



**School of Business**

**Galgotias University**

MASTER THESIS REPORT

Topic- Factor Affecting Investment Decision in

Mutual Funds in Nepal

UNDER THE GUIDANCE OF:

Dr. Meghna Singh

Submitted by:

Bipul Kumar rai

(22GSOB2010894)

MBA dual speclization

**Table of Contents**

|  |  |  |
| --- | --- | --- |
| **T.NO** | **CONTENT NAME** | **PAGE NO.** |
| 01 | Title Page | 02-05 |
| 02. | Certificate | 06 |
| 03 | Declaration | 07 |
| 04. | Acknowledgements | 08 |
| 05. | Abstract | 08 |
| **CHAPTER I** |
| 06. | Introduction | 09-11 |
| 07. | Literature review | 11 |
| 08. | Theoretical review | 11 |
| 09. | Modern portfolio theory | 11 |
| 10. | Prospect theory | 12 |
| 11. | Empirical review | 13-26 |
| 12. | Research gap | 26 |
| **CHAPTER II** |
| 13. | Problem statement | 27 |
| 14. | Objectives of the study | 27 |
| 15. | Hypothesis of the study | 27-28 |
| 16. | Rationale of the study | 28 |
| 17. | Limitations of the study | 29 |
| 18. | Chapter plan | 29 |
| **CHAPTER III** |
| 19. | Research methodology | 30 |
| 20. | Research framework and definition of the variables | 30 |
| 21. | Financial status  | 31 |
| 22. | Risk taking behavior | 31-32 |
| 23. | Investment revenue | 33 |
| 24 | Past performance | 33 |
| 25. | Sources of investment information | 33-34 |
| 26. | Research design | 34 |
| 27. | Population and sample and sampling design | 35 |
| 28. | Nature and sources of data and the instrument of data collection | 35 |
| 29 | Primary data and secondary data | 35-36 |
| 30 | Methods of analysis | 36 |
| 31 | Reliability | 36 |
| 32 | Demographic statistics | 36 |
| 33 | Descriptive statistics | 36-37 |
| 34 | Correlation analysis | 37 |
| 35 | Multiple regression analysis | 37-38 |
| **CHAPTER IV** |
| 36 | Results and discussions | 38 |
| 37 | Analysis of the study | 38-39 |
| 38 | Gender of respondents | 39 |
| 39 | Age group of the respondents | 39-40 |
| 40 | Occupation of respondents | 40 |
| 41 | Education level of the respondents | 41 |
| 42 | Income level of the respondents | 41-42 |
| 43 | Investment options of investors | 42 |
| 44 | Opinion of holding stocks for long duration | 42-43 |
| 45 | Recommendation of respondents to invest in mutual funds | 43 |
| 46 | Respondent perception towards riskiness of mutual funds | 43-44 |
| 47 | Factors influencing investment in mutual funds | 44-45 |
| 48 | Survey on financial status | 46 |
| 49 | Survey on risk taking behavior of investors | 46-47 |
| 50 | Survey on investment revenue | 47-48 |
| 51 | Survey on past performance | 48-49 |
| 52 | Survey on sources of investment information | 49-50 |
| 53 | Survey on investment decisions in mutual funds | 50-51 |
| 54 | Descriptive statistics for all samples | 51-52 |
| 55 | Correlation analysis | 52-53 |
| 56 | Regression analysis | 53-54 |
| 57 | Discussion | 55-56 |
| **CHAPTER V** **Summary and conclusion** |
| 58. | Summary  | 57-58 |
| 59. | Conclusion | 58-59 |
| 60. | Implications | 59 |
| 61. | References | 60-62 |
|  |  |  |

 **Certificate**

This is to certify that the Master’s Thesis “Factor Affecting Investment Decision in Mutual Funds in Nepal” has been prepared by Mr. Bipul Kumar rai. under my supervision and guidance. The project report is submitted towards the partial fulfillment of 2year, Full time Master of Business Administration.

Name & Signature of Faculty-

Date-

## Declaration

I Bipul Kumar rai Roll No-22gsob2010894 student of School of Business, Galgotias University, Greater Noida, hereby declare that the Master’s Thesis on “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_”is an original and authenticated work done by me.

I further declare that it has not been submitted elsewhere by any other person in any of the institutes for the award of any degree or diploma.

Name and Signature of the Student

BIPUL KUMAR RAI

Date-

**Acknowledgements**

This study, titled "Factors Influencing Investment Decisions in Mutual Funds in Nepal," has been prepared as part of the requirements for the Master of Business Studies degree. The research aims to identify the factors affecting investment decisions in mutual funds among investors in Nepal. This accomplishment would not have been possible without the support and assistance of numerous individuals.

First and foremost, I would like to express my sincere gratitude to Bikash Shrestha, Assistant Professor, for his invaluable oversight, guidance, and motivational support throughout this study. I am deeply thankful for his continuous assistance and insightful suggestions that have shaped this research.

Furthermore, I extend my appreciation to all the respondents who participated in the surveys and provided essential information for this study. Special thanks are also due to Mr. Manoj Kunwar, Campus Chief; Mr. Rajesh Pandit, Assistant Campus Chief; and Mr. Pramod Raj Sharma, MBS Coordinator at People's Campus, as well as my seniors, colleagues, respected librarians, and other campus experts for their support, encouragement, and valuable insights that contributed to the successful completion of this project.

Lastly, I would like to express sincere thanks to my family, friends, and well-wishers for their tremendous support, best wishes, and insightful feedback throughout the project. Despite the diligent efforts made, the possibility of human error cannot be overlooked. Therefore, I take full responsibility for any shortcomings and potential mistakes that may have occurred in the report. I welcome readers' ideas and suggestions for further improving the report.

**Abstract**

Mutual funds have emerged as a popular investment choice among investors in recent years, reflecting the principle of diversification in investment strategies. This study focuses on the factors influencing investment decisions in mutual funds. It integrates Modern Portfolio Theory and Prospect Theory. The independent variables include financial status, risk tolerance, investment returns, past fund performance, and sources of investment income, with investment decisions in mutual funds as the dependent variable.

Primary data was gathered through a structured questionnaire survey distributed to 384 respondents, constituting the sample size for the study. The research employed a descriptive, correlational, and causal research design. Statistical tools such as mean, median, mode, standard deviation, variance, correlation, and regression analysis were applied in the study.

The results indicated a positive relationship between financial status, risk tolerance, investment returns, past fund performance, and sources of investment income with investment decisions in mutual funds. Furthermore, financial status, risk tolerance, past fund performance, and sources of investment income significantly influenced investment decisions in mutual funds.

Keywords: Mutual funds, financial status, risk tolerance, investment returns, past performance, sources of investment income, investment decisions.

**CHAPTER I**

 **INTRODUCTION**

Background of the review A financial backer has different elective roads to put his reserve funds in. Consequently, reserve funds are beneficially put resources into resources relying upon their gamble and return attributes (Ramanujam and Selvaveerakumar, 2014). Individual put their excess cash in any of the speculation road relying upon their gamble taking limit. In this manner, person's monetary navigation relies upon their mentality and conduct. Segment profile likewise assumes an imperative part in speculation choice of the person. "No aggravation, no addition" is the overall confidence in the venture the executives. More gamble lead to additional benefits. Financial backers put resources into safe interest to lessen the gamble in speculation. However, in such case financial backers can anticipate just moderate benefit (Hemalatha, 2019).

Reilly and Brown (2016) characterized speculations as committing cash in a given endeavor for a given length in a bid to get a decent return that would be a decent remuneration for the period the individual decided to commit the assets and for the gamble that the person took. Accordingly, speculation choices commonly include swearing off current utilization while conceding the utilization of monetary assets for more noteworthy future additions. Financial backers regularly base their choices on an assortment of venture investigation strategies, like specialized examination, essential examination, and judgment. Another supposition that will be that market factors, venture results of different financial backers, and the idea of data accessible impact financial backer navigation. Mental elements impact market conduct and make sense of why people decide to sell, hold, or purchase their ventures.

As per the discoveries, anticipated extra issues, the organization's productivity, impending profits, the company's true capacity for extension, and earlier achievement were the components seen to influence financial backers' decisions. The five not set in stone by figure examination the review, and the investigation additionally uncovered that the most elevated disparity was tracked down between the company's development potential and bookkeeping information. The discoveries exhibited that numerous financial backers put together their speculation decisions with respect to both abundance expansion and monetary factors that can be tracked down in monetary writing. Absence of speculation capital and high offer costs were among the issues that were found to limit individuals' capacity to contribute. This demonstrates that financial backers' low-pay levels may 2 be one of the elements restricting their ability to put resources into the capital market, which eventually restricts the capacity of assembling organizations to work.

Not very many investigations connected with financial backers' conduct on securities exchange venture choice have been directed on Nepalese financial exchange. Adhikari (2010) led a review to investigate the venture conduct of Nepalese financial backers. That's what he saw, with regards to their self-detailed degrees of information, experience, and stock ability to pick, financial backers are by and large arrogant. They showed living in fantasy land by accepting that the worth of the offers they own will increment. Contingent upon the respondents' age and orientation, there was a perceptible distinction in their degree of trust in a few financial planning related factors. The concentrate likewise uncovered that the respondents' degree of appreciation and the data that is accessible to them both affect how they choose which speculations to make. A large portion of the examinations show that greater part of Nepalese financial backers miss the mark on information important to look at the monetary information of the organizations they are thinking about putting resources into, which brings down the nature of their ventures.

Thapa (2013) led a concentrate on speculation conduct of individual financial backers in Nepalese securities exchange. The investigation discovered that financial backers have no inclination in the kinds of market for speculation yet they are persuaded for momentary benefit. The outcome demonstrated that expansion in the size of venture prompts decline in the certainty level of financial backers, and size of speculation emphatically affects the degree of contribution and adverse consequence on financial backers' hopefulness. In risk taking disposition of financial backers, the analyst observed that expert experience is emphatically related while size of venture is adversely related. Size of speculation decidedly affects the degree of contribution and adverse consequence on financial backers' idealism; higher expert experience of financial backers will in general increment risk taking limit while financial backers with huge venture tend to face challenge. Essentially, financial backers having more elevated level of certainty, contribution, good faith and chance taking demeanor will generally exchange all the more regularly in the securities exchange. Subsequently, speculation conduct of financial backers is exceptionally affected by their own qualities and brain science.

Wagle (2020) led a review to figure out the financial backers' excitement towards shared assets in Nepal. The consequence of the review showed that Nepalese market is for the most part maledominated and the vast majority of the financial backers are intrigued to exchange the capital market for venture. Financial backers spend in shared assets without adequate information on shared 3 assets and financial backers like to put resources into normal stock as opposed to common assets. Common assets give an open door to the gamble disinclined financial backers to share their gamble into exceptional yield protections in the capital market (Paudel, 2010). Additionally, common assets are frequently well known among the financial backers because of its low exchange cost and security for liquidity (Rathnamani, 2013).

Karki and Adhikari (2014) led a concentrate on speculation rationale of individual financial backer in the supply of market of Nepal. They saw that most of financial backers contributed for speculative purposes, while betting was the most un-normal venture inspiration. The concentrate likewise tracked down a relationship among's data and examination, speculation skyline, age, and securities exchange insight and contributing reason that was positive. Further discoveries from this study incorporated a sensible relationship between's scholarly accomplishment and speculation inspiration, as well as a great connection among's information and investigation and venture score. The review's discoveries likewise demonstrated that bits of gossip and tips are critical variables in Nepalese securities exchanges.

Bajracharya (2017) led a review connected with financial backer's disposition toward shared store. As indicated by the review, there is no relationship between's financial backers' mentalities with respect to shared reserves and their segment and financial status. Financial backers give representatives and specialists the most noteworthy need as a wellspring of data, while giving magazines the least inclination. As per the review, the demeanor of financial backers toward common assets isn't dependent on segment and financial factors as it were. Financial backers give main concern to intermediaries and specialists too, while picking hotspots for their ventures.

Presently there are 29 shared assets in Nepal; out of which 25 are shut end common assets and 4 are open-end shared reserves. Shut end finances issue a specific number of offers for a specific timeframe. They can't increment or lessening the quantity of offers after the issue and such supports will develop over a predefined period. Its not set in stone by organic market. Open-end common assets can increment or decline the quantity of offers as indicated by the prerequisite and they don't have a development period. Shared reserves are nearly more secure speculation choice contrasted with interest in securities exchange as the Nepalese securities exchange is portrayed by low liquidity, high focus and unpredictability. The financial backers also are not all around informed and show group attitude, and exchange on commotion instead of on essentials. In this manner, common assets might end up being a productive speculation for fledglings who need to receive the rewards of the securities exchange without investing the expected energy. Nonetheless, the financial backers need to 4 comprehend that even common assets are not 100 percent safe however they unquestionably fence the unavoidable dangers in the protections market.

**LITERATURE REVIEW**

The theoretical framework of this study encompasses two key theories: Modern Portfolio Theory and Prospect Theory.

**Modern Portfolio Theory** (MPT), pioneered by Harry Markowitz in 1952, emphasizes the importance of diversification in investment decision-making. MPT aims to maximize the expected return of a portfolio for a given level of portfolio risk, or conversely, minimize risk for a targeted level of expected return by strategically allocating assets. Markowitz demonstrated that rather than focusing on the risk of individual assets, investors can benefit from investing in a diversified portfolio because the overall portfolio's volatility is lower than the sum of its individual components. The theory hinges on two central concepts: the goal of every investor is to maximize return for any level of risk, and risk can be mitigated by diversifying a portfolio across assets that are not perfectly correlated.

MPT operates on the assumption that investors are risk-averse, preferring portfolios with lower risk for a given level of return. Investors are willing to take on higher risks only if they anticipate greater rewards. The core principle underlying MPT is that assets should not be selected in isolation based solely on their individual merits; it's crucial to consider how each asset's price movement relates to the price movements of other assets in the portfolio. According to MPT, there are two types of risk associated with individual stock returns: systematic risk and unsystematic risk. Systematic risk refers to market risks that cannot be diversified away, whereas unsystematic risk pertains to risks specific to individual stocks that can be mitigated through portfolio diversification.

MPT asserts that, given a desired level of risk, an investor can enhance a portfolio's expected returns through diversification. This involves investing in less correlated assets and pairing assets that move in opposite directions to reduce risk for a targeted level of return. MPT typically requires the specification of expected returns for each asset, which can be challenging. While historical data can inform expected returns, past performance does not guarantee future results. An alternative approach involves constructing a market capitalization-weighted portfolio combined with a portfolio based on the investor's views on expected returns for those assets, factoring in the investor's confidence in these views**.**

**Prospect theory:**

Prospect Theory was developed by Kahneman and Tversky in 1979 to explain how individuals make decisions in situations involving risk and uncertainty. The theory posits that people evaluate potential outcomes based on perceived utility relative to a reference point, rather than focusing solely on absolute results. According to Prospect Theory, individuals are averse to losses, which leads them to exhibit risk-taking behavior in order to avoid losses.

This theory highlights a bias towards risk due to a tendency to weight probabilities asymmetrically (as seen in certainty/possibility effects) and a strong aversion to losses. The investment behavior of individual investors differs significantly from that of institutional investors. Individuals often prefer to invest more heavily in non-tradable assets such as real estate, hedge funds, or structured products.

The term "institutional investor" typically refers to entities such as mutual funds, pension funds, or charitable organizations that invest on behalf of others. According to Prospect Theory, investor behavior reflects a pursuit of acquiring, utilizing, assessing, and disposing of goods, resources, concepts, or experiences to satisfy their needs and desires. Environmental factors play a significant role in shaping investor behavior, and while these factors are uncontrollable by the markets, they greatly influence investor decision-making.

Investor actions suggest that they adjust their behaviors by buying and selling shares/assets under varying circumstances. People's preferences vary depending on whether the outcomes involve gains or losses, and decision options with outcomes above the reference point are perceived as gains, while those below the point are seen as losses. It is typical for decision-makers to avoid risk when choosing between options above the reference point and to take risks when choosing between options below it.

**Experimental survey**

The review is done to recognize the elements influencing financial planning choices of financial backers in common assets. This large number of studies upheld the different variables which impact on speculation choices on shared reserve. The review has looked into a portion of the articles on related topic. The synopsis of the significant articles regarding this matter is introduced in Table 1.

**Table 1 Review of empirical studies**

|  |  |
| --- | --- |
| Study | Major Findings |
| Arathy, Aswathy, Anju, & Pravitha (2015)Velmurugan & Anand (2015)Begun & Rahman (2016)Gupta & Sharma (2016)Kaur & Kaushik (2016)Anjaneyelu, Rao, & Ramakrishna (2017)Bajracharya & Mathema (2017)Singal & Mnarai (2018)Sarbabidya & Saha (2018)Sharma & Bhatia (2018)Ul-Hameed, Imran, Maqbool, Ahmed, & Azeem (2018)Annamalah, Raman, Marthandan, & Logeswaran (2019)Shrestha & Shrestha (2020)Patel & Trivedi (2020)Kumar, Kansal, & Jain (2020)Bagade (2021) | * Distinguished critical elements impacting venture choices of retail financial backers in common assets
* Noticed financial backers insight and inclination towards common assets
* Distinguished different elements that keep financial backers from putting resources into common assets
* Figured out spurring factors that supports financial backers to put resources into common asset.
* Distinguished different variables that impact financial backers in taking speculation choices in shared reserves.
* Tracked down no relationship between the period of respondent also, their inclination towards common assets
* Tracked down a positive relationship between orientation of respondent and their inclination towards common assets
* Tracked down no relationship between the instructive level of the respondent and their relationship towards common reserves
* Found positive relationship between the pay level of respondent and their inclination towards common assets
* Tracked down certain relationship between the investment funds of respondent and their inclination towards shared reserves
* Tracked down no relationship between the control of the respondent and their inclination towards shared reserves.
* Noticed guys to be intrigued to put resources into common assets and females towards fixed pay protections
* Found financial backers with big league salary prone to contribute more in common assets as per their gamble limit
* Found critical connections between shared reserve contributing decisions and different financial attributes, financial backer information levels, and financial backer perspectives.
* Found financial backers need towards value supports over common assets
* Distinguished issue of absence of data on business sectors the serious issue looked by the financial backers
* Found positive relationship between's elements impacting interest in common assets and spurring variables of financial backers.
* Tracked down no huge distinction in inclinations for venture given by financial backers
* Tracked down no huge distinction in Resource The board Organization inclinations given by financial backers
* Tracked down critical connection between speculation conduct of a financial backer and financial backer insight about the asset
* Distinguished the job of major variables and financial backer discernment in the speculation dynamic cycle.
* Found positive connection between the elements which influence speculation choice in the securities exchange of Bangladesh different factors being steady
* Found the impression of financial backers with respect to nonconventional venture roads have changed in a positive and moderate bearing
* Found store attributes, noteworthiness, accommodation, achievement factors and asset families to higherly affect impression of financial backers
* Tracked down certain connection among hazard and return and interest in common assets
* Tracked down certain connection between segment elements and interest in common assets
* Tracked down certain connection among comfort and interest in common assets
* Found positive connection between decrease in exchange expenses and interest in common assets
* Found positive connection between tax cut and interest in common assets
* Found positive connection between straightforwardness elements and interest in shared reserves.
* Seen that monetary status is significant in deciding venture conduct
* Recognized risk accepting way of behaving as a significant viewpoint for speculation conduct to buy common assets
* Recognized speculation incomes as key rules for choosing stocks and instruments for ventures
* Noticed outside elements and powers to impact the way of behaving of financial backers.
* Tracked down certain huge connection between discernment towards common asset and interest in shared store
* Tracked down a positive effect of simplicity of speculation towards interest in shared reserve
* Noticed execution of common asset essentially affects interest in shared reserve
* Noticed corporate administration and straightforwardness in common asset to have a huge relationship with interest in shared reserve
* Tracked down critical connection between characteristics of an asset director and interest in shared store.
* Found that the portfolio conspire, earlier asset execution, and asset liquidity are the fundamental elements affecting financial backers' speculation choices in the Anand locale.
* Noticed huge effect of profit on speculation choice of venture by metropolitan, semi metropolitan and rustic

respondents* Noticed huge effect of capital appreciation on venture choice of speculation by metropolitan, semi metropolitan what's more, rustic respondents
* Tracked down huge connection between yearly pay what's more, yearly venture of the respondents
* Tracked down tremendous contrast between effect of security on choice of venture by metropolitan, semi metropolitan and country respondents
* Tracked down tremendous contrast between effect of liquidity on choice of financial backers by metropolitan, semi metropolitan what's more, rustic respondents
* Noticed tremendous contrast between effects of liquidity on choice of venture by metropolitan, semi metropolitan and country respondents
* Noticed massive contrast between word related status and inclination of common asset financial backers in light of kind of proprietorship
* Noticed no massive contrast between word related status and method of speculation
 |

Arathy, Aswathy, Anju, and Pravitha (2015) explored the factors affecting investment decisions in mutual funds and the preferences of retail investors, as well as the barriers preventing people from investing in mutual funds. Mutual funds target small investors, such as salaried individuals, offering them benefits similar to those of the stock market. Investors are drawn to mutual funds for principal protection, capital appreciation, and income from interest or dividends, allowing them to participate in the investment game with minimal capital. In financial markets, investor expectations play a crucial role, influencing security prices and trading volumes. The study found that investors' expectations are shaped by their perceptions and actions, which are influenced by their understanding and general beliefs.

The study aimed to analyze the factors influencing investment decisions and retail investor perceptions and awareness of mutual funds. It also aimed to identify factors deterring investors from mutual fund investments and factors motivating them to invest. A survey of 200 mutual fund investors from two cities was conducted, collecting primary data through structured questionnaires and personal interviews.

The study revealed that investors consider factors such as tax benefits, return on investment, investment diversification, brand reputation, and risk when making investment decisions. Mutual fund companies should develop strategies to expand the mutual fund market and tailor products to different investor groups. Providing accurate information can enhance investor trust and loyalty. Financial institutions should ensure transparency and meet retail customers' needs while marketing mutual fund products effectively.

Velmurugan and Anand (2015) conducted a study on the factors influencing mutual fund investments, focusing on investors in the pharmaceutical sector in Chennai. Mutual fund companies collect funds from savers and invest them in various assets to provide returns and diversification. The study aimed to identify factors influencing mutual fund investment decisions and analyze key factors affecting investment decisions in mutual funds.

The study used primary data collected through structured questionnaires from respondents in Chennai, analyzing data using statistical tools such as Cronbach's alpha, factor analysis, and regression analysis. The study concluded that factors such as fund size, credit rating, redemption facility, settlement period, and sustainability significantly influence investor decisions.

Begum and Rahman (2016) conducted a study on investors' preferences for mutual fund investment in Dhaka, Bangladesh. Retail investors consider their financial needs, goals, expectations, and constraints when making investment decisions. Factors such as returns, investment strategies, success stories of investors, online trading, investor awareness campaigns, and experiences of successful investors influence investor attitudes.

The study aimed to identify if specific characteristics and investor attitudes toward mutual funds were linked. Mutual funds pool savings from small investors to generate substantial capital while aiming for balanced returns with minimal risk. The study focused on analyzing factors influencing investors' attitudes toward mutual funds using a structured questionnaire and statistical tools like the chi-square test and factor analysis.

Gupta and Sharma (2016) investigated the factors influencing the satisfaction of mutual fund investors in Jaipur City. A mutual fund pools money from multiple investors for investment purposes, providing a simpler way to diversify investments and reduce risk. Investors favored mutual funds due to risk minimization, selection based on past performance, trading facilities, convenience, and better returns with minimal investment.

Their study aimed to assess investor satisfaction with major mutual fund companies and identify the perceived risk reduction by mutual fund companies. The survey involved 90 individuals from financial institutions using simple random sampling. Primary data was collected through structured Likert scale questionnaires, supplemented by secondary sources such as magazines, research papers, journals, and books. The findings highlighted that mutual funds can minimize risk, but many investors struggled with understanding mutual funds, solving issues, and obtaining performance information. To enhance mutual fund performance, companies should address investor concerns, simplify mutual fund policies, and provide regular updates on fund performance in simple terms.

Kaur and Kaushik (2016) focused on determining the impact of selected determinants like attitude, emotional norms, and awareness on investor behavior towards mutual funds. The study analyzed relationships between dependent (investment decisions in mutual funds) and independent variables (financial characteristics, awareness levels, and investor perception). Structured questionnaires collected primary data on financial characteristics, attitudes, and awareness of respondents.

Data was gathered via email, web surveys, and face-to-face interactions, yielding 450 valid responses out of 500. Analysis included Cronbach's alpha, Bartlett's test of Sphericity, Kaiser-Meyer-Olkin test, regression analysis, and Wilcoxon-Mann-Whitney test. Results indicated significant associations between mutual fund investment decisions and various financial attributes, investor knowledge levels, and perceptions. Older individuals, females, private sector employees, and entrepreneurs lacking awareness tended to avoid mutual fund investments. The study recommended raising awareness about mutual funds regarding benefits, risks, and dispelling myths, as well as expanding mutual fund outreach and promoting financial literacy among specific demographics.

Bajracharya and Mathema (2017) conducted a survey in Kathmandu Metropolitan City to understand investor preferences towards mutual funds. A mutual fund is an investment vehicle that pools funds from multiple investors and invests in various securities. The study highlighted that mutual fund investment decisions were made carefully by asset managers based on research and in the best interest of unit holders.

Mutual funds in Nepal offered flexibility, variety, diversification, liquidity, and tax benefits, addressing the needs of investors with limited resources and knowledge. However, due to resource constraints and lack of information, investors had limited options available to them. The key challenge was making informed decisions and establishing effective monitoring and control mechanisms.

The study relied on primary data collected through a survey method. A total of 220 investors were considered for the study, but due to missing data, the analysis was based on responses from 207 participants. Data analysis was conducted using SPSS 20 software. The researcher utilized statistical methods such as the Chi-square test to analyze the results. The findings indicated that investors were hesitant to invest in mutual funds due to perceived market risks and preferred safer options like bank deposits, especially given the volatility of the Nepal stock market.

Investors faced various challenges when considering mutual funds as an investment option due to market uncertainties and associated risks, leading them to avoid mutual fund investments.

Anjaneyulu, Rao, and Ramakrishna (2017) aimed to analyze investor perceptions towards mutual funds and their performance in previous years. The study also examined investor awareness of different mutual fund schemes, factors influencing investor choice of mutual fund schemes, and issues specific to Mahabubnagar town impacting mutual fund investors. The study focused on factors affecting retail investors' decisions to invest in mutual fund plans, aiming to establish a link between motivating factors for investors that increase satisfaction levels and factors influencing mutual fund investments.

Using self-administered surveys, the study sampled the population of Mahabubnagar town, collecting data from 100 respondents through convenience sampling. Data analysis involved assessing whether positive or negative relationships existed between factors influencing mutual fund investment and motivating factors increasing satisfaction levels.

The study revealed correlations between factors influencing mutual fund investment and motivating factors that enhance satisfaction levels. Using Carl Pearson's Correlation Coefficient, key factors identified included capital growth, high returns, tax savings, liquidity, safety and security, regular income, regular savings, risk, diversification, and ease of payment. The results emphasized the need for financial institutions to consider these key factors when designing mutual fund products to attract investors from underserved areas like Mahabubnagar town.

Singal and Manrai (2018) aimed to identify factors influencing mutual fund investment decisions and the impact of social factors on investors. The study also sought to understand factors deterring individuals from investing in mutual funds, helping mutual fund companies identify areas for improvement and enhance marketing strategies. The study focused on establishing a relationship between investor motivation and mutual fund investment behavior.

The study utilized both primary and secondary data, with literature reviews, interviews, and focus group discussions informing secondary data collection. Self-administered structured surveys collected primary data, with results obtained from 226 respondents. Data analysis involved statistical measures such as the Kaiser-Meyer Olkin test, Bartlett's test of Sphericity, Chi-square test, correlation test, and multiple regression analysis.

Results showed that fundamental factors and investor perception played crucial roles in investors' investment decision-making processes. Key factors such as past performance, experience of the fund manager, risk, return, and diversification influenced investor decisions. The study emphasized the importance of investor awareness and research into mutual fund security before making investments. To expand the reach of the mutual fund market, the study recommended that mutual fund product developers devise strategies for introducing innovative products and suggested that financial institutions focus on conducting financial literacy programs and increasing investor education.

Sarbabidya and Saha (2018) examined factors influencing investment decisions in the stock market from the perspective of the Bangladesh Securities Exchange. Investors engaged in both primary and secondary market investments to make profits. However, issues such as insider trading, corporate governance, policy changes, rumors, and volatile market conditions negatively impacted investors, affecting market growth.

The study collected data through a sample of 100 respondents from brokerage houses in Chittagong and Comilla using random sampling. Primary data was gathered through self-administered questionnaires using a five-point Likert scale. Secondary data included literature reviews of relevant articles, research papers, journals, survey reports, annual reports, and websites. Data analysis involved reliability analysis, validity analysis, and multiple regression analysis.

The results highlighted factors such as risk tolerance, accurate accounting information, past and present stock performance, GDP, and other macroeconomic conditions affecting investment decisions. Negative impacts of these factors demotivated investors in Bangladesh, prompting the need for effective measures to address these issues.

Sharma and Bhatia (2018) aimed to identify factors influencing investor perceptions towards mutual fund investment. The study sought to understand how investors viewed mutual funds as an investment option, assess investor awareness and perception of mutual funds, and identify factors affecting investor perception towards mutual funds.

The study targeted investors in Delhi, sampling 100 respondents through structured questionnaires using purposive sampling. Primary data collected various study factors such as asset characteristics, credibility, process convenience, success factors, and fund family. Data analysis methods included the Kaiser-Meyer-Olkin test, chi-square test, Bartlett's test of Sphericity, and Varimax rotation matrix.

The findings of the review revealed that many investors with limited financial management abilities opt for mutual funds, and their perception of mutual funds was generally positive and moving in the right direction. Key factors influencing fund attributes included tax benefits, high yields, pricing, capital appreciation, liquidity, and low initial investment requirements. The results indicated a positive shift in investors' perceptions regarding non-traditional investment avenues. Fund credibility was influenced by brand image, chosen information sources, past performance, and transparency. Convenience was affected by trading options, efficient complaint resolution processes, and prompt customer support. Quality of service, research, and transparent proposal documentation were identified as success factors, while management structure, fund size, and outsourcing impacted fund families. The review revealed that investors' perceptions depended on various demographic factors, such as gender, with the female segment being underutilized, and there was low penetration among higher-income groups. Consequently, the review recommended fund managers take steps to tap into the female and higher-income segments to foster greater investment in the mutual fund industry.

Hameed, Imran, Maqbool, Ahmed, and Azeem (2018) conducted a survey to explore the various factors influencing individuals to invest in mutual funds and examined the mediating role of investors' knowledge. The study noted the availability of numerous magazines and newspapers to assist investors in making investment decisions, but investors often lacked the expertise to fully understand the information provided and make optimal decisions. Investors were also exposed to various telecommunications tools like websites and financial software packages to convey variables effectively and make decisions about asset allocation. However, due to information gaps on the investors' part, they struggled to make appropriate decisions. The study suggested that investment decisions be made by hiring brokerage firms that would invest according to investors' preferences, objectives, and constraints.

In this study, mutual fund investment was considered the dependent variable, while independent variables included risk and return, asset liquidity, demographic factors, convenience, reduction in transaction costs, tax benefits, and transparency, with investors' knowledge about mutual funds serving as the mediating variable. The study population comprised individual investors from Pakistan, and the sample was drawn using convenience sampling. Quantitative analysis was used to collect and analyze data from 244 surveys, employing SmartPLS 3 as a statistical tool.

The study's analysis was divided into two parts: the first part focused on assessing reliability and validity, while the second part tested hypotheses using the primary structural equation model. Factor loading, Cronbach's alpha, composite reliability, discriminant validity, and average variance extracted were examined to analyze the data. This study was conducted to examine the multiple factors influencing investors' mutual fund investment decisions. The survey findings indicated that risk, return, and asset liquidity all positively influenced mutual fund investments. Survey participants perceived little risk associated with returns and liquidity in mutual funds. Age, financial status, and demographic factors like gender significantly impacted mutual fund investment decisions. Compared to female investors, male investors were more likely to invest in mutual funds. The desire to invest in mutual funds increased with age. Additionally, married individuals were more likely to invest in mutual funds than other types of investment strategies. As mutual fund investments became more convenient, more people expressed interest in investing in mutual funds. Other factors such as low transaction costs, low tax rates, and mutual fund transparency appeared to attract investors to mutual fund investments.

Annamalah, Raman, Marthandan, and Logeswaran (2019) examined the determinants of investors' decision-making in unit trust investments. The study aimed to explore the factors influencing investors' decisions to invest in unit trusts. Four variables were examined to understand their impact on unit trust investment behavior. The survey results indicated no statistical relationship between investors' investment behaviors and the returns and earnings on investments. It was found that investors' decisions about unit trust investments were significantly influenced by their financial situation, risk-taking tendencies, and sources of information. Among these, the availability of information had the most significant impact on investors' behaviors, followed by risk-taking behavior and individual financial circumstances. The overall relevance of the identified influencing factors in this study, however, was shown to be quite modest in terms of investment variation. The study employed a quantitative research method and surveyed data from 202 participants using a systematic sampling method. This cross-sectional study analyzed the primary data. The measurement scale used in this research study was a five-point Likert scale, and SPSS software was used to analyze the results obtained from the data. Multiple regression analysis, Cronbach's alpha test, and correlation analysis were used for data analysis. According to the empirical study, investors' financial situation, risk-taking tendencies, and sources of information all had a significant impact on how they chose to invest in unit trusts.

According to the findings of this study, investors' investment behaviors regarding unit trust investments were influenced by their financial circumstances. Rational investors followed the conventional pattern and used their financial situation to influence their investment behavior. However, due to changes in economic patterns, there were more investors who deviated from these conventional patterns. To support improvements in profits and earnings, investors were willing to invest and manage investments as a form of gambling. The ability of risk-taking behavior to influence investors' investment behaviors was evident. Therefore, the relationship varied among different individuals. Investors from higher economic classes or financial backgrounds were able to tolerate more risks due to their financial resources, unlike investors from lower economic classes who have limited financial resources to be influential. The results supported previous research findings that information accessibility had a significant impact on how investors behave when making investments.

Shrestha and Shrestha (2020) aimed to identify the critical factors influencing investments in mutual fund schemes in Nepal. Fixed deposits remained the most popular and preferred financial security among Nepalese investors. Investors chose to invest in shares despite the benefits offered by mutual funds, such as reservations in public offerings and avoiding double taxation in addition to dividends paid to investors. The objectives of the study were to examine the demographic characteristics of individuals investing in mutual fund schemes in Nepal and assess the awareness level of individual investors towards mutual.

The ease of investing in mutual funds and their performance significantly influenced investment decisions, prompting fund managers to consider these factors when designing fund strategies to meet investors' financial objectives. Professional management and good governance were critical for the fund's reputation, even though investors themselves did not hold decision-making power. Protecting investors' interests required significant oversight from regulators and policymakers, ultimately fostering broader participation in Nepal's capital market and mutual funds.

Patel and Trivedi (2020) aimed to identify the factors influencing investors' preferences and investment decisions in mutual funds. Their survey, conducted in Gujarat's Anand district with 200 respondents using structured questionnaires, examined various aspects considered by investors when selecting mutual funds. Primary data was collected via questionnaires, while secondary data was gathered from sources like bank reports, websites, research papers, and publications. SPSS was used for data analysis. The study's findings could help mutual fund companies identify areas for improvement and inform marketing strategies. Notably, portfolio composition, past fund performance, and liquidity were key factors influencing investors' decisions.

Kumar, Kansal, and Jain (2020) conducted a comprehensive study on factors affecting investor perceptions of mutual fund investments. They emphasized the importance of understanding investors' motivations for investing in this uncertain market. The study analyzed factors influencing individual investors' decisions in different regions (urban, semi-urban, rural) and highlighted the importance of factors like returns, capital appreciation, safety, liquidity, and tax benefits in investment decisions. The study suggested that mutual fund products should be tailored to meet the diverse needs of investors, requiring transparent and comprehensive information dissemination to build trust and loyalty across investor segments.

Bagade (2021) conducted a study on the behavior of retail investors towards mutual funds in the Ahmedabad region of Gujarat. The research explored how retail investors approach mutual fund investments, examining the factors influencing their choices across different mutual fund categories. Despite the growing number of investors in this sector, there is limited understanding of individual preferences and decision-making. Individual investors exhibit diverse preferences when it comes to mutual fund investments, considering multiple aspects in their decisions.

The study aimed to understand the criteria used by retail investors in mutual fund investments, analyze their perception of risk and return, and identify factors directly or indirectly affecting mutual fund selection. Data was collected from 220 mutual fund investors through a structured survey comprising multiple-choice questions and a five-point Likert scale. Statistical analysis techniques including mean, median, standard deviation, correlation, and chi-square tests were employed to describe and analyze the relationship between variables.

The findings revealed that most respondents invested in mutual funds for better returns and the security offered by mutual funds, with additional appeal in terms of investment diversification and regular income. When making investment decisions, investors prioritize fund performance history and the scheme's reputation. A majority of investors are comfortable with moderate levels of risk in mutual fund investments and expect stable and satisfactory returns from their investments in mutual funds.

 **Research gap:**

An research gap refers to the unanswered questions or unresolved issues in previous research published in journals, books, or reports. The impact of "Past Performance" on investment decisions in mutual funds has been studied by a few researchers. Therefore, this study aims to investigate how past performance influences investment decisions made by potential investors in mutual funds. While there have been several studies on the factors affecting investment decisions in mutual funds, only a limited number of studies have explored the determinants of investment decisions in mutual funds in Nepal. Consequently, this study aims to establish a foundation for further research in the field of mutual funds in the context of Nepal.

**CHAPTER II**

 **Problem statement**

A research issue refers to a situation where there is a gap between the current state of affairs and the desired state (Sekaran and Bougie, 2013). It is a specific problem or question that a researcher identifies and seeks to address through their study. This initial step in research helps to define the purpose or rationale of the study. The research aims to answer the following questions:

1. How do financial status, risk behavior, investment returns, past fund performance, and sources of investment information relate to the investment decisions of individual investors in mutual funds?

2. What is the impact of financial status, risk behavior, investment returns, past fund performance, and sources of investment information on the investment decisions of individual investors in mutual funds?

**Objectives of the study**

The significant goal of the review is to decide the variables impacting venture choices in common finances in Nepal according to the viewpoint of individual financial backer.

1. To look at the relationship of monetary status, risk conduct, speculation income, past execution of assets and wellsprings of speculation data with venture choices of individual financial backers in common assets, and

2. To evaluate the effect of monetary status, risk conduct, venture income, past execution of assets and wellsprings of venture data on speculation choices of individual financial backers in common assets.

 **Hypothesis of the study**

The hypothesis of this study aims to identify the factors influencing investment decisions of individual investors in mutual funds. The hypotheses are as follows:

H01: There is no significant relationship between financial status and investment decisions of individual investors in mutual funds.

H02: There is no significant relationship between risk behavior and investment decisions in mutual funds.

H03: There is no significant relationship between investment returns and investment decisions of individual investors in mutual funds.

H04: There is no significant relationship between past fund performance and investment decisions of individual investors in mutual funds.

H05: There is no significant relationship between sources of investment information and investment decisions of individual investors in mutual funds.

H06: There is no significant impact of financial status on investment decisions of individual investors in mutual funds.

H07: There is no significant impact of risk behavior on investment decisions of individual investors in mutual funds.

H08: There is no significant impact of investment returns on investment decisions of individual investors in mutual funds.

H09: There is no significant impact of past performance of mutual funds on investment decisions of individual investors in mutual funds.

H010: There is no significant impact of sources of investment information on investment decisions of individual investors in mutual funds.

 **Rationale of the study:**

This study means to look at the elements affecting a singular financial backer's choices to put resources into shared assets of Nepal. There are number of explores that have been finished in regards to venture choice in shared assets or unit speculation trust all through the world yet restricted research has been finished in Nepal. This exploration makes a critical commitment for additional examination in the space of finding the elements impacting common asset venture according to the point of view of a singular financial backer. Further, this exploration will help academicians, professionals and scientists in their review and help them to zero in on the most common factors that impact the singular financial backers choice to put resources into shared assets to guarantee their productivity and security of interest from here on out.

The meanings of the review are as per the following:

1. The review will help venture banks to configuration, advance items to instruct financial backers about shared reserves and its advantages.

2. The review will assist with distinguishing key regions, variables and components for working on shared reserve industry in Nepal.

3. The review will be a valuable reference for specialists intending to make comparable investigations.

 **Limitations of the study**

The review has expected impediments. They are the requirements on generalizability,

applications to practice or utility of discoveries. Coming up next are the significant impediments of the review.

1. The review has been directed among predetermined number of common asset financial backers as it were.

2. Just five free factors viz. monetary status, risk taking way of behaving, speculation income, past execution and wellsprings of venture have been viewed as in this review.

3. The review has been done inside a restricted timeframe.

4. The information has been gathered through a self-directed survey. In this way, legitimacy of the review relies on precision of the information given by the respondents.

5. The review depends on accommodation examining. Hence, testing predisposition might happen coming about to summing up the discoveries of study to the gathering of shared store financial backers.

 **Chapter plan:**

The review has been partitioned into five sections specifically presentation, writing survey, research strategy, investigation and conversation and synopsis and end.

The main section is presentation which incorporates presentation of the concentrate as an outline of the area of study. Alongside brief foundation of the review, the review comprises of issue articulation, objective of the review, speculations of the review, reasoning of the review, restrictions of the review and part plan of the review.

The subsequent part incorporates hypothetical audit and exact survey of the review that are applicable to the issue being investigated. It presents the rundown of significant discoveries of past investigations that is pertinent to the ongoing review.

The third section incorporates research structure, meaning of the factors, research plan, populace and test, inspecting plan, nature and wellsprings of information and strategies for examination of the current review.

The fourth part manages investigation and conversation. This part examines the information accumulated from the review and endeavors to recognize the connection between the reliant and free factor of the review and presents the examination as tables and figures.

The fifth part sums up the examination discoveries and suitable suggestions are sent as the finish of the review.

**CHAPTER III RESEARCH METHODOLOGY**

The examination techniques segment depicts methodology that are utilized to recognize and investigate data with respect to a particular exploration issue. A bunch of methods is utilized to recognize, select, process and dissect data about a point to assess the review's general dependability and legitimacy. This segment of the exploration paper intends to legitimize the techniques utilized for the review in light of the examination goals of the review. This segment of the exploration paper answers how the information was gathered and the way things were examined. It comprises of six distinct areas. The main segment incorporates portrayal of exploration plan. The subsequent segment is about the populace and test of the review and the third area is about the nature and wellsprings of information assortment. The fourth area is about meaning of factors, the fifth segment is about techniques for examination and the 6th segment is about the impediments of the review. This segment makes sense of the information assortment strategy and system utilized by analyst for examining the given information.

##  Research framework and definition of the variables

An examination structure has been utilized to zero in on the factors of the review. Venture choice has been distinguished as reliant variable and monetary status, risk conduct, speculation income, past execution, wellsprings of venture data. The exploration structure of the review is displayed in Figure 1.

Investment

r

evenue

Financial

s

tatus

Risk

taking

b

ehavior

Sources of investment

information

Past

p

erformance

Investment

d

ecision

s in

mutual fund

*Figure 1: Research framework of the study (Annamalah, Raman, Marthandan, & Logeswaran, 2019)*

The exploration system portrays that the review targets concentrating on the elements that influences venture choice of financial backers while putting resources into common assets. The factors specifically monetary status, risk taking way of behaving, venture income, past execution and wellsprings of speculation data are the free factors of the review and venture choice in shared store is the reliant variable.

### **Financial status:**

The financial status of an individual is a crucial factor influencing their investment behavior. Understanding an individual's financial situation involves assessing their savings, as well as their regular income such as wages and salaries, which are fundamental for supporting investments. Generally, investors with better financial circumstances exhibit more positive investment behavior and are more likely to invest larger sums of money. According to Gongalez and Carrascal (2017), investors' financial situation significantly influences their investment decisions. While most rational investors base their investment decisions on their financial status, recent trends indicate an increase in the number of middle-income investors investing larger amounts to increase their earnings and income.

A study by Waweru, Munyoki, and Uliana (2008) concluded that financial status impacts investor behavior in terms of making investments as part of financial planning to build wealth. Therefore, an individual's financial situation not only influences their willingness to invest but also the amounts they invest in stocks and shares. Tan, Chiang, Mason, and Nelling (2008) also examined investment behavior for mutual fund investments and found that an individual's financial situation affects their investment behavior. They noted that the financial status of investors not only impacts the amounts they invest but also the level of risk they are willing to take. Investors with lower financial status tend to take less risk and prefer investing in unit trusts, whereas investors with higher financial status are more willing to take risks by investing in more volatile instruments that offer higher returns.

### **Risk taking behavior:**

### In simple terms, risk refers to the possibility of something negative happening. In finance, risk is defined as the chance that the actual gains from an investment will differ from the expected outcome. This includes the potential for losing some or all of the initial investment. It's important to identify and understand risk to ensure the success of financial goals. Risk-taking behavior refers to individuals' willingness to take risks in investments or other activities. This behavior is crucial when making investment decisions, with different investment options carrying varying levels of risk.

### Investment choices, such as stocks, carry a higher level of risk but also offer higher potential returns. On the other hand, investments in mutual funds typically involve lower risk and lower returns compared to direct stock investments. Atkinson (1957) identified three factors influencing investors' risk tolerance: intention, expectation, and incentive. Generally, there is a positive relationship between risk and return in investment, meaning higher risk investments often yield higher returns.

### Weber and Hsee (1998) explained that preference for risky assets or decisions is influenced by risk perception, with individuals expecting returns within certain expected ranges. The willingness to take risks increases with the likelihood of loss, which is associated with potential gains.

### Investors are typically categorized based on their risk tolerance into aggressive, moderate, and conservative. Aggressive investors take significant risks, preferring investments with dynamic price movements and are accustomed to market fluctuations. They may earn high returns during good market conditions but also face substantial losses during downturns. Moderate investors have a lower risk tolerance compared to aggressive ones, balancing their investments between risky and safer options. They earn lower returns than aggressive investors but also experience less risk. Conservative investors avoid high-risk investments, preferring safer options like fixed deposits or savings accounts.

### Understanding risk-taking behavior is crucial for both investors and investment advisors. It helps investors select investment instruments that align with their risk tolerance and affordability, minimizing emotional reactions to losses. For investment advisors, understanding risk-taking behavior enables them to introduce suitable investment options to clients and make their investments profitable.

###

### **Investment revenue**:

### Investment income refers to the returns earned by investors from specific investments, such as dividend income from stock investments, capital gains realized from selling stocks or other investments, or interest earned from investments in fixed deposits and savings accounts. It represents the potential earnings that investors expect to receive from particular investment options (Lusardi and Mitchell, 2017). This financial gain exceeds the amount of investment made by investors. According to Khan, Tan, and Chong (2017), investment income is a significant criterion for selecting stocks and investment instruments and is closely related to investors' investment behavior. Investors base their investment decisions on expected returns and choose instruments that meet their return expectations (Aregbeyen and Ogochukwu, 2011). Investors are generally attracted to investments that offer high returns.

### For mutual fund investors, investment income can be derived in three ways: first, from interest and dividend distributions from the fund's holdings; second, if the fund generates profits from trading activities, which are distributed to investors; and third, from the appreciation of the mutual fund's value in the market (capital gains) (adapted from original text).

### **Past performance**:

Past performance refers to how something has behaved in the past, providing insights into how an investment may perform in the future and is one of the most important factors that investors consider when making investment decisions. According to Upadhyaya and Chhetri (2019), the experience of fund managers significantly influences the performance of mutual funds, with older mutual fund schemes generally outperforming newer ones. Mutual fund investors often consider past performance as a key metric when investing in mutual funds. However, it's important to note that returns or past performance should not be the sole factor considered, as the stock market is subject to market risk and may not always follow a bullish trend. Even mutual funds may not consistently outperform the market, and their performance can vary depending on investors' expectations.

Investors often expect higher returns with lower investment risks from fund managers, although such expectations may contradict the widely accepted principle of risk-return trade-off (Chawla, 2014). While returns reflect the past performance of funds, it's important to understand that past performance does not guarantee future performance and is not indicative of a specific investment outcome. Investors prefer investing in funds that demonstrate consistent performance, as it reflects the skill of the fund manager.

### **Sources of investment information**

## Information plays a crucial role in various aspects, particularly in investment decisions, where investors rely on instrument-related information such as a company's past financial performance, dividends distributed, and historical stock price movements (Abul, 2019). The availability of information about stocks is significantly related to investors' investment decisions, as having a wide range of information helps investors better analyze stock performance and make informed decisions (Lubis and Sudarisman, 2017). Conversely, stocks with limited information lead to negative sentiments among investors, indicating higher investment risk due to the lack of information to make informed decisions.

## In terms of mutual fund purchase decisions, information, both formal and informal, serves as a guide for investors in making investment decisions (Annamalah, Raman, and Logeswaran, 2019). Mutual funds can be highly appealing, beneficial, and supportive to investors if they are aware of the costs and risks associated with investing in them. Access to reliable information helps investors identify suitable investment options based on their risk tolerance.

## In summary, information is crucial for investors to assess investment options effectively, and having access to comprehensive and reliable information supports informed decision-making and reduces investment risk.

## Research design

The research design used in this study is a quantitative research design aimed at examining the factors influencing investment decisions in mutual funds. The study employed an exploratory, descriptive, causal, and analytical research design to achieve its objectives.

The primary purpose of the descriptive research design was to characterize respondents based on their demographic, educational, and economic characteristics. Descriptive research was used to describe, identify, and validate findings, focusing on profiling respondents, understanding their investment decisions, perceptions towards mutual funds, and factors influencing their investment decisions.

A correlational research design was chosen to assess the relationship between dependent and independent variables in the study. This involved measuring two variables and assessing their correlation, whether they had a positive or negative relationship.

Furthermore, a causal research design was employed to establish cause-and-effect relationships between the variables. It aimed to determine how changes in independent variables influence the dependent variable.

An analytical research design was used to examine various factors influencing investors' investment decisions in mutual funds. It analyzed how financial status, risk-taking behavior, investment income, and past performance of mutual funds impacted potential investors' investment decisions. The study also employed a survey research design to collect relevant data through structured questionnaires based on existing literature.

## Population and sample and sampling design

## Population refers to the entire group from which samples are drawn, while a sample is a specific subset of that population from which data is collected. For this study, the population consisted of individual investors participating in mutual funds. Given the large and diverse nature of this population, a convenience sampling method was used to select and gather data from the participants, primarily due to its easy accessibility and proximity.

Population refers to the entire group of individuals or elements that the researcher is interested in studying. In this context, the population consists of all individual investors who are investing in mutual funds. A sample, on the other hand, is a subset of the population from which data is collected. It is a specific group selected to represent the larger population.

For this study, a convenience sampling method was used to select the sample. Convenience sampling involves choosing participants who are readily available and accessible to the researcher. This method was chosen due to its practicality and ease of implementation, especially given the large and diverse nature of the population of individual investors in mutual funds.

The sample size for the study was determined using the formula developed by Cochran (1977) for calculating the optimal sample size when the population size is unknown. The formula takes into account the desired confidence level (represented by Z, the critical value), the estimated proportion of the attribute of interest in the population (p), the margin of error (e), and the complement of the estimated proportion (q = 1 - p).

By substituting specific values (such as Z = 1.96 for a 95% confidence interval, p = 0.5 for maximum variability, and e = 0.05 for a 5% margin of error) into the formula, the optimal sample size of 384 was calculated. This sample size was determined to provide a representative subset of the population while ensuring a desired level of confidence and precision in the study results

The sample size was determined using the formula established by Cochran (1977) for calculating a representative sample size when the population size is unknown:

[/ n\_0 = \frac{Z^2 \times p \times q}{e^2} \]

## For a Confidence Interval of 95% and a 5% margin of error:

## - Z (Critical value of desired confidence interval) = 1.96

## - p (Estimated proportion of an attribute present in the population) = 0.5

## - q = 1 - p = 0.5

## - e (Desired level of precision/margin of error) = 0.05

## Substituting these values into the formula:

## [/ n\_0 = \frac{(1.96)^2 \times 0.5 \times 0.5}{(0.05)^2} \]

## [/ n\_0 = \frac{3.8416 \times 0.25}{0.0025} \]

## [/ n\_0 = \frac{0.9604}{0.0025} \]

## [/ n\_0 = 384 \]

## Therefore, the optimal sample size for this study is 384, which was determined to achieve a representative sample with a desired level of confidence and precision.

## Nature and sources of data and the instrument of data collection

### The study is focused on quantitative research methodology, employing a survey approach using both primary and secondary sources of data. A structured questionnaire was utilized to conduct a survey among the participants. Additionally, pilot testing was conducted to refine the questionnaire for increased reliability and validity.

### **Primary data and secondary data**

## Primary data was collected through an online survey using a structured questionnaire. The questionnaire was designed to gather personal information from respondents including age group, gender, education level, occupation, income range, and their perceptions towards mutual funds. Research questions related to the factors under study were also included in the survey. The survey consisted of various types of questions including short-answer questions, single-choice questions, multiple-choice questions, and Likert scale questions. The questionnaire content was derived from previous research findings identified during the literature review.

## Secondary data sources such as journals, articles, magazines, websites, and books were utilized to explore the factors influencing investment decisions in mutual funds.

## Methods of analysis

Different measurable strategy was utilized to dissect the outcome got from poll. Factual programming SPSS 20 was utilized to examine the unwavering quality and legitimacy of the factors, segment insights, engaging measurements, relationship examination, and different relapse investigation.

### **Reliability**

To assess the reliability, effectiveness, and internal consistency of the survey items used, a Cronbach's alpha test was conducted. Cronbach's alpha is a measure of reliability that indicates how consistently a research method produces accurate results. The accepted threshold for Cronbach's alpha is 0.7 or higher (Nunnally, 1978).

During the pilot test, the reliability test of the dependent and independent variables was performed. The data indicated Cronbach's alpha values of 0.817 for the financial status construct, 0.911 for the risk-taking behavior construct, 0.800 for the investment income construct, 0.946 for the sources of investment information construct, and 0.858 for the investment decision construct. These values demonstrated a satisfactory level of reliability, indicating that the survey items were effective and internally consistent.

### **Demographic statistics**

### Segment examination is the investigation of a populace in light of elements like age, orientation, conjugal status, occupation, pay, and that's just the beginning. The segment insights estimated the populace in view old enough, orientation, occupation, pay and others.

### **Descriptive statistics**

Descriptive statistics are employed to provide a comprehensive understanding of data and present it in a user-friendly and accurate manner. This section utilizes measures of central tendency such as mean, median, mode, and standard deviation to describe the data.

The mean is the arithmetic average of a set of values calculated by dividing the sum of all values by the number of values. In this study, the mean is calculated to determine the average responses given by respondents for various factors that were investigated.

The formula for calculating the mean



### **Correlation analysis**

Correlation analysis is utilized to assess the strength of connection between factors. It demonstrates how or how much factors are related with one another. The scale model proposed by Davies (1971) has been utilized to portray the connection between the autonomous factors and the reliant variable, are as displayed underneath:

Correlation analysis is utilized for reactions gave in Likert scale to figure out the degree of connection between the factors.

### **Multiple regression analysis**

Regression analysis is employed to assess the relationship between a single dependent variable and multiple independent variables. Multiple regression analysis is utilized to measure the relationship between a dependent variable and its independent variables. It is particularly useful for responses provided on a Likert scale to ascertain the relationship between independent and dependent variables. Multiple regression analysis can be computed using the formula presented below.

**CHAPTER IV RESULTS AND DISCUSSIONS**

## The study aims to measure various factors influencing investment decisions in mutual funds. This section involves analyzing the collected data, interpreting the results, and presenting the findings of the study. It involves examining the survey data using various statistical tools and techniques and presenting the study's findings based on descriptive and inferential analysis.

## Analysis of the study

The study relies on primary data collected through a survey using a structured questionnaire distributed to a sample of 384 respondents to derive empirical findings on their investment decisions in mutual funds.

Respondents were asked to provide responses in various formats, including Yes or No, multiple-choice, and Likert scale responses. A five-point Likert scale was used, where one represents strongly agree and five represents strongly disagree with the statement. The responses obtained from respondents were organized, categorized, and analyzed to facilitate the descriptive analysis of the study. The data were analyzed using correlation and regression analysis techniques, utilizing statistical software IBM SPSS Statistics 20.

### **Gender of respondents:**

Table 2

Gender of the respondents

|  |  |  |  |
| --- | --- | --- | --- |
| Gender  | Frequency  | Percentage  | Cumulative %  |
| Female Male Other Total  | 198 180 6 384  | 51.60% 46.90% 1.60% 100.00%  | 51.60% 98.40% 100.00%  |

*Note.* Primary data based on researcher's study, 2022

Table 2 displays the composition of respondents categorized by gender orientation. Among the 348 respondents, 198 identified as female, 180 as male, and 6 as other. Females comprise 51.6% of the sample, males make up 46.9% of the sample, and individuals identifying as other account for 1.6% of the sample. The findings indicate a higher proportion of female respondents in the sample.

### **Age group of the respondents:**

The synthesis of respondents depends on age bunch. Table 3 shows that 1.3% have a place with age bunch under 20, 35.7% have a place with the age bunch 20 to 30 years, 39.6% have a place with age bunch 30 to 40 years, 15.4% have a place with age bunch 40 to 50 age bunch and 8.1% have a place with the age bunch 50 or more.

Table 3

Age group of the respondents

|  |  |  |  |
| --- | --- | --- | --- |
| Age group  | Frequency  | Percentage  | Cumulative%  |
| 20-30 30-40 40-50 50 and above Below 20 Total  | 137 152 59 31 5 384  | 35.70% 39.60% 15.40% 8.10% 1.30% 100.00%  | 35.70% 75.30% 90.60% 98.70% 100.00%  |

 *Note.* Primary data based on researcher's study, 2022

### **4.1.3 Occupation of respondents:**

Table 4

*Occupation of respondents*

|  |  |  |  |
| --- | --- | --- | --- |
| Occupation  | Frequency  | Percentage  | Cumulative Percent  |
| Broker Business Cinematographer Freelancer Government Employee Housewife Intern Others Photographer Private Sector Employee Shopkeeper Student Total  | 6 41 2 6 68 5 2 6 2 233 2 11 384  | 1.60% 10.70% 0.50% 1.60% 17.70% 1.30% 0.50% 1.60% .50% 60.70% 0.50% 2.90% 100.00%  | 1.60% 12.20% 12.80% 14.30% 32.00% 33.30% 33.90% 35.40% 35.90% 96.60% 97.10% 100.00%  |

 *Note.* Primary data based on researcher's study, 2022

Table 4 presents the breakdown of respondents based on their occupations, including categories such as manager, entrepreneur, filmmaker, physician, government official, homemaker, clerk, photographer, private sector employee, retailer, student, and others. The largest proportion of respondents, comprising 60.70% of the total population, are employed in the private sector.

### **Education level of the respondents**

### Table 5 shows the respondents profile in view of their degree of schooling. Out of 384 respondents, 138 respondents have finished their Lords or over, 220 respondents have finished their Single guys and 26 respondents have finished their Transitional degree of training.

Table 5

*Education level of respondents*

|  |  |  |  |
| --- | --- | --- | --- |
| Education level of respondents  | Frequency  | Percentage  | Cumulative%  |
| Bachelors Intermediate Masters or above Total  | 220 26 138 384  | 57.30% 6.80% 35.90% 100.00%  | 57.30% 64.10% 100.00%  |

 *Note.* Primary data based on researcher's study, 2022

### **Income level of the respondents**

Table 6

*Income level of the respondents*

|  |  |  |  |
| --- | --- | --- | --- |
| Income level of the respondents  | Frequency  | Percentage  | Cumulative %  |
| Below Rs. 20,000 Rs. 20,000 - Rs. 40,000 Rs. 40,000 - Rs. 60,000 Rs. 60,000 - Rs. 80,000 Rs. 80,000 and above Total  | 9 54 120 102 99 384  | 2.3 14.1 31.3 26.6 25.8 100.0  | 2.3 16.4 47.7 74.2 100.0  |

*Note.* Primary data based on researcher's study, 2022

Table 6 demonstrates the profile of respondents in view of their pay level. Out of the example size of 384 respondents, 9 respondents pay range under 20,000, for example 2.3% of the example size have a month to month procuring under 20,000. 54 respondents or 14.1% of the respondents have a pay level of Rs. 20,000-Rs. 40,000, 120 respondents or 31.3% of the respondents have a pay level of Rs. 40,000-Rs. 60,000, 102 respondents or 31.3% of the respondents have a pay level of Rs. 60,000 to Rs. 80,000 and 99 respondents or 25.8% of the respondents have a pay level of Rs.

80,000 or more

### **Investment options of investors**

Table 7

*Investment options of investors*

|  |  |  |
| --- | --- | --- |
| Investment options of investors  | Frequency  | Percentage  |
| Mutual funds  | 384  | 100.00%  |
| Share and debentures  | 379  | 98.70%  |
| Bank saving account  | 377  | 98.18%  |
| Bank fixed deposits  | 299  | 77.86%  |
| Life insurance  | 218  | 56.77%  |
| Gold/silver/metals  | 135  | 35.16%  |
| Real estate  | 122  | 31.77%  |
| Others  | 4  | 0.01%  |
|  Total  | 384  |   |

*Note.* Primary data based on researcher's study, 2022

Table 7 shows different variables that impact interest in common assets. 100 percent of the respondents put resources into common assets relying on past execution of the asset, profit history of the asset, least speculation sum in common assets and economic situation followed by 98.70% in offers and debentures, 98.18% in bank saving record. 77.86% of the respondents put resources into bank fixed stores, 56.77% of the respondents put resources into life coverage approaches, 35.16% of the respondents put resources into gold/silver/metals followed by 31.77% of the respondents put resources into land and 0.01% in different areas like Methodical Money growth strategy (Taste), repeating fixed stores, photography gear and others.

### **Opinion of holding stocks for long duration**

Table 8 shows respondents' opinion on holding stocks for a long or brief timeframe. 72.10% of the respondents favored holding stocks for a long residency and just 27.9% of the respondents favored holding stocks for a brief term of time.

Table 8

Opinion of holding stocks for long duration

|  |  |  |  |
| --- | --- | --- | --- |
| Response on holding stocks for long duration  | Frequency  | Percentage  | Cumulative%  |
| Yes No Total  | 277 107 384  | 72.10% 27.90% 100.00%  | 72.10% 100.00%  |

*Note.* Primary data based on researcher's study, 2022

### **Recommendation of respondents to invest in mutual funds**

Table 9 shows the proposal of the respondents with respect to interest in shared reserves. 90.4% of the respondents prescribed to put resources into common assets and just 12.8% of the respondents didn't favor prescribing the possible financial backers to put resources into shared reserves.

Table 9

Recommendation of respondents to invest in mutual funds

|  |  |  |  |
| --- | --- | --- | --- |
| Response  | Frequency  | Percentage  | Cumulative%  |
| Yes No  | 347 37  | 90.40% 9.60%  | 90.40% 100.00%  |
| Total  | 384  | 100.00%  |   |

*Note.* Primary data based on researcher's study, 2022

### **Respondents perception towards riskiness of mutual funds**

### Table 10

Perception of respondents regarding riskiness of mutual fund

###

|  |  |  |  |
| --- | --- | --- | --- |
| Investing in mutual funds less risky  | Frequency  | Percentage  | Cumulative%  |
| Yes No Total  | 335 49 384  | 87.2 12.8 100.0  | 87.2 100.0  |

Note. Primary data based on researcher's study, 2022

Table 10 shows the impression of respondents towards hazard of shared reserves, for example whether the respondents thought about shared assets as a hazardous venture or safer contrasted with other speculation choices. 87.2% of the respondents considered putting resources into shared assets as safer and 12.8% of the respondents thought about putting resources into common assets as an unsafe venture.

### **Factors influencing investment in mutual funds**

**Table 11**

|  |  |  |  |
| --- | --- | --- | --- |
| Factors influencing investment in mutual funds  | Frequency  | Percentage  | Cumulative %  |
|  |  |  |  |
| Dividend history of the fund  | 5  | 1.3  | 1.3  |
| Dividend history of the fund, market condition  | 7  | 1.8  | 3.1  |
| Dividend history of the fund, minimum investment amount  | 30  | 7.8  | 10.9  |
| Dividend history of the fund, minimum investment amount, market condition  | 36  | 9.4  | 20.3  |
| Market condition  | 50  | 13.0  | 33.3  |
| Minimum investment amount  | 29  | 7.6  | 40.9  |
| Minimum Investment Amount, Market Condition  | 85  | 22.1  | 63.0  |
| Minimum Investment Amount, Others  | 1  | .3  | 63.3  |
| Others  | 4  | 1.0  | 64.3  |
| Past Performance of the fund  | 5  | 1.3  | 65.6  |
| Past Performance of the fund, Dividend history of the fund  | 6  | 1.6  | 67.2  |
| Past Performance of the fund, Dividend history of the fund, Market Condition  | 8  | 2.1  | 69.3  |
| Past Performance of the fund, Dividend history of the fund, Minimum Investment Amount  | 15  | 3.9  | 73.2  |
| Past Performance of the fund, Dividend history of the fund, Minimum Investment Amount, Market Condition  | 87  | 22.7  | 95.8  |
| Past Performance of the fund, Dividend history of the fund, Minimum Investment Amount, Market Condition, Fees  | 1  | .3  | 96.1  |
| Past Performance of the fund, Dividend history of the fund, Minimum Investment Amount, Market Condition, Fund supervisors  | 2  | .5  | 96.6  |
| Past Performance of the fund, Dividend history of the fund, Minimum Investment Amount, Market Condition, Net assets value  | 2  | .5  | 97.1  |
| Past Performance of the fund, Dividend history of the fund, Minimum Investment Amount, Market Condition, Others  | 1  | .3  | 97.4  |
| Past Performance of the fund, Market Condition  | 1  | .3  | 97.7  |
| Past Performance of the fund, Minimum Investment Amount  | 7  | 1.8  | 99.5  |

|  |
| --- |
|  |

*Factors influencing investment in mutual funds-*

|  |  |  |  |
| --- | --- | --- | --- |
| Past Performance of the fund, Minimum Investment Amount, Market Condition Total  | 2 384  | .5 100.0  | 100.0   |

*Note.* Primary data based on researcher's study, 2022

Table 11 shows different elements that impact interest in common assets. 22.7% of the financial backers put resources into shared reserves in view of past execution of common assets, profit history, least venture sum and in light of the economic situation. Different variables that impact venture choice in shared reserves are expenses charged by common assets, store managers of the assets, net resource worth of the asset and others.

### **Survey on financial status:**

Table 12

*Survey on financial status*

Statements

Ratings

Total

r

esponses

Weighted

value

Weighted

mean

SA

A

N

D

SD

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| My investment amount is based on my current financial status 144 and income  | 226  | 8  | 3  | 3  | 384  |  647  |  1.80  |
| I make investments that is 157 within my affordability  | 216  | 7  | 2  | 2  | 384  | 628   | 1.70  |
| I have monthly portion contributed from my income 133 for the purpose of investment  | 157  | 36  | 47  | 11  |  384  |   798  |   2.42  |
| My investment amount varies 172 according to my income  | 166  | 9  | 34  | 3  |  384  |  682  |  2.25  |
| Grand weighted mean  |   |   |   |   |   |   | 2.04  |

*Note.* Primary data based on researcher's study, 2022

### The impact of financial status on investment decisions in mutual funds was assessed based on respondents' perspectives on given statements related to financial status. A five-point Likert scale was used to collect this data. Table 12 illustrates that the majority of respondents agreed with the statement that their investment amount is influenced by their current financial status and income, with a weighted mean value of 1.80. Respondents also agreed that they invest within their affordability, with a weighted mean score of 1.70. A majority of respondents, with a weighted mean value of 2.42, indicated that they invest a portion of their monthly income for investment purposes. Additionally, respondents strongly agreed with the statement that their investment amount varies according to their income, with a weighted mean score of 2.25. The overall weighted mean associated with financial status is 2.04**.**

### **Survey on risk taking behavior of investors**

The risk-taking behavior of investors in mutual funds was examined based on respondents' perspectives on given statements related to risk. A five-point Likert scale was used to assess this information. Table 13 illustrates that investors' decisions were influenced by the risk level of investment instruments, as indicated by a weighted mean value of 1.95. Similarly, a majority of respondents agreed that investors evaluate or consider the risk of each type of instrument before making investment decisions, with a weighted mean of 1.83. Respondents also agreed (weighted mean of 1.87) that they invest in mutual funds because they perceive them to carry a lower level of risk. Furthermore, the statement suggesting that the level of risk determines the return from investment was also agreed upon by a majority of respondents, with a weighted mean value of 1.71. The overall weighted mean associated with risk-taking behavior is 1.80.

**Table 13**

*Survey on risk taking behavior*

Statements

Ratings

Total

Weighted

Weighted

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| SA  | A  | N  | D  | SD  | responses  | value  | mean  |
| I consider the risk of each type 121 of instrument before investing  | 223  | 26  | 10  | 4  | 384  |  705  |  1.83  |
| I invest in mutual funds because it carries a lower level 143 of risk  | 182  | 27  | 29  | 3  | 384  |  719  |  1.87  |
| I think the level of risk determines return from the 132 investment | 216  | 24  | 10  | 2  |  384  |   686  |   1.79  |
| The risk of any instrument determines my investment 160 decision  | 194  | 18  | 7  | 5  |   384  |   655  |   1.71  |
| Grand weighted mean  |   |   |   |   |   |   | 1.80  |

*Note.* Primary data based on researcher's study, 2022

### **4.1.13 Survey on investment revenue:**

The perceived impact of investment income on investment decisions in mutual funds was assessed by gathering respondents' views on the influence of investment income on factors affecting investment decisions in mutual funds. A five-point Likert scale was used to collect this information. The data collected from respondents is presented in Table 14.

Table 14 indicates that a majority of respondents, with a weighted mean of 1.87, expect a specific rate of return from their investments, reflecting the common expectation among investors to achieve a certain level of return as income or profit. Similarly, a majority of investors, with a weighted mean of 1.61, agree with the statement that they will invest in a project that offers a higher yield. Respondents also agree that they use an average rate of return as a benchmark for selecting investment sectors from various options. The overall weighted mean for the independent factor of investment income is 1.80, indicating that respondents consider investment income as a significant factor influencing investment decisions in mutual funds**.**

**Table 14**

Survey on investment revenue

Statements

Ratings

Total

Weighted

Weighted

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| SA  | A  | N  | D  | SD  | responses  | value  | mean  |
| I have my own expected rate of 108 return from the investment  | 239  | 20  | 14  | 3  | 384  | 717  | 1.87  |
| I will invest in a project that 175 gives a higher return  | 195  | 8  | 2  | 4  | 384  | 617  | 1.61  |
| I use my expected rate of return as a benchmark for choosing 140 investment option  | 168  | 51  | 20  | 5  | 384  | 734  | 1.91  |
| Grand weighted mean  |   |   |   |   |   |   | 1.80  |

 *Note.* Primary data based on researcher's study, 2022

### **Survey on past performance:**

### The effect of past execution on venture choice in shared reserves was gathered by gathering information from respondents with respect to their view on significance of past execution of an asset for pursuing speculation choice.

**Table 15**

*Survey on past performance*

Statements

Ratings

Total

Weighted

Weighted

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| SA  | A  | N  | D  | SD  | responses  | value  | mean  |
| My decision of investing in mutual fund is based on the past 161 performance of the fund  | 180  | 30  | 8  | 5  | 384  | 668  | 1.74  |
| Grand weighted mean  |   |   |   |   |  |   | 1.74  |

 *Note.* Primary data based on researcher's study, 2022

### Table 15 aims to assess the impact of investment decisions on mutual funds due to the independent factor of past performance of mutual funds. Various factors contribute to this, such as historical fund performance in previous years, fund tax structure, returns distributed to investors, fund performance in prior years, and more. Among the 384 respondents, 180 respondents, with a weighted mean, agreed with the statement that their decision to invest in mutual funds is influenced by the past performance of the fund. The overall weighted mean for this independent variable is 1.74. These findings indicate that the previous performance of the fund is indeed a significant indicator influencing investors to invest in mutual funds.4.1.15 Survey on sources of investment information:

Table 16 indicates that a majority of respondents agreed to their preference for using information for investment that is published by investment banks, suggesting that investors rely on investment banks' published information for mutual fund investment decisions. Additionally, 180 respondents, with a weighted mean of 1.71, agreed to using information published and analyzed by others to assist in investment decision-making. Investors also rely on peer investors' analysis when making investment decisions. A total of 174 respondents agreed with the statement that their primary focus for assessing the potential of an instrument is based on its past earnings and costs, indicating that most investors invest in mutual funds based on the past earnings of mutual funds and their pricing. Furthermore, 196 respondents agreed that their decision to invest in mutual funds depends on the availability of information. The overall weighted mean for the independent factor sources of investment information is 1.74.

**Table 16**

*Survey on sources of investment information:*

Statements

Ratings

Total

Weighted

Weighted

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| SA  | A  | N  | D  | SD  | responses  | value  | mean  |
| I prefer to use information for investment that are published 162 by investment banks  | 183  | 24  | 13  | 2  | 384  | 662  | 1.72  |
| I use information that are published and analyzed by 167 others to assist my investment decision making  | 180  | 22  | 13  | 2  | 384  | 655  | 1.71  |
| My prior focus for determining the potential of instrument is 163 past revenue and prices of the instrument  | 174  | 34  | 10  | 3  | 384  | 668  | 1.74  |
| My selection of investment in mutual fund is based on the 148 availability of information  | 196  | 26  | 10  | 4  | 384  | 678  | 1.77  |
| Grand weighted mean  |   |   |   |   |   |   | 1.74  |
| *Note.* Primary data based on researcher's study, 2022**4.1.16 Survey on investment decisions in mutual funds** Table 17 *Survey on investment decisions in mutual funds*  |  |  |

Statements Ratings Total Weighted Weighted

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| SA  | A  | N  | D  | SD  | responses value  | mean  |
| I invest in mutual funds because it 91 provides stable returns and revenue.  | 244  | 27  | 20  | 2  | 384  | 662  | 1.95  |
| I will invest in mutual funds as my long 151 term personal financial planning.  | 179  | 29  | 22  | 3  | 384  | 655  | 1.82  |
| I will bear lower risk but earn higher return by investing in mutual funds than 126 earning interest provided by banks.  | 160  | 45  | 44  | 9  | 384  | 668  | 2.09  |
| I will continue to invest in mutual funds 175 in future.  | 160  | 31  | 11  | 7  | 384  | 678  | 1.74  |
| Grand weighted mean  |   |   |   |   |   |   | 1.90  |

*Note.* Primary data based on researcher's study, 2022

### The findings regarding investment decisions in mutual funds were derived from data collected from survey respondents using a five-point Likert scale. Table 17 reveals that a majority of respondents agreed that they invest in mutual funds because these funds provide stable returns and income, as indicated by a weighted mean value of 1.95. Similarly, respondents supported the assertion that mutual funds serve as a long-term financial planning tool, with a weighted mean value of 1.82. The statement "I will bear lower risk but earn better yield by investing in mutual funds than earning interest provided by banks" was also agreed upon by 160 respondents, with a weighted mean of 2.09. Additionally, a majority of respondents, 175 individuals, strongly agreed to continue investing in mutual funds in the future, as reflected by a weighted mean of 1.74. The overall weighted mean for the dependent variable investment decisions in mutual funds is 1.90.

###  Descriptive statistics for all samples:

Table 18 presents the summary of descriptive statistics for the variables under study. The table illustrates key descriptive statistics such as mean, median, mode, standard deviation, and variance for all sample respondents regarding the factors being investigated.

Table 18

*Descriptive statistics for all samples*

###

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Variables  | N  | Mean  | Median  | Mode  | SD  | Variance  |
| Financial status  | 384  | 1.79  | 1.75  | 1.50  | 0.59  | 0.35  |
| Risk taking behavior  | 384  | 1.80  | 1.75  | 1.50  | 0.58  | 0.34  |
| Investment revenue  | 384  | 1.79  | 1.67  | 1.67  | 0.58  | 0.33  |
| Past performance  | 384  | 1.74  | 2.00  | 2.00  | 0.79  | 0.63  |
| Sources of investment information  | 384  | 1.73  | 1.50  | 1.50  | 0.60  | 0.36  |
| Investment decision  | 384  | 1.90  | 1.75  | 1.50  | 0.69  | 0.47  |

*Note.* Primary data based on researcher's study, 2022

The table above presents the descriptive statistics for the entire sample. The factors examined include Financial Status, Risk-taking Behavior, Investment Income, Past Performance, Sources of Investment Information, and Investment Decision. Mean, median, and mode are measures of central tendency that indicate the typical values in the data, while standard deviation and variance indicate the dispersion or spread of the data.

The mean value for the dependent variable, Investment Decision, is the highest among the factors at 1.90, followed by Risk-taking Behavior at a mean value of 1.80, Financial Status and Investment Income each at a mean value of 1.79, Past Performance at 1.74, and Sources of Investment Information at 1.73. The highest median value is observed for Past Performance at 2.00, followed by Financial Status, Risk-taking Behavior, and Investment Decision at a median value of 1.75, Investment Income at 1.67, and Sources of Investment Information at 1.50. The mode is highest for Past Performance at 2.00, followed by Investment Income at 1.67, and Financial Status, Risk-taking Behavior, Sources of Investment Information, and Investment Decision at 1.50.

Standard deviation and variance are highest for Past Performance with values of 0.79 and 0.63, followed by Investment Decision with a standard deviation of 0.69 and variance of 0.47.

### **Correlation analysis**

**Table 19**

*Relationship between variables for all samples*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Variables  |  | FS  | RTB  | IR  | PP  | SII  | ID  |
| FS  | Pearson Correlation Sig. (2-tailed)  | 1  |    |    |    |    |    |
| RTB  | Pearson Correlation  | .516\*\*  | 1  |   |   |   |   |
|  | Sig. (2-tailed)  | (.000)  |  |   |   |   |   |
| IR  | Pearson Correlation  | .579\*\*  | .536\*\*  | 1  |   |   |   |
|  | Sig. (2-tailed)  | (.000)  | (.000)  |  |   |   |   |
| PP  | Pearson Correlation  | .379\*\*  | .473\*\*  | .392\*\*  | 1  |   |   |
|  | Sig. (2-tailed)  | (.000)  | (.000)  | (.000)  |  |   |   |
| SII  | Pearson Correlation  | .452\*\*  | .648\*\*  | .631\*\*  | .472\*\*  | 1  |   |
|  | Sig. (2-tailed)  | (.000)  | (.000)  | (.000)  | (.000)  |  |   |
| ID  | Pearson Correlation  | .528\*\*  | .630\*\*  | .462\*\*  | .505\*\*  | .573\*\*  | 1  |
|  | Sig. (2-tailed)  | (.000)  | (.000)  | (.000)  | (.000)  | (.000)  |  |

\*\*. Correlation is significant at the 0.01 level (2-tailed).

*Note.* Primary data based on researcher's study, 2022

### Table 19 presents the correlation analysis of the factors under study, demonstrating the relationships between dependent and independent variables. The correlation analysis encompasses the entire sample of 384 respondents and examines the associations between various determinants and investment decisions in mutual funds. The independent factors influencing investment decisions in mutual funds are Financial Status, Risk-taking Behavior, Investment Income, Past Performance of the funds, Sources of Investment Information, and Investment Decisions.

### As depicted in Table 19, the correlation between Investment Decisions and Financial Status is positive and significant at a near 100% confidence level, with a correlation coefficient of 0.528, indicating a strong relationship between the dependent and independent factor. Similarly, the correlation between Investment Decisions and Risk-taking Behavior is also positive and significant at a near 100% confidence level, with a correlation coefficient of 0.630, demonstrating that the risk-taking behavior of investors strongly influences investment decisions in mutual funds. Likewise, the correlation between Investment Decisions and Investment Income is positive and significant at a near 100% confidence level, with a correlation coefficient of 0.462, indicating a moderate relationship between the dependent variable (investment decisions) and the independent factor (investment income).

### The correlation between Investment Decisions and Past Performance is positive and significant at a near 100% confidence level, with a correlation coefficient of 0.505, and the correlation between Investment Decisions and Sources of Investment Information is also positive and significant at a near 100% confidence level, with a correlation coefficient of 0.573. The correlation analysis demonstrates that all the independent factors—Financial Status, Risk-taking Behavior, Investment Income, Past Performance, and Sources of Investment Information—have positive and significant relationships with the dependent variable, Investment Decisions in mutual funds.

### **Regression analysis:**

Regression analysis is employed to analyze the relationship between dependent and independent variables, assessing the impact of independent factors on the dependent variable. In this study, regression analysis is conducted to examine various determinants influencing investment decisions in mutual funds. As presented in Table 20, investment decisions in mutual funds are used as the dependent variable, with Financial Status, Risk-taking Behavior, Investment Income, Past Performance, and Sources of Investment Information taken as independent factors.

The impact of Financial Status is deemed positive and significant at a near 100% confidence level. The coefficient of 0.263 for Financial Status indicates that an increase in investors' financial status encourages them to invest in mutual funds. Similarly, the impact of Risk-taking Behavior is considered positive and significant at almost 100% confidence level, with a coefficient of 0.262. Investors with high risk-taking propensity are more inclined to make investment decisions.

The impact of Investment Income is identified as negative with a coefficient of -0.047, indicating that as investment income increases, the dependent variable (investment decision) decreases. The impact of Past Performance on investment decision is considered positive with a regression coefficient of 0.165 at a near 100% confidence interval. Additionally, the impact of Sources of Investment Information is also observed to be positive at almost 100% confidence level, with a regression coefficient of 0.234.

The results highlight that Risk-taking Behavior significantly influences investment decisions in mutual funds.

**Table 20**

*Impact of variables for all samples*

Coefficientsa Unstandardized Standardized t Sig. F Sig. Adjusted

 Coefficients Coefficients R2

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | B  | Std. Error  | Beta  |  |  |  |
| (Constant) FS RTB IR PP SII  | .152 .263 .370 -.047 .165 .234  | .096 .055 .061 .061 .037 .062  | .225 .312 -.039 .191 .204  | 1.580 4.823 6.092 -.761 4.481 3.804  | .115 .000 .000 78.756 .447 .000 .000  |   0.000 0.714     |

a. Dependent Variable: ID

*Note.* Primary data based on researcher's study, 2022

The adjusted R-squared value indicates the proportion of variance in the dependent variable explained by the independent variables. The adjusted R-squared value of 0.714 means that approximately 71.40% of the variance in the dependent variable, investment decisions in mutual funds, is explained by the independent variables—financial status, risk-taking behavior, investment income, past performance of the asset, and sources of investment information—in the model.

**Discussion:**

The study aimed to identify the factors influencing investment decisions in mutual funds. The independent variables identified as influencing investment decisions in mutual funds were financial status, risk-taking behavior, investment income, past performance, and sources of investment information.

The results of the analysis indicate a positive and statistically significant relationship between financial status and investment decisions in mutual funds, suggesting that investors base their mutual fund investments on their financial capability. This finding is consistent with Hameed et al. (2018), who also noted a significant impact of financial status on mutual fund investment decisions. Similarly, Kaur and Kauhisk (2016) revealed a significant correlation between mutual fund investment decisions and respondents' financial status.

The study found that risk-taking behavior has the strongest relationship influencing investors' decisions to invest in mutual funds. The results align with previous research, indicating that investors' risk-taking behavior positively and significantly affects their investment decisions in mutual funds. Velmurugan and Anand (2015) demonstrated that investors' risk tolerance significantly impacts mutual fund investment. Sarbabidya and Saha (2018) identified risk tolerance as a key factor influencing investment decisions, highlighting the need for measures to address negative perceptions among investors in Bangladesh.

The study also reveals a significant positive relationship between investment income and investors' investment decisions in mutual funds. Investors have specific return expectations based on their investments and will choose appropriate stocks that generate higher returns matching their expectations. However, Annamalah et al. (2019) found no statistical relationship between investors' investment behavior and investment returns.

Moreover, the study demonstrates a positive correlation between past performance of the asset and investors' decision to invest in mutual funds, indicating a positive impact of past performance on investors' decisions to invest in mutual funds. This finding is consistent with Gupta and Sharma (2016), who emphasized the importance of timely updates on mutual fund performance to facilitate investor understanding and confidence. Singal and Manrai (2018) also highlighted the significance of past performance in investors' decision-making processes.

Furthermore, the study shows a positive relationship between sources of investment information and investment decisions in mutual funds, indicating a positive impact of sources of investment information on investment decisions in mutual funds. The availability of comprehensive information benefits investors in making informed decisions and analyzing the market. Sharma and Bhatia (2018) found that the credibility of funds was influenced by the chosen information sources, emphasizing the preference for funds with sufficient data supporting investment decisions.

In conclusion, the study underscores the importance of providing comprehensive and updated information to investors and potential investors to facilitate informed decision-making and attract investments in mutual funds.

**CHAPTER V**

**SUMMARY AND CONCLUSION**

**Summary**

The purpose of this study is to identify various factors influencing investment decisions in mutual funds. The study aims to examine the relationship between dependent and independent variables and also seeks to determine the impact of independent variables on dependent factors. The dependent variable in this study is investment decisions in mutual funds, and the independent variables are financial status, risk-taking behavior, investment income, past performance, and sources of investment information. The study utilizes various statistical tools and techniques such as descriptive analysis, correlational analysis, and regression analysis to determine investment decisions in mutual funds. The study is based on primary data collected through a systematic and structured survey, and the data were analyzed using mean, median, mode, standard deviation, variance, correlation, and regression.

**Key findings of the study based on data analysis are as follows:**

1. The relationship between investment decisions in mutual funds and the financial status of investors is positive with a correlation coefficient of 0.528, indicating that an improvement in investors' financial status leads to an increase in investment decisions in mutual funds. Similarly, the relationship between investment decisions in mutual funds and investors' risk-taking behavior is positive with a correlation coefficient of 0.630. Investors with a high risk-taking attitude or behavior are more likely to invest in mutual funds. The correlation analysis between investment decisions in mutual funds and investment income is 0.462, indicating a positive relationship between the dependent variable (investment decisions in mutual funds) and the independent factor (investment income). Additionally, the correlation analysis between investment decisions in mutual funds and the past performance of the funds is also positive with a correlation coefficient of 0.505. Moreover, the correlation between investment decisions in mutual funds and sources of investment information is positive with a correlation coefficient of 0.573. The correlation analysis shows that the dependent variable, investment decisions in mutual funds, has a positive relationship with all the independent variables: financial status, risk-taking behavior, investment income, past performance of the funds, and sources of investment information.

## 2. The impact of financial status is considered positive and significant at nearly 100% confidence level. The coefficient of 0.263 for financial status indicates that an increase in investors' financial status encourages them to invest in mutual funds. Similarly, the impact of risk-taking behavior is considered positive and significant at nearly 100% confidence level with a coefficient of 0.262. Investors with high risk-taking agility are more likely to make investment decisions. The impact of investment income is considered negative with a coefficient of -0.047, indicating that an increase in investment income leads to a decrease in investment decisions. The impact of past performance on investment decisions is considered positive with a regression coefficient of 0.165 at nearly 100% confidence level. Likewise, the impact of sources of investment information is also considered positive at nearly 100% confidence level with a regression coefficient of 0.234.

## Conclusion:

## The study employed a descriptive, correlational, and causal analysis design to assess the relationship and examine the impact of independent variables on the dependent variable, which was investment decisions in mutual funds. The independent variables included financial status, risk-taking behavior, investment income, past performance, and sources of investment information. Data were collected through a survey using a systematic and structured questionnaire, employing snowball sampling technique, with a sample size of 384 respondents. The data collected from the sample were evaluated and analyzed using descriptive statistics such as mean, median, mode, standard deviation, variance, correlation, and regression analysis.

## The data revealed that most investors preferred investing in mutual funds, stocks, and debentures, followed by bank savings accounts, fixed deposits, life insurance, gold/silver/metals, real estate, and others. A majority (72.10%) of the respondents held stocks for the long term and actively traded in the market, and a significant proportion (90.40%) recommended mutual funds to other investors. Statistical analysis of the data demonstrated a positive and significant relationship between investment decisions in mutual funds and various factors influencing investment choices.

## The results from the linear regression model indicated that financial status, risk-taking behavior, past performance, and sources of investment information positively influenced investment decisions in mutual funds. Among these factors, risk-taking behavior (0.370) was identified as the most influential factor affecting investment decisions in mutual funds, followed by financial status (0.263), sources of investment information (0.234), and then past performance of the funds (0.165). Risk-taking behavior was found to be the most significant factor influencing investment decisions in mutual funds, while past performance of the funds was observed to be the least influential factor.

## The study aimed to validate the Modern Portfolio Theory while assessing the factors influencing investors' investment decisions in mutual funds. All the factors examined align with the theoretical model as per the findings of the study.

## Implications:

## The study examines key factors influencing investors' decisions to invest in mutual funds, aiming to provide valuable insights with significant implications for the investment banking sector. It underscores the importance of transparency and timely dissemination of information by investment banks regarding mutual funds. Investment banks should ensure accessibility of data to the general public and provide clear explanations to enhance understanding. Fund managers should simplify mutual fund policies to encourage investment by individuals with limited knowledge. The study's findings will assist fund managers and investment banks in refining policies, offering financial literacy programs to potential investors, and delivering timely performance reports on mutual funds. Ultimately, this research will identify critical areas for enhancing the mutual fund sector in Nepal.

**REFERENCES**

Abul, S. J. (2019). Factors Influencing Individual Investor Behaviour: Evidence from the Kuwait Stock Exchange. *Asian Social Science*, *15*(3), 27-39. <https://doi.org/10.5539/ass.v15n3p27>

Adhikari, P. (2010). Investment Behavior of Nepalese Investors. *Nepal Journal of Management, 3*(1), 48-58.

Anjaneyulu, M., Rao, D., & Ramakrishna, D. (2017). Investor Perception Towards Mutual Funds- A study of Mahabubnagar Town. *SSRC international Journal of Economics and Management Studies, 4*(8), 1-4.

Annamalah, S., Raman, M., Marthandan, G., & Logeswaran, A. K. (2019). An Empirical Study on the Determinants of an Investor's Decision in Unit Trust Investment. *Economies, 7*(80).

Aregbeyen, O., & Ogochukwu, S. (2011). Factors Influencing Investors Decisions in Shares of Quoted Companies in Nigeria. *The Social Sciences*, *6*(3), 205–212.

<https://doi.org/10.3923/sscience.2011.205.212>

Atkinson, J. W. (1957). Motivational Determinants of Risk-Taking Behavior. *Psychological Review*, *64*(6), 359–372. <https://doi.org/10.1037/h0043445>

Arathy B, Aswathy A Nair, Anju Sai P, & Pravitha NR (2015). A Study on Factors Affecting Investment on Mutual Funds and its Preference of Retail Investors. *International Journal of Scientific and Research Publications, 5*(8), 1-4.

Bagade, B. (2021). An Analysis of Selection Behavior of Retail Investors towards Mutual Funds: A Study with Reference to Ahmedabad District Gujarat, 1-50. <http://localhost:8080/xmlui/handle/123456789/363>

Bajracharya, R. B., & Mathema, S. B. (2017). A Study of Investors' Preference Towards

Mutual Funds in KMC, Nepal. *Journal of Advanced Academic Research, 4*(2), 130-138.

Begum, N. N., & Rahman, S. (2016). An Analytical Study on Investors’ Preference towards Mutual Fund Investment: A Study in Dhaka City, Bangladesh. *International Journal of Economics and Finance*, *8*(10), 184-191. <https://doi.org/10.5539/ijef.v8n10p184>

Chawla, D. (2014). An Empirical Analysis of Factors Influencing Investment in Mutual

 Funds in India. *Global Business Review*, *15*(3), 493–503.

<https://doi.org/10.1177/0972150914535136>

Cochran, W. G. (1977). *Sampling Techniques* (3rd ed.). New York: John Wiley and Sons, Inc.

Gonzalez, H., & Carrascal, C. M. (2017). The Impact of Firms Finanical Position on Fixed Investment and Employment: An analysis for Spain. *Banco de Espana*, 1-30.

Gupta, N., & Sharma, A. (2016). A Study on Factors Effecting the Satisfaction Level of Mutual Funds Investors in Jaipur City. *SIBM Pune Research Journal, XII*, 80-84.

Hemalatha, S. (2020). Factors Influencing Investment Decision of the Individual Related to Selected Individual Investors in Chennai City. (2019, July 26).

*International Journal of Innovative Technology and Exploring Engineering*,

*8*(6S4), 457–461. <https://doi.org/10.35940/ijitee.f1094.0486s419>

Karki, B., & Adhikari, B. (2014). Investment Motive of Individual Investor in the Stock of Market of Nepal. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2626072>

Kaur, I., & Kaushik, K. P. (2016). Determinants of Investment Behavior of Investors Towards Mutual Funds. *Journal of Indian Business Research, 8*(1).

Khan, M. T. I., Tan, S. H., & Chong, L. L. (2017). Information Sources and Investing Decisions – A Path Modeling Approach. *Managerial Finance*, *43*(8), 928–947. <https://doi.org/10.1108/mf-08-2016-0232>

Kumar, D., Kansal, D., & Jain, D. (2020). A Comprehensive Study of Factors Influencing Investor's Perception Investing in Mutual Funds. *European Journal of Molecular & Clinical Medicine, 7*(11), 4067-4073.

Lubis, T. A., & Sudarisman, B. (2017). Behavioral Finance Perspectives on Investor Financial Decisions. *Interantional Journal of Economics, Commerce and Management, 5*(6), 71-80.

Lusardi, A., & Mitchell, O. (2014). The Economic Importance of Financial Literacy:

Theory and Evidence. *Journal of Economic Literature, 52*(1), 5-44.

Nunnally, J. C. (1988). *Psychometric Theory*. New Jersey: McGraw-Hill, Englewood Cliffs.

Patel, A., & Trivedi, D. (2020). A Study of Factors Affecting Investment Decisions of Investors in Mutual Funds in Anand District (Guj.). *Pacific Business Review International, 12*(8), 101-110.

Paudel, N. P. (2010). Scenario of Mutual Fund Industry in Nepal: A discussion. *Journal of Management*, *8*(1), 41–47.

Ramanujam, D., & Selvaveerakumar, B. (2014). A Study of Factors Influencing for Investment in Mutual Fund Among the Investors with Reference to Madurai District. *Shanlax International Journal of Commerce, 2*(2), 81-91.

Rathnamani, V. (2013). Investor's Preferences Towards Mutual Fund Industry in Trichy. *Journal of Business and Management*, *6*(6), 48-55.

Reilly, F. K., & Brown, K. C. (2016). *Investment Analysis and Portfolio Management.* Mason, OH: Thomson South West.

Sarbabidya, S., & Saha, T. (2018). Factors Affecting Investment Decisions: A Study on Bangladesh Stock Market. *Journal of Accounting, Finance and Economics, 8*(2), 1-19.

Sekaran, U., & Bougie, R. (2013). *Research Methods for Business: A Skill-Building Approach.* West Sussex: John Wiley and Sons.

Sharma, P., & Bhatia, P. (2018). Identification of Factors Influencing Investors' Perception Towards Investment in Mutual Fund. *Anusandhan- The Research Repository of GIBS, 1*(1), 43-50.

Shrestha, D. P., & Shrestha, Y. M. (2020). Factors Influencing Investment in Mutual

Fund Schemes of Nepal. *Journal of Business and Social Sciences Research*, *5*(2), 15–34. <https://doi.org/10.3126/jbssr.v5i2.35231>

Singal, V. S., & Manrai, D. (2018). Factors Affecting Investment in Mutual Funds. *Journal of General Management Research, 5*(2), 96-107.

Tan, L., Chiang, T. C., Mason, J. R., & Nelling, E. (2008). Herding Behavior in Chinese stock markets: An Examination of A and B shares. *Pacific-Basin Finance*

*Journal*, 16(1–2), 61–77. <https://doi.org/10.1016/j.pacfin.2007.04.004>

Thapa, B. S. (2013). The Investment Behavior of Individual Investors in Nepalese stock market. *The Nepalese Management Review, 16*(1), 1-12.

UL-Hameed, W., Imran, M., Maqbool, N., Ahmed, S., & Azeem, M. (2018). A Prospective Study of Factors that lead to Invest in Mutual Funds: A Mediating

Role of Investor's Perception. *5*, 69-80. <https://doi.org/10.5267/j.ac.2018.07.002>

Upadhyaya, T. P., & Chhetri, S. (2019). Performance Base Empirical Analysis of Mutual Fund of Nepal. *Journal of Financial Risk Management*, *08*(02), 43–54. <https://doi.org/10.4236/jfrm.2019.82004>

Velmurugan, T., & Anand, N. (2015). A Study on Factors Influencing Mutual Fund Investment - Special Reference to Investor in Pharmaceutical Sector at Chennai Metro City. *International Journal of Pharmaceutical Sciences Review and Research, 34*(1), 214-219.

Wagle, S. (2020). Investors’ Attentiveness towards Mutual Funds in Nepal. *Prithvi Academic Journal*, 88–99. <https://doi.org/10.3126/paj.v3i1.31288>

Waweru, N. M., Munyoki, E., & Uliana, E. (2008). The effects of behavioral factors in investment decision-making: a survey of institutional investors operating at the Nairobi Stock Exchange. *International Journal of Business and Emerging Markets*, 1(1), 24. <https://doi.org/10.1504/ijbem.2008.019243>

Weber, E. U., & Hsee, C. (1998). Cross-Cultural Differences in Risk Perception, but

Cross-Cultural Similarities in Attitudes Towards Perceived Risk. *Management Science*, *44*(9), 1205–1217. <https://doi.org/10.1287/mnsc.44.9.1205>