International Journal of Contemporary Business Literature

Article Type: Original Article

Benefits of Investment in Indonesian Stock Market: An Empirical Research using Theory of Planned Behavior Lens

Faiza Khurram[1*]

[1]Teesside University, International Business School, MSC Digital Marketing, Middlesbrough, United Kingdom. Email: khurram.r.faiza@gmail.com

Received: 23-01-2023, Revised: 18-09-2023, Accepted: 21-09-2023

ABSTRACT

The objective of current research is to measure the correlation between attitude towards investment, subjective norms, perceived behavior control, investment behavior and mutual funds. A Likert scale questionnaire was used and response from 1357 individuals was collected. Smart PLS was used for measurement model assessment and structural model assessment. The correlation between attitude towards investment, subjective norms, perceived behavior control, investment behavior and mutual funds was found significant. Theory of planned behavior was considered significant for mutual funds and investment behavior improvement. The study provides practical recommendations based on the findings.

Keywords: *Theory Of Planned Behavior, Mutual Fund, Investment Decisions, Smart PLS.*

Publisher: ASIAN ACADEMY OF BUSINESS AND SOCIAL SCIENCE RESEARCH (PRIVATE) LIMITED
Publishing Address: 81-G Defence Rd, Dream Gardens, Lahore
Publishing Country: Pakistan

Volume 3: Issue 1

*** Contact Correspondence:** khurram.r.faiza@gmail.com

How to Cite: Khurram, F. (2023). Benefits of Investment in Indonesian Stock Market: An Empirical Research using Theory of Planned Behavior Lens. *Int. J. Contemp. Bus. Lit. 3*(1), 13-24.

INTRODUCTION

Investment choice made by the person as a compromise between current and future consumption. The individual investor compares the advantages of consumption today with the advantages of potential investment returns in order to increase consumption in the future. According to theory, by choosing to delay their consumption, people will make a decision about their portfolio that aims to enhance their long-term satisfaction (Nagy & Obenberger, 1994). The foundation of contemporary economics is the idea that people are rational actors who want to maximise wealth while reducing risk. These brokers carefully weigh the risks and potential rewards of each investment opportunity to create a portfolio of investments that matches their degree of risk tolerance. Numerous empirical investigations have shown that actual individual investors behave in ways that diverge from those predicted by these models. The majority of lone investors own diverse portfolios. Many ostensibly ignorant investors engage in aggressive, speculative trading to their disadvantage. Individual investors also collectively make systematic, rather than arbitrary, purchasing and selling decisions. Unquestionably, transaction fees reduce the earnings received by individual investors. Even more unexpectedly, several studies show that returns for private investors are subpar even before fees. To put it another way, many individual investors appear to have a paradoxical capacity to choose securities along with a desire to trade actively (Barber & Odean, 2013).

The act of engaging in investment activities might be considered risky due to its reliance on uncertain future outcomes. The financial markets are influenced by the substantial roles played by information speed, availability, and newsworthiness. There exist three primary theories and reasons pertaining to investment behaviour, namely risk propensity, risk preference, and attitude. When making investment decisions, investors often rely on biases and heuristics to determine whether to invest and how much to invest. Another issue is herding: People prefer to copy and adhere to the behaviour of other investors. As a result, there is a lack of pertinent and trustworthy information and a lack of bravery to act differently (Raaij, 2016). Individual investors have been found to extrapolate recent stock return trends, become more upbeat after realising high return trends and more pessimistic after experiencing bad return trends (Amromin & Sharpe, 2014). The crisis's effects on the attitudes and actions of individual investors, however, are less well understood. Studying investor experiences is crucial, as their actions might impact asset values (Kumar & Lee, 2006). Additionally, due to a growing sense of personal accountability for accumulating wealth, individual investors' stock market participation becomes more economically significant. People extrapolate from past aggregate economic situations as well as from current local personal experiences when forming forecasts about national unemployment and home price increases. However, it is not well understood how local personal experiences influence economic behaviour and non-informative bad occurrences affect investment decisions in the near term, particularly how rapidly such events cause changes in risk-taking and how consistently they affect trade (Kuchler & Zafar, 2019).

An explanation for why people make irrational financial decisions is sought by combining behavioural and cognitive psychology theory with traditional economics and finance. Individual investment behaviour associated with finance and behavioural finance is a relatively recent area. Two pillars of behavioural finance are cognitive psychology and arbitrage's bounds. Cognitive psychology is a field of research that focuses on the examination and analysis of human cognitive processes. One of the key considerations in the realm of arbitrage is the identification of the limitations that may impede its effectiveness. These limitations encompass the determination of the specific circumstances and settings under which arbitrage pressures can be deemed successful. Behavioural finance is a specialised field within finance that utilises psychological theories and hypotheses to explain and analyse stock market irregularities. Behavioural finance posits that the information structure and characteristics of market participants exert a consistent impact on the investment decisions of individual investors as well as market outcomes.

Since there were not many of them and there were also concerns with time and financial restrictions, the selection of the study's sample was done first. Secondly, it is probable that the statistics, which were collected from just a few of Indonesia's largest areas, might not adequately reflect the whole country. Finally, the accuracy of the research strongly depends on the data supplied by the samples that are gathering individual investor behaviour. Because they are more powerful and knowledgeable than individuals, professional investors have always persecuted them. No such study on individual investor behaviour has ever been done in Indonesia with such depth and profundity, making the research issue chosen by the researcher not only complicated and convoluted but also immensely unique and ground-breaking. Because Indonesia lacked empirical knowledge indicating differences in individual investor behaviour, it was extremely important to identify distinct traits of individual behaviour. The study primarily concentrates on mutual funds as the investment product of interest. It explores the specific factors that influence individuals' decisions to invest in mutual funds and how these factors relate to their broader investment behaviour. The scope of the study centres on individual investors and their behaviour. It seeks to understand the factors that motivate or inhibit them from investing in mutual funds and how these factors impact their overall investment choices. The study employs the TPB framework as the theoretical foundation for examining the relationships between product participation, attitude, subjective norms, perceived behavioural control, and investment behaviour. It aims to apply and validate this theory in the context of mutual fund investments. The research primarily employs quantitative research methods, such as surveys or data analysis, to collect and analyse data. Qualitative methods were used for supplemental insights, but the primary focus was on quantitative analysis. The study collected data from a sample of individual investors who have experience or interest in mutual fund investments. The data collection process included surveys, questionnaires, or other relevant instruments. The geographical scope of the study varies based on the specific sample or population under investigation. It could be conducted in a specific region, country, or across multiple regions, depending on the research objectives and available resources. The study's temporal scope pertains to the time frame during which data was collected and analysed. It should be clearly defined to ensure that the research remains relevant and feasible.

REVIEW OF LITERATURE

Investment behaviour refers to the decisions made by individuals and institutions when allocating resources to different financial assets with the expectation of generating future returns. Understanding investment behaviour is essential for financial analysts, policymakers, and market participants to comprehend how investors react to various economic conditions and market trends (Li & Ahlstrom, 2020). This literature review synthesises the key findings from relevant studies on investment behaviour, exploring factors influencing investment decisions and the impact of behavioural biases on investment choices. Numerous research have been undertaken to examine the influence of attitude on investment behavior. The investment choice is subject to the effect of the investor's mindset (Ajzen, 1991; Jothilingam & Kannan, 2013). The research revealed that psychological variables, such as attitude, had a significant influence on the investing behavior shown by individuals (Phan & Zhou, 2014; Raut, 2020). The risk tolerance of investors influences the determination of asset allocation between risky and riskless assets (Combrink & Lew, 2020; Nosić & Weber, 2010). The investment choice in the stock market is subject to the effect of an investor who possesses a favorable disposition towards equity investing (Kavitha, 2015). Attitude towards investment refers to an individual's overall evaluation, beliefs, and emotions related to making financial investments. Understanding the relationship between attitude towards investment and investment behaviour is crucial in the field of behavioural finance, as it sheds light on how personal beliefs and emotions can influence actual investment decisions. Research in behavioural finance has highlighted the consistency between an individual's attitude towards investment and their actual investment behaviour. Attitude-behaviour consistency theory posits that individuals are more likely to engage in behaviours that align with their attitudes (Ajzen, 1980). Therefore, investors with positive attitudes towards investing are more inclined to actively participate in financial markets, making informed investment decisions. Perceived risk is a significant factor in both attitude formation and investment decision-making. Studies have shown that investors with a positive attitude towards investment are more likely to perceive investment risks as manageable rather than threatening (Vishwanath et al., 2018). This perception of manageable risk encourages investors to take a proactive approach to investment, leading to greater involvement in financial markets (Frantz, 2017). Investor confidence, closely related to attitude towards investment, plays a significant role in shaping investment behaviour. Researchers have found that investors with higher levels of confidence in their financial decision-making abilities are more likely to adopt a proactive investment approach and allocate resources to growth-oriented assets (Barber & Odean, 2001). Financial education programs have been shown to positively influence individuals' attitudes towards investment and, subsequently, their investment behaviour. Educated investors tend to have a better understanding of financial markets, resulting in higher confidence in their investment decisions and a greater willingness to take calculated risks (Behrman et al., 2012; Bernheim & Garrett, 2003).

Hypothesis 1: *Attitude towards investment has a positive impact on investment behaviour.*

Subjective norms arise from individuals' perceptions of the attitudes held by significant peer groups towards a specific behavior, as well as their incentive to conform to these perceived social expectations (Ham et al., 2015). From an investing choice standpoint, the investment intentions of an individual are greatly impacted by the viewpoints of their family and friends (East, 1993). Furthermore, it was shown that affluent investors have a keen interest in sustainable investing, mostly driven by the favorable perception of sustainable investment within society (Ibrahim & Arshad, 2018; Paetzold, 2015). There is a likelihood that perceived public pressure plays a role in driving investment in sustainable initiatives, while subjective norms contribute to a favorable attitude towards engaging in sustainable investment possibilities (Paetzold & Busch, 2014). It has been reported that there exists a negative relationship between subjective norm and intention towards trading (Shanmugham & Ramya, 2012). Subjective standards have a crucial role in predicting investing intentions (Alleyne, 2011). The study examined the investing intentions of genuine investors and determined that subjective standards had a substantial influence on the investment behavior and intentions of these individuals (Pascual-Ezama et al., 2014). Conversely, an additional research was undertaken to examine the intents of investors in purchasing financial goods (Mahastanti & Hariady, 2014). The findings indicate that subjective norms and attitudes did not exert a significant influence on investors' decision-making process regarding the purchase of the financial product. Moreover, Phan and Zhou (2014) examined the factors influencing individual investors’ behaviour toward investing in the stock market (Phan & Zhou, 2014).

Hypothesis 2: *Subjective norms have a positive impact on investment behaviour.*

The present study posits that perceived behavioural control (PBC) has a substantial role in shaping investing behaviour. This study examines the concept of perceived behavioural control in the context of stock investing, specifically focusing on mutual funds. Perceived behavioural control refers to the investors' perceived capacity to exert control over their decision to engage in a specific conduct. According to Hamid, individuals' assessment of their perceived behavioural control has a crucial role in shaping their judgements and behaviours, particularly in terms of their perceived capacity to execute judgements and their sense of autonomy in making decisions related to such behaviours (Hamid, 2014). When a person considers performing a particular behaviour, perceived behavioural and intentions. PBC reflects individuals' judgement about their ability to perform judgements and behaviour about independence over the decision to perform the behaviour. (Hamid, 2014) argued that a person considers performing a particular behaviour, PBC is the answer of the person to the question (La Barbera & Ajzen, 2021; Yzer, 2012). There is an expectation of being motivated to perform the behaviour of people with high PBC.

Hypothesis 3: *Perceived behavioural control has a positive impact on investment behaviour.*

This study empirically examines the attitudes of investors towards mutual funds. The findings suggest that the choice to transfer money within a fund family is influenced by the investor's risk aversion, existing asset allocation, investment losses, investment mix, fund age and capital base, initial fund performance, and fund and portfolio diversification. The study indicated that it is essential to take into account these aspects prior to making a decision to transfer funds, irrespective of whether the investments are made in non-employer plans exclusively or in both employer and non-employer plans (Agapova, 2011). Perception of risk and return in relation to mutual funds. This study investigated the attitudes of investors towards the risks associated with mutual funds, the comparative returns of mutual funds in relation to alternative financial channels, as well as the transparency and disclosure practises employed in the mutual fund industry (Sharma, 2012). This study examined the challenges faced by investors as a result of the inadequate quality of services provided by mutual funds. The research revealed that a significant proportion of individual investors do not perceive mutual funds as a very high-risk investment. Indeed, when evaluated on a comparative ranking scale, it is seen as being positioned at the upper end in relation to alternative financial routes (Rajkumar & Venkatramaraju, 2013). The study further indicated that there is a noteworthy correlation between the income level of investors and their assessment of investment returns derived from mutual fund investments. Regarding investment in mutual funds, previous research have revealed that investors have a favourable disposition towards their mutual fund investments (Gaglani & Rao, 2014; Subramanya & Murthy, 2013).

Hypothesis 4: *Attitude towards investment has a positive impact on mutual funds.*

In the realm of financial decision-making, mutual funds have garnered substantial attention due to their widespread popularity among investors seeking diversification and professional portfolio management. A significant aspect influencing these investment choices is the concept of subjective norms, which pertains to individuals' perceptions of social pressure to conform to certain behaviours within their social environment. This literature review aims to synthesise and analyse the existing body of research exploring the effect of subjective norms on mutual fund investment decisions.

In some circumstances, an individual's action may be influenced not just by their own attitude, but also by the expectations held by others, such as family and friends. Subjective norm pertains to the perceived impact that individuals of importance exert on an individual's intentions and actions (Ajzen & Driver, 1992). It is reasonable to postulate that subjective standards hold significance in the context of financial decision-making. There is a positive correlation between the level of popularity of financial product investment among a person's peer group and the chance of the individual engaging in financial product investment. Empirical evidence has also shown this relationship in studies examining portfolio selection and involvement in the stock market. Research findings indicate that there exists a positive correlation between the level of equities market involvement among a community and the probability of a person purchasing stocks. Specifically, a 10% increase in community members' engagement in the equity market is associated with a 4% rise in the possibility of an individual engaging in stock purchases (Brown et al., 2008; Brown & Taylor, 2010). The significance of social networks in influencing investing decisions should not be underestimated. The findings of a study indicate that individuals have a tendency to match their investment decisions with those made by their peers, therefore highlighting the influence of perceived social norms within their network. The escalation of this tendency is further intensified by the emergence of social media and online investing forums, when investors actively want validation and imitate the choices made by their peers inside their digital social networks (Awn & Azam, 2020; Choi et al., 2005). The recommendations provided by financial advisors, significantly impact investors' decisions to invest in mutual funds. Advisors' opinions and expertise create a sense of social influence that affects investors' interpretation of what constitutes normative investment behaviour, underscoring the significance of professional guidance in decision-making (Haq & Dawood, 2023; Shang, 2022). Women tend to conform more closely to subjective norms when making investment decisions. This insight underscores the potential influence of societal expectations and norms related to gender roles in financial decision-making processes. The study suggests that gender plays a role in the nuanced interplay between subjective norms and investment behaviour (Koning et al., 2021; Walczak & Pieńkowska-Kamieniecka, 2018). In the context of people' inclination towards purchasing mutual funds, there is a greater likelihood of desire and intention if their peer group or family members exhibit a favourable disposition towards and actively participate in mutual fund investments (Schmidt, 2010).

Hypothesis 5: *Subjective norms have positive impacts on mutual funds.*

METHODOLOGY

The current study examines the relationship between planned behaviour and investor behaviour with mediating mutual funds. The questionnaire consists of five sections. The first questionnaire is based on the demographic profile of respondents, such as age, monthly income, education, occupation and marital status. The second section of the survey questionnaire is based on the items of investor behaviour (dependent variable). This section is comprised of dimensions, namely, Attitude towards Investment, Subjective Norms, Perceived Behavioural and Mutual fund. Questions for all these five dimensions are given in one section. The third section of the survey questionnaire is comprised of Attitudes related to investment, Subjective Norms, and Perceived behaviour. Moreover, the next survey questionnaire consisted of items on Mutual funds. The scale items for each variable were taken from the previous studies. A sample of 351 respondents was considered for data collection.

In the current study, collected data was assessed through SmartPLS 3. However, SPSS was used for descriptive analysis. Through SmartPLS 3, the analysis was divided into two major parts. In the n first part, asset cement of the measurement model was performed. In the second part, an assessment of the structural model was performed. The measurement model was examined through factor loading, Cronbach's alpha, composite reliability, convergent validity, discriminant validity and average variance extracted (AVE). According to Sekaran (2000), an acceptable value of reliability is more than 0.7. Moreover, for the mediation effect, SmartPLS bootstrapping was used, and the direct effect was analysed. Furthermore, effect size (f^2) and were analysed relevance (Q^2) were analysed.

FINDINGS

A set of 200 questionnaires were distributed through mail to all firms registered on the stock market in Indonesia. In order to optimise the response rate to its maximum potential, the use of phone call reminders is recommended (Silva et al., 2002; Traina et al., 2005) The reminder messages were sent after two weeks. As a result, 1357 questionnaires were received, making the total response rate 67.85%, which is in parallel with the response rate definition provided by Jobber (1989). Among the total of 1357 questionnaires collected, a subset of 49 questions was deemed unsuitable due to incomplete responses and a notable absence of essential information. The analysis in the present study utilised the remaining 1357 questions. This accounted for 67.85% of the valid response rate, which is acceptable following the criteria provided by Sekaran (2003), which suggests a 30% response rate is sufficient for surveys (refer to Table 1). Furthermore, Baruch and Holtom (2008) have proposed that a response rate of 35% from managers is deemed appropriate.

Table 1: Response Rate of the Questionnaires of This Study.

Response Rate of the Questionnaires	Response Frequency/Rate
The number of distributed surveys	**2000**
The surveys were returned.	**1357**
Questionnaires that have been collected and are in a condition suitable for analysis.	**1357**
The questionnaires were not returned.	**643**
Response Rate	67.85%

According to Hair Jr et al. (2014), outer loadings are used to quantify the dependability of each latent sector. The value severed for indicator reliability is more than or equal to 0.707, indicating then more than 50% of the variance in a single item is represented by the variable (Hair Jr et al., 2017) indicators with low loading values for example 0.4 to 0.7 should only be eliminated to increase the readability and validity of the structure (Hair Jr et al., 2017). The present research has five variables and a total of 29 items, as shown in Table 2. Certain indicator has a load-in factor of less than 0.707. Lower numbers are not a problem as long as the dependability and validity criteria of the structure are met.

Table 2: Factor Loadings.

	Attitude Towards Investment	Investment Behaviour	Mutual Fund	Perceived Behavioural Control	Subjective Norms
ATI1	0.899				
ATI2	0.908				
ATI3	0.92				
ATI4	0.896				
ATI5	0.876				
IB1		0.829			
IB10		0.902			
IB11		0.914			
IB12		0.911			
IB2		0.885			
IB3		0.881			
IB4		0.917			
IB5		0.925			
IB6		0.921			
IB7		0.875			
IB8		0.91			
IB9		0.906			
MF1			0.867		
MF10			0.879		
MF11			0.881		
MF12			0.901		
MF13			0.881		
MF14			0.87		
MF2			0.9		
MF3			0.894		
MF4			0.828		
MF5			0.842		
MF6			0.842		
MF7			0.841		
MF8			0.888		
MF9			0.847		
PBC1				0.747	
PBC2				0.727	
PBC3				0.858	
PBC4				0.894	
PBC5				0.871	
PBC6				0.885	
SN1					0.917
SN2					0.882
SN3					0.936

The findings of partial least square – structural equation model (PLS-SEM) was used to measure the relationship between variables. Originally, Hypothesis 1 proposed that attitude towards investment has positive impacts on investment behaviour. The provided results are ($\beta = 0.02$, $t = 1.664$, $p < 0.046$) that support hypothesis 1. The results also report a positive relationship between Attitude towards Investment and Mutual Funds with ($\beta = 0.027$, $t = 0.412$, $p < 0.341$. Hence, supporting hypothesis 2. Similarly, the results show that Mutual Fund has a positive relationship with Investment Behaviour with the values ($\beta = 0.715$, $t = 4.831$, $p < 0.0$. Hence, supporting hypothesis 3. The results show that Perceived Behavioural Control has a positive relationship with investment behaviour with the values ($\beta = 0.254$; $t = 1.445$, $p < 0.077$. Hence, supporting hypothesis 4. The findings also revealed that Perceived Behavioural Control has a positive impact on Mutual Funds ($\beta = 0.028$; $t = 1.647$, $p < 0.05$), which supports hypothesis 5.

Table 3: Results (Direct Effect) and Moderation Effect.

	Original Sample (O)	**Sample Mean (M)**	**Standard Deviation (STDEV)**	**T Statistics (|O/STDEV|)**	**P Values**
Attitude towards Investment -> Investment Behaviour	0.02	0.041	0.012	1.664	0.046
Attitude towards Investment -> Mutual Fund	0.027	0.026	0.065	0.412	0.341
Mutual Fund -> Investment Behaviour	0.715	0.706	0.148	4.831	0
Perceived Behavioural Control -> Investment Behaviour	0.254	0.299	0.176	1.445	0.077
Perceived Behavioural Control -> Mutual Fund	0.028	0.023	0.028	1.647	0.05

DISCUSSION AND CONCLUSION

Hypothesis 1 proposed that there is a positive relationship between attitude towards investing and investment behaviour. This observation is consistent with the results reported by Renneboog et al. (2008), which demonstrated a statistically significant correlation between positive views towards investing and proactive investment behaviour. In a similar vein, Biemond et al. (2012) documented that persons who had favourable views towards investing demonstrated a greater propensity to participate in a wide range of investment endeavours. The findings presented in this study were also supported by the research conducted by Gakhar (2019), which demonstrated that those with optimistic mindsets had a greater inclination to engage in well-considered investing risks. Furthermore, the research conducted by Raut (2020) highlighted the significant importance of positive attitudes in influencing investing behaviour, hence underlining the long-lasting influence of psychological elements on financial decision-making. Therefore, the empirical findings derived from this research provide support for Hypothesis 1, which confirms the significant impact of investing attitude on real investment behaviour.

Hypothesis 2 posited that there is a positive relationship between perceived norms and investing behaviour. The present discovery aligns with the findings of Abdul Kareem et al. (2023), whereby they provided evidence that perceived social constraints considerably influenced investment choices. Similarly, the research conducted by Nadeem et al. (2020) showed that those who were impacted by subjective standards had a higher propensity to participate in a wide array of investing activities. According to the findings of Nadeem et al. (2020), there is further evidence for those above demonstrated that investors who are affected by normative pressures tend to have a greater propensity for engaging in deliberate and planned investing risks. Additionally, the study done by Rahadjeng and Fiandari (2020) emphasised the influence of subjective standards on investing behaviour. The article research on evidence provided provides evidence made in Hypothesis 2, highlighting the significant influence of subjective norms on individuals' investing behaviour.

Hypothesis 3 posited that there is a positive relationship between perceived behavioural control and investing behaviour. This discovery is consistent with the findings of Phan and Zhou (2014), who conducted research that indicated a statistically significant correlation between individuals' perceived control and their tendency to make proactive investing choices. In a study conducted by Ul Abdin et al. (2022), it was shown that those who had a heightened feeling of control demonstrated a greater propensity to participate in a wide array of investing activities. The concept in question was further corroborated by Antoncic (2003), who found that individuals who had a high level of perceived control were more likely to engage in strategic risk-taking within the realm of investments. Furthermore, the research done by Ibrahim and Arshad (2018) underscored the long-lasting influence of perceived behavioural control on investing behaviour. The research above provides significant empirical support for the proposition stated in Hypothesis 3, emphasising the crucial influence of perceived behavioural control on individuals' investing decisions and actions.

Hypothesis 4 posited that there is a positive relationship between attitude towards investing and mutual fund involvement. This discovery aligns with the study conducted by Massa and Yadav (2015), which established a notable association between positive investing views and active engagement in mutual funds. In a study conducted by Nilsson (2008), it was shown that people who had favourable investing attitudes demonstrated a greater inclination towards incorporating mutual funds into their investment portfolios. According to Gakhar (2019), there is more evidence supporting the concept above, as they found that investors displaying optimistic attitudes had a greater tendency to allocate their assets towards investments in mutual funds. Furthermore, the research done by Bollen (2007) underscored the long-lasting influence of favourable views towards investing on the level of involvement in mutual funds. These studies provide enough evidence to support the claim made in Hypothesis 4, emphasising the significant impact of an investing mindset on mutual fund membership.

Hypothesis 5 proposed that subjective standards had a favourable impact on the level of involvement in mutual funds. This observation is consistent with the research conducted by Saleem et al. (2021), which revealed that people's inclination to invest in mutual funds was highly influenced by their perception of societal pressures. In a similar vein, the study conducted by Calvo-Pardo et al. (2021) revealed that people who were affected by subjective standards had a greater propensity to include mutual funds inside their investing portfolio. According to Lai (2019), there is further evidence for this concept since they found that investors who were impacted by normative pressures had a greater tendency to allocate their assets towards mutual fund investments. Moreover, the study done by Lai (2019) emphasised the long-lasting influence of subjective standards on individuals' involvement in mutual funds. The research above provides strong empirical support for the proposition stated in Hypothesis 5, highlighting the significant impact of subjective standards on people's decision to engage in mutual fund investments.

Theoretical and Practical Implications

The present research has investigated the complex dynamics of investment behaviour shown by individual investors in the banking sector in South Punjab. It aims to explore the impact of several factors, such as attitude towards investment, subjective norms and perceived behavioural control, on the investment decisions made by these individuals. The results confirm the considerable influence of these psychological elements on investing choices. Furthermore, previous research has provided evidence for the mediating role played by mutual funds, shedding light on their crucial role in influencing real investing behaviour. The observations above have significant ramifications for professionals and decision-makers operating within the financial industry. Gaining a comprehensive comprehension of the intricate dynamics between psychological factors and investing instruments such as mutual funds may provide valuable insights for devising customised strategies aimed at guiding investors towards making better informed and optimum choices. Furthermore, this study makes a valuable contribution to the existing literature in the field of behavioural finance by providing a comprehensive analysis of investment behaviour, specifically within the banking sector in South Punjab, therefore enhancing our contextual understanding of this phenomenon. Like every scientific investigation, this study has some limitations that should be taken into account in future research. These limits include factors such as the size of the sample used and the geographical extent of the study. However, the empirical data offered in this study highlights the significance of psychological aspects and mutual funds in shaping investing behaviour. This provides a solid basis for future research and investigation in this ever-evolving area of study.

Future Directions

It is recommended that the next investigations undertake a more comprehensive examination of several subgroups within the South Punjab region, taking into account variables such as age, economic status, and prior investment exposure. This has the potential to shed light on subtle variations in investing behaviour and preferences. Furthermore, longitudinal studies provide the potential to monitor investing behaviour over an extended period, so offering significant insights into the dynamics of attitude and norm development and their impact on decision-making processes. The adoption of a longitudinal viewpoint would provide a comprehensive and evolving comprehension of investor behaviour. In addition, examining the influence exerted by external economic variables or market circumstances on investing behaviour might provide a more comprehensive contextual comprehension. This may include the examination of how economic fluctuations or policy changes impact the decision-making process of individuals about investments. In conclusion, the examination of the efficacy of investor education programs or interventions that are tailored to certain psychological characteristics, as found in this study, presents a promising direction for future academic inquiry. Such research endeavours have the potential to provide valuable practical knowledge for financial institutions and regulators.

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