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Investment awareness & confidence of investors in selection of mutual funds during COVID-19 pandemic


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Abstract---Purposes of research are to investigate various factors of investor's investment specific attitude on investment in mutual funds during pandemic & to investigate impact of independent factors like Investor's safe investment & high return, Investor's risks & rewards & Investor's investment horizon on dependent variable Investor's awareness & confidence in selection of mutual fund. Structured questionnaires were administered to 522 investors of mutual fund of India. Non-probability convenience sampling technique was used to collect primary data from the target investors of mutual fund in Gujarat state, India. Factor analysis was done and multiple regression model was developed with the help of SPSS software. It was observed that Regression Model is significant since significance (P) value was less than 0.05. Research found that during pandemic situation investors may lose their confidence in selection of various mutual fund schemes. The main reasons behind this were extra expenditure on health, loss of job during pandemic, salary deduction and mental stress.

Keywords---investor's attitude, investment decisions, selection of mutual fund.

Introduction

A well-planned investment only can guarantee consistent returns, capital appreciation and can fulfil the financial needs of the investors. An investor has to

develop suitable decision making skills for the selection of investment opportunities, which is learnt by knowledge and real-world understanding. The success of an investment activity depends on the alertness and skill of investors to use the exact amount, in the precise form of investment at the right time. In India, mutual fund industry also provides realistic choices for the public to capitalize their money in the financial market.

Method

Research study analysed the effect of dissimilar demographic variables on the attitude of investors towards mutual funds. The main reason was found to be lack of awareness of investors about the model and working of the mutual funds. Parihar, B. B. S., Sharma, R., & Parihar, D. S. (2009). As the small investors are always worried about the high risk in equity schemes, right information about the product choice must be delivered by the company. The investment advisors must be enhanced with the existing updates and awareness programmes must be conducted so that they can accomplish self-reliance of the investors. Dr. Vikram K. Joshi (2016). Lack of professional administration of funds and the failure of market players to define the value of mutual funds are the key reasons for not investing in mutual funds. Thus, expert knowledge of mutual funds should be selected for its management, which will raise the self-confidence among investors in mutual funds. Kohli, G., & Devi, S. (2022). Research found that the most investors have slight information on the Systematic Investment Plan. A logistic regression effect of this education demonstrates that investors' Age, Gender, Qualification and Occupation significantly impact the selection of investment, Tejendrakumar, L. H., & Gondaliya, V. (2022).

Objectives of the research

- To investigate various factors of investor's investment specific attitude on investment in mutual funds.
- To investigate impact of independent factors like Investor's Safe investment & High return, Investor's Risks & rewards & Investor's investment horizon on dependent variable Investor's Awareness & confidence in selection of mutual fund.

Structured questionnaires have been administered to the 522 investors of mutual fund in Gujarat state. Non probability convenience sampling techniques was used to collect primary data from the target investors of mutual fund in Gujarat state, India. Factor analysis and multiple regression model has been developed with the help of SPSS software.

Reliability test

Table 2
Reliability Statistics

Cronbach's Alpha	N of Items
.701	16

Interpretation

From above table, research found that value of Cronbach Alpha value was 0.701 which was greater than 0.6. So, research data are reliable and can go for further data analysis.

Factor Analysis

Table 3
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.658
Bartlett's Test of Sphericity	Approx. Chi-Square	384.400
	Df	45
	Sig.	.000

KMO value is 0.658 which is greater than 0.60

From Factor analysis research identified four factors viz;

- Factor 1 Investor's Awareness & Confidence for mutual fund selection.
- Factor 2 Investor's Safe & High return.
- Factor 3 Investor's Risks & rewards.
- Factor 4 Investor's investment horizon.

Multiple regression model development

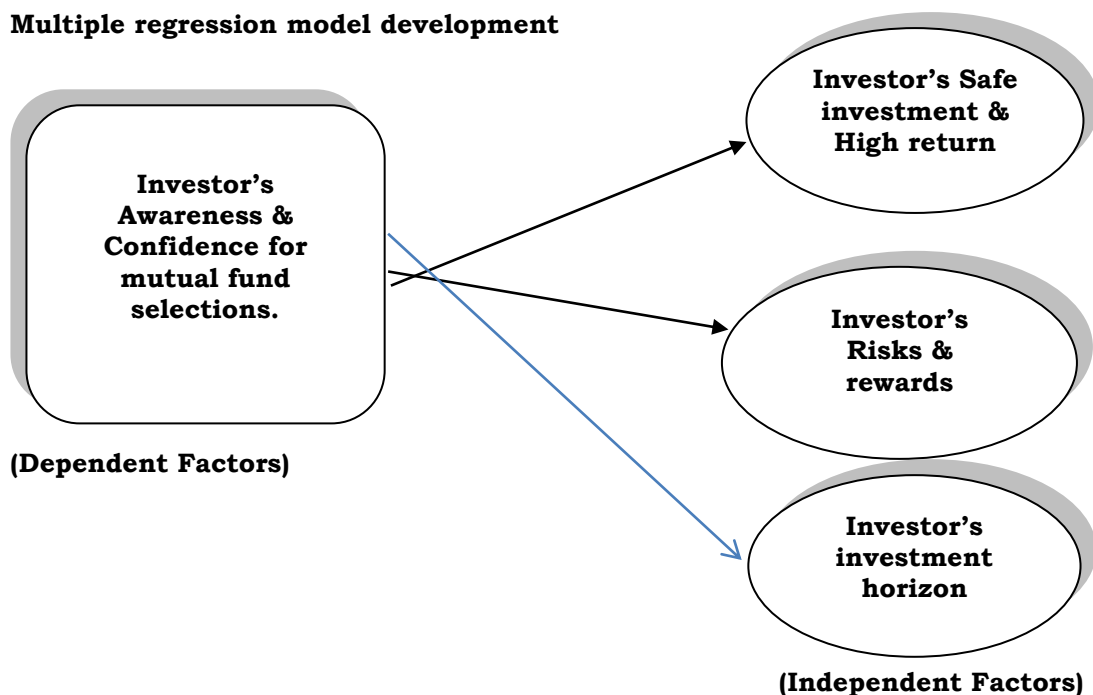


Figure 1.

Above research framework structure shows that as a dependent factor, Investor's

awareness & confidence for mutual fund selection played an important role. The other factors like Investor's safe investment & high return, Investor's risks & rewards & Investor's investment horizon are considered as independent factors in mutual fund selection choice process. There were three Independent factors in above research framework, so multiple regression model was also developed to know the contribution of all the independent factors on dependent factor, Investor's awareness & confidence for mutual fund selection.

Research Hypotheses for Multiple regression model development

- H1: There is a significant impact of Investor's safe investment & high return on Investor's awareness & confidence for mutual fund selection.
- H2: There is a significant impact of Investor's risks & rewards on Investor's awareness & confidence for mutual fund selection.
- H3: There is a significant impact of Investor's investment horizon on Investor's awareness & confidence for mutual fund selection.

Table 4
Multiple Regression Model

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.341 ^a	.116	.111	.46407

a. Predictors: (Constant), Safe_Highreturn, Costsaving, Risks

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.652	3	4.884	22.678	.000 ^b
	Residual	111.559	518	.215		
	Total	126.211	521			

a. Dependent Variable: Awareness

b. Predictors: (Constant), Safe_Highreturn, Costsaving, Risks

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Co-linearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2.521	.190		13.258	.000		
Risks	.139	.032	.183	4.325	.000	.950	1.052
Costsaving	.159	.032	.208	4.935	.000	.957	1.045
Safe_Highreturn	.078	.029	.114	2.722	.007	.969	1.032

a. Dependent Variable: Awareness

Note: (1) a. Predictors: (Constant), Investor's Safe investment & High return, Investor's Risks & rewards & Investor's investment horizon (2) Dependent Variable: Investor's Awareness & Confidence for mutual fund selection.

Interpretation

From the above table it can be observed that the Regression Model is significant since significance (P) value was less than 0.05. Also, the relationship between three factors Investor's Safe investment & High return, Investor's Risks & rewards & Investor's investment horizon with Investor's Awareness & Confidence for mutual fund selection are significant since the $p < 0.05$. So, there is an impact of Investor's Safe investment & High return, Investor's Risks & rewards, and Cost saving & Investor's investment horizon & Investor's Awareness & Confidence for mutual fund selections.

Discussion

Research found that 36.0% of the respondents wanted to save 15%-20% of total investment, 31.2% of the respondents wanted to save 10%-15% of total investment & 21.3% of the respondents wanted to save 05%-10% of total investment. Research found that 33.3% of the respondents had objective to invest in mutual fund for Tax Benefits, 25.1% of the respondents had objective to invest in mutual fund for Wealth creation, 23.6% of the respondents had objective to invest in mutual fund for Earn return & 13.8% of the respondents had objective to invest in mutual fund for Capital Appreciation. Research found that 57.5% of the respondents had influences Friends/ Family Members as a source of mutual fund investment, 21.3% of the respondents had influences Financial Consultants as a source of mutual fund investment, 10.3% of the respondents had influences Agents & broker as a source of mutual fund investment 10.2% of the respondents had get no Assistance-Own Decision as a source of mutual fund investment. Research found that 56.9% of the respondents having high risk tolerance & 39.1% of the respondents having moderate risk tolerance. Research found that 52.7% of the respondents had adopted SIP plan, 25.3% of the respondents had adopted SIP & Lump sum plan & 22.0% of the respondents had adopted Lump sum plan. Research found that 36.0% of the respondents preferred to invest for 6-10 years in mutual fund, 27.8% of the respondents preferred to invest for 3-5 years in mutual fund & 26.2% of the respondents preferred to invest for 11-15 years in mutual fund. Research found that 39.1% of the respondents aware to invest in mutual fund at the first time through friends/colleagues/relatives, 28.4 of the respondents aware to invest in mutual fund at the first time through Brokers & Newspapers advertisement & 23.7% of the respondents aware to invest in mutual fund at the first time through Mobile SMS & Sales representatives. Research found that 71.1% of the respondents having high return expectation & 28.0% of the respondents having Medium return expectation. Research found that respondents had seen following fund sponsored qualities that could affect their decision regarding selection of mutual funds.

- Reputation of the AMC firm
- AMC's expertise in managing money

- AMC has a recognized brand name
- AMC has a well development research & infrastructure
- AMC has a well-developed agency network
- AMC past performance in terms of managing risk and return

From factor analysis independent factors like Safe investment & High return, Risks & rewards, and Cost saving & investment horizon & Dependent factor: Awareness & confidence in various mutual fund selection. From the above table it can be observed that the Regression Model is significant since significance (P) value was less than 0.05. Also, the relationship between three factors Investor's Safe investment & High return, Investor's Risks & rewards & Investor's investment horizon with Investor's Awareness & Confidence for mutual fund selection are significant since the $p < 0.05$. So, there is an impact of Investor's Safe investment & High return, Investor's Risks & rewards, and Cost saving & Investor's investment horizon & Investor's Awareness & Confidence for mutual fund selections.

Conclusion

Research found that 36.0% of the respondents wanted to save 15%-20% of total investment, 31.2% of the respondents wanted to save 10%-15% of total investment & 21.3% of the respondents wanted to save 05%-10% of total investment. So, AMC Company should give more focus on clients who wanted to save 5%-20% of total investment. Research found that 52.7% of the respondents had adopted SIP plan, 25.3% of the respondents had adopted SIP & Lump sum plan & 22.0% of the respondents had adopted Lump sum plan. So, AMC Company should give more focus on clients who wanted to save SIP plan & Lump sum plan. Research found that 36.0% of the respondents preferred to invest for 6-10 years in mutual fund, 27.8% of the respondents preferred to invest for 3-5 years in mutual fund & 26.2% of the respondents preferred to invest for 11-15 years in mutual fund. So, AMC Company should give more focus on clients who want to invest for 3-15 years in mutual fund. Research found that 71.1% of the respondents have high return expectation & 28.0% of the respondents have Medium return expectation. So, AMC must focus towards high return expectation of the target investors. There is an impact of Investor's Safe investment & High return, Investor's Risks & rewards, and Cost saving & Investor's investment horizon & Investor's Awareness & Confidence for mutual fund selections. So, AMC Company should focus on safety, return on investment, Risks & rewards & investment horizon for proper selection of Mutual fund. During pandemic situation investors may lose their confidence in selection of various mutual fund schemes. The main reasons behind this were extra expenditure on health, loss of job during pandemic, salary deduction and mental stress.

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