation

Paper type: Research paper

INTRODUCTION

In India, there are numerous investment opportunities. Some of them are commercially viable, while others are not. Based on their own needs, risk tolerance, and expected profits, the investor can select appropriate routes. As a result, the decision-making process for investors is more crucial and sophisticated. Investing behaviour refers to how investors

assess, predict, evaluate, and examine decision-making processes such as investment psychology, data gathering, identification, and comprehension, as well as research and analysis. The whole thing is referred to as "investment behaviour."Each individual investor makes an investing decision based on their specific financial goals for a set period of time. The investing behaviour of an individual investor reveals how he or she intends to disperse the financial excess among the numerous investment tools accessible. Why do they want to invest, how much of their discretionary income do they want to invest, how many years/months do they want to invest, and, most importantly, how long do they want to invest? Knowledge has been demonstrated to be a crucial component in making investing decisions, influencing investment choices and later behaviour, according to several study studies. After determining the investor's behaviour, an investment strategy should be devised. An investing plan is a method that assists an investor in selecting the most appropriate portfolio of investments to help them achieve their financial objectives within a certain time frame. By increasing personal wealth, investing will result in higher, more stable economic growth and stability.

The purpose of the study was to understand more about the individual investor's perspective while deciding on a goal for which to save money in the future. An individual's saving objective can change at any time during their life. This transition occurs not only as a result of the investors' age, but also as a result of their occupation, income, and where they live. Household savers' savings goals are frequently supported by the investment options they choose to meet those goals. The asset class (equity markets) has experienced exceptional volatility recently. Other asset classes, such as gold, currencies, and securities, are similarly affected. This frequently perplexes investors. When we dig deeper, we see that the ongoing uncertainty has a major impact on investor behaviour. As a result, one must enter the thoughts of an investor and see the resulting confusion. In this light, "A Mediation Analysis on Individual Investors' Behaviour, Preferences, and Perceptions of Selected Open-Ended Equity Linked Saving Schemes (ELSS) Mutual Fund Investments" appears to be significant.Present research on the acts of individual investors in order to better understand their investment behaviour, preferences, and perceptions.

LITERATURE REVIEW

According to Sridevi, V. (2019), the Fund houses' breadth to different investor sectors remains a major concern. One such strategy is to improve financial literacy and knowledge among investors in order to encourage them to invest in mutual funds. For larger coverage, the tiny distribution network and investor assistance can be expanded outside of big cities..

According to Kaur, I. (2018), knowledge and perception influence investors' actions when seeking knowledge. Investors with more mutual fund knowledge make better decisions based on impersonal sources of information and fund outcomes, whereas investors with less mutual fund knowledge rely on expert advice and select funds based on the fund's attributes. Investors with a higher expectation of return for mutual funds ignore performance as a selection criterion, whereas those with a lower expectation of risk appear to minimise their bias by gaining access to personal sources of information. Investor education and earnings

have an impact on mutual fund awareness and understanding.According to the findings of Kiran, M. et al. (2018), an individual's demographic profile has a significant impact on their preferences and expectations for existing investment options.

According to Goel, A., and Khatik, D. R. K. (2017), most investors have heard of mutual funds, but only a tiny percentage of them have started investing due to a lack of full awareness of mutual funds. The data also suggests that most respondents desire to invest in mutual funds in the near future in order to attain better returns.

Tax advantages, high yields, quality, and capital appreciation are the primary factors influencing retail investors' investment selections, according to Arathy, B., et.al (2015). Equity-based plans are frequently favoured.

RESEARCH GAP

According to the literature study, there is also research on investor preferences, behaviour, and views of mutual fund investments in general. There is a disconnect between investor preferences, beliefs, and behaviour when it comes to ELSS funds in particular.

OBJECTIVE

To investigate the investor's choices, activity, and impressions of Equity Linked Savings Scheme mutual funds.

PROPOSED RESEARCH MODEL

Full mediation is the gold standard, according to Baron and Kenny (1986), where the direct effect is negligible (zero) but the indirect effect is substantial (i.e., significant). Partial mediation occurs when all of the experiments are carried out appropriately and the direct and indirect effects gained are significant. According to recent literature data, if the direct impact is significant, it suggests that other mediators should be included in the model, which is a benefit to constructing theory (Hayes, 2009; Zhao, et al. 2010).
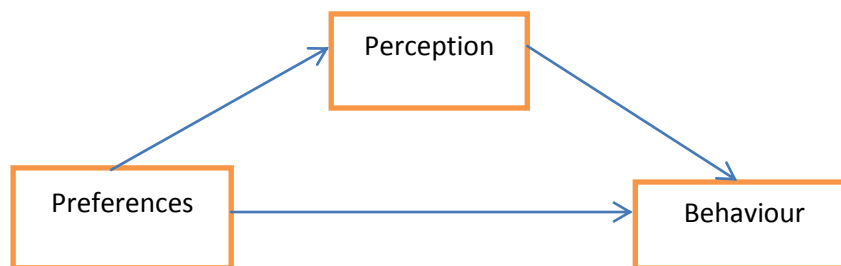

Figure 1: conceptual Model with relationship of dpendent, independent variable and mediating variable

DATA ANALYSIS

Table - 1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.585[a]	.342	.257	.503
a. Predictors: (Constant), Preferences				

Source: Calculated from Primary Data

Table 2 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.149	1	16.219	61.121	.000[b]
	Residual	51.207	198	.272		
	Total	67.831	199			
a. Dependent Variable: Behaviour						
b. Predictors: (Constant), Preferences						

Source: Calculated from Primary Data

Table – 3 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.241	.313		7.628	.000
	Preferences	.507	.065	.485	7.925	.000
a. Dependent Variable: Behaviour						

Source: Calculated from Primary Data

The link between preferences and behaviour is substantial (b=.485, p0.05), according to coefficient table 3. As a result, the connection is substantial.

Table – 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.414a	.171	.089	.508
a. Predictors: (Constant), Preferences				

Source: Calculated from Primary Data

Table – 5 ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.716	1	5.287	20.215	.000[b]
	Residual	52.437	198	.291		
	Total	57.725	199			
a. Dependent Variable: Perceptions						
b. Predictors: (Constant), Preferences						

Source: Calculated from Primary Data

Table – 6 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.416	.314		10.961	.000
	Preferences	.272	.023	.324	4.423	.000
a. Dependent Variable: Perceptions						

Source: Calculated from Primary Data

The link between desires and perceptions is substantial (b=.439, p0.005), as shown in coefficient table 6. This association is referred to as coefficient 'a' in the mediation model. 324.

Table – 7 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.514[a]	.264	.257	.517
a. Predictors: (Constant), Perceptions, Preferences				

Source: Calculated from Primary Data

Table – 8 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.187	2	8.321	33.732	.000[b]
	Residual	50.213	197	.276		
	Total	67.718	199			
a. Dependent Variable: Behaviour						
b. Predictors: (Constant), Perceptions, Preferences						

Source: Calculated from Primary Data

Table – 9 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.531	.329		4.438	.000
	Preferences	.474	.078	.451	6.732	.000
	Perceptions	.137	.093	.152	2.315	.017
a. Dependent Variable: Behaviour						

Source: Calculated from Primary Data

The association between perceptions and behaviour is substantial (b=.152, p0.05) as shown in coefficient table 9. This association is referred to as coefficient 'b' in the mediation model.

The link between preferences and behaviour is significant in this study (b=.451, p0.05). This route coefficient is denoted by the letter 'c,' which stands for direct effect.

The direct influence is significant, according to the findings of this study. As a result, there is a partial mediation effect. The significance of the indirect effect must then be determined. To determine the significance of the indirect effect, Sobel's test is utilised. To test the significance of the indirect impact, regression weights and their related standard errors must be entered into the calculator. As a result, the calculated two-tailed probability value for this analysis is significant (p0.05). This procedure is outdated since, according to contemporary literature, using Sobel's test to determine the significance of the indirect effect should be avoided and bootstrap estimates should be used instead.

RESULTS DISCUSSIONS

The relationship between preferences, behaviour, and perceptions in open ended tax saving mutual fund schemes was comprehensively investigated in this study. Perception is a mediator on the journey from various preferences to behaviour in open ended tax saving mutual fund schemes, according to the findings. The magnitude of preferential behavior's mediation impact varied. There could be more than one mediator in the relationship between preferences and behaviour in open-ended tax-saving mutual funds. However, because perceptions were expected to have the biggest mediation effect, the study focused on just one mediator, perceptions.

CONCLUSION

The direct impact, according to this analysis, is significant. As a result, a partial mediation effect exists. PROCESS Macro can be used to do serial and parallel mediation analysis. The PROCESS macro can be used to create more complicated conditional process models. This conclusion shows that gradual and systematic preferences centred on high-quality, personalised perspectives of investment possibilities should be given priority. Providing

practice-based mutual fund investments that are optimised for the features of various investment avenues would increase investors' effectiveness and, as a result, help to increasing their understanding of mutual fund schemes and their role in capital markets.

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