

Mediating Effect of Safety on Investment Intention and Investment Behaviour

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Abstract:

Investor's may hesitate to take sound investment decision and this may applicable for various types of investors. This research helps to find out how safety mediating effectively on investment behaviour with investment intention. Primary data is collected from 96 investors with the help of questionnaires. This study hypothesises tested admitting PLS method. Finally, research explored that there is a positive relationship between investment intentions on investment behaviour positively mediating by safety. Hence the proven relationship helps the investors making right attitude/decision with respect to investment.

I. INTRODUCTION

Construction of effective investment decision is the most important thing of every investors. The effective investment decision may affect by various factors such as individual intention, safety and actual individual behaviour. But still, many studies concentrating to prove the relationships among these factors. In addition, many studies exploring intention and safety are the key factors for making investment decision. As per the Anthony (2017) safety and risk are the efficient factor that motivates investment decision of the investor. Investors strongly believe many factors which are positive and negative to make investment decision, principal amount safety is the critical factor that making strong investment decision. Simultaneously most important that, safety directly influencing investment behaviour of individual. Khan, S. N. (2016) noted that investment behaviour are positively influenced by intention of the investor but decision for making investment will come after the assessment of safety.

Various studies found there is positive relationship between investment intention, safety and investment behaviour (Sekita, S. 2011). Those studies express how risk and safety are playing vital role in investment behaviour across globe. Moreover, latest studies are try to identify the factors that positive towards investment attitude, investment intention and investment behaviour. Couple of studies found that the risk and safety factors doesn't have any impact on investment behaviour. With this case, researcher wondering to find out these relationships between intention and actual behaviour with respect to investment. Many studies are trying to represent the moderating and mediating effect of safety on investment behaviour. Zou (2010) Suggested to study the importance of safety and risk towards individual investment behaviour. Nevertheless, this study would focus on above research gap from previous studies, to inspect the mediating effect of safety on the relationship between investment intention and investment behaviour of the individual.

II. Literature Review

Many of the literature with respect to investment behaviour derived from behavioural studies. The support which come from the literature is high, and many of the support from experimental studies through observations. Different authors recommended that the behavioural studies reviews with related to investment preference which said by Gallery (2006). Further Tapia and Yermo (2007) studied individual investment schemes are positively related to individual behaviour. Due respect to portfolio theory, investors must grip portfolios can redirected and include effective factors which having ability to control risk (Clark and Strauss, 2008). But various studies are suggested that time and investment condition will help to the investor to invest their money. Lot of review carried, the range of barriers and financial crises identified and that negatively impact on investment decision of the individual (Tapia and Yermo, 2007).

Recently behavioural finance getting emerged in social science research, investment behaviour of people carried out with objective and analysis of financial structure. Investors are highly careful with the investment paths and safety and risk related with investment including other benefits. Usually many investor invest their money in to equity for the stock market convenience and facilities. In India the investors are alert with investment path and safety and risk with related to investment. In some part across the nation the investors naturally conservative and they like in put their money those are really safety (Prasanna Chandra, 2006). Investment intention of the individual are selected based on the decision of investment avenues. Researchers try to find out investor intention towards investment with reference to the path their used to invest money, also it helps to identify the level of risk they are ready to take with the safety of principal amount. The type of financial plan help for the researcher to find out the intention. This study try to find out the financial behaviour through the way of intention of the individual, with an important element of safety.

To understanding investment path of individual becoming complex, so clarifying safety related to investment also difficult, including understanding investment avenues. Suggested by previous studies researcher try to get clarity about intention and safety (Sunil Gupta 2008). Every investor having intellectual confusion and sensitive about the investment and investment process. Over a decade, behavioural finance research have increasingly expressing the wisdom. Many of them are influenced by various positive and negative factors. Theoretical evidence suggest that various factors will decide investment decision of individual such as age, income, education and personality (Manish Mittal and Vyas 2008).

III. Research Gap

Addressing the research problem above sited, the following research question yet to be analyzed

- Ensure the individual intention positively affect individual behaviour with respect to investment.
- Ensure safety mediatingbetween individual intention and individual behaviour with respect to investment.

IV. Research Hypotheses

H01: There is a positive relationship between Individual investment intention and individual investment behaviour.

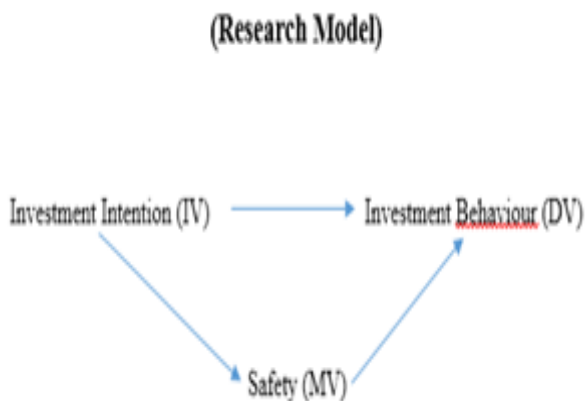
H02: There is a positive relationship between Individual investment intention and individual investment behaviourwith mediatingeffect of safety.

V. Research Framework

According to Richard Brumberg, (1954), the life cycle theory focused on how investor made intelligent selections with respect to the amount to be invest over the life of the individual. The length of the life may be uncertain so need to verify the fitness of the individual related with financial position of investors. May taken in to consideration of developing an asset, working factor are the

provisions to investment. This theory helps to predict about the investment perception of an individual. Further, an individual thought about financial development they have to play the role of investment. The life cycle theory is a finite element which helps and supported to the investors many years. The theory explores how the financial resource can be treated timely, even though this theory helps to establish the relationship between investment intention, investment behaviour, risk and safety.

VI. Research Methodology



The research methodology indicates the procedure and method adopted. This includes about the population, size of sample, research items and method of data collection. Researcher employed quantitative type of research design for data collection, through convenience sampling method of questionnaire. The respondents are individuals and financial investors around the location. The primary information was collected with the help of survey from 96 investors (120 questionnaire distributed) (collected data on specific time limit), due to non-availability and non-willingness of the investors.

VII. Research Questionnaire

Variable	No. of Items	Adopted
Investment Behaviour	7	Zahra Tohidinia (2009)
Investment Intention	6	
Safety Perception (Attitude of the Individual)	5	

VIII. Formulation of the research Variable

This study tries to find out the relationships between investment intention and investment behaviour with mediating effect of safety with the theoretical model.

IX. Discussion of Results

The structured questionnaires were distributed to respondent for collection of data. A total number of 120 questionnaires distributed to the investors and 96 are usable samples and the response rate of sample is 80%. In this research results based on 96 questionnaires. The respondents are different types of investors, because using demographic factors in investment related studies some time may be biased, so researcher do not consider any other factors. The collected data analyzed with the help of two-step approach for variables measured and described. In first stage considered for testing the measurement model and the second stage used to test structural model. The scope of two – stage approach helps to check the reliability and validity of the constructs for establishing research model (Demir, 2015).

X. Construct Reliability and Validity (Measurement Model)

The below table exploring the reliability and validity of research construct. Garson (2016) suggested for checking reliability of the construct and constructs convergent validity through composite reliability and AVE (average variance extracted). Reliability of coefficient must be ≥ 0.7 , and coefficient of AVE must be ≥ 0.5 . Individual items loadings must be over 0.5 (Hair 2014).

Construct	Items	Loadings	AVE	CR	Cronbach α
Investment Behaviour	InvBeh 1	0.738	0.554	0.896	0.865
	InvBeh 2	0.740			
	InvBeh 3	0.649			
	InvBeh 4	0.810			
	InvBeh 5	0.768			
	InvBeh 6	0.786			
	InvBeh 7	0.707			
Investment Intention	InvInt 1	0.758	0.464	0.836	0.767
	InvInt 2	0.806			
	InvInt 3	0.698			
	InvInt 4	0.626			
	InvInt 5	0.617			
	InvInt 6	0.548			
Safety	Safety 1	0.755	0.511	0.838	0.762
	Safety 2	0.779			
	Safety 3	0.603			
	Safety 4	0.646			
	Safety 5	0.773			

Above table explores all the values of the items satisfying the slab rate of loadings (0.5) and (0.7) required for composite reliability, further (0.5) level must for AVE. Hence, researcher concluded that the

items on above table shows the reliability and convergent validity, also the researcher assessed a test of discriminant validity with Fornell - Larcker method.

(InvBeh – Investment Behaviour and InvInt – Investment intention)

XI. Fornell - Larcker Criterion

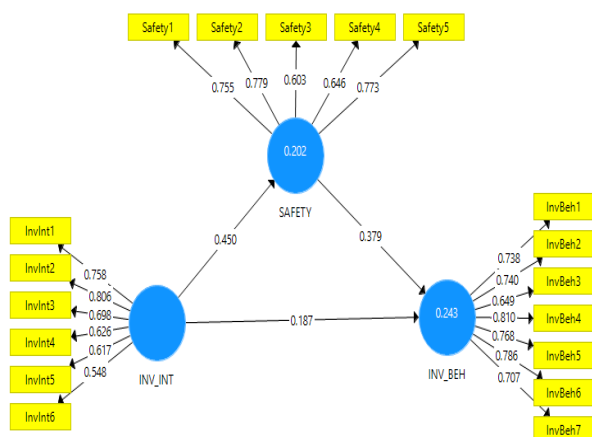
Constructs	Investment Behaviour	Investment Intention	Safety Perception (Attitude of the Individual)
Investment Behaviour	0.744		
Investment Intention	0.358	0.681	
Safety	0.463	0.450	0.715

In the above table represents the bolded numbers denotes the AVE square root value of constructs.

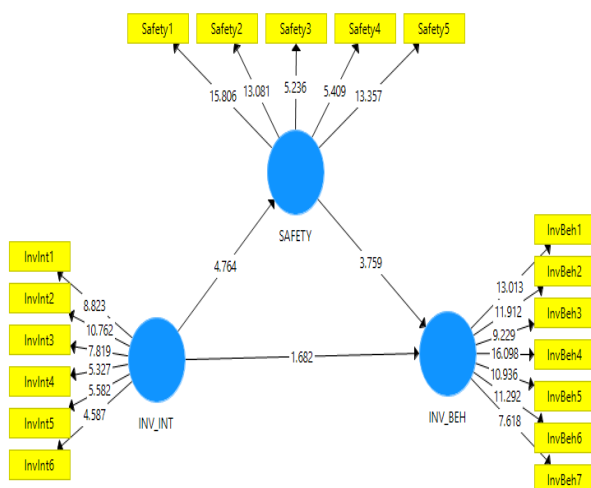
Establishing discriminant validity through AVE using Fornell-Larcker method, once discriminant validity occur, the square root of AVE must be greater with its correlation value compare with other factor (Garson, 2016). Considering above table, values which represent the square root of AVE of every construct in the research model. The square roots of the constructs AVE must be greater than with its correlation value of construct. Followed by Fornell-Larcker method, data revealed discriminant validity. The researcher further tested the hypotheses of research by considering structural model with

bootstrapping 2,000 samples, with mediating variable (safety) which included with the research model to determine the mediating effect of safety on the relationship between investment intention and investment behaviour of the investor.

XII. Analysis of Research Model on PLS (Partial Least Square)



XIII. Bootstrap Analysis of Research Model



Results explored from the diagram above, how mediating variable positively influencing with and through investment intention on the outcome variable of investment behaviour. The results explored that Investment intention and mediating variable safety are positively affecting investment behaviour with reference to the statistics value 0.187, 0.450 and 0.379 less than 1.96 level on two-tail test. Hence, the mediating effect of safety positively on relationship through investment intention and investment behaviour of the investors.

Testing of Hypotheses (Path Coefficient)

Construct	r2	Path coefficient / β -value	t-value	p-value	Results of Hypothesis
InvBeh	0.243	0.554	12.555	0.000	Supported
InvInt		0.464	9.663	0.000	
Safety	0.202	0.511	9.436	0.000	Supported

InvBeh	0.243	0.554	12.555	0.000	Supported
InvInt		0.464	9.663	0.000	
Safety	0.202	0.511	9.436	0.000	Supported

Mediating effect of safety on investment intention and investment behaviour. The above table shows details about testing of hypotheses. The adjusted R^2 value 0.511 displays that the research variables in this study explained around 51% variation of investment behaviour, whereas the remaining 49% are represented by another constructs. In this research two out of two hypotheses are established with the research model.

The result explores that, safety had positively relationship on investment behaviour of the coefficient value of 0.243 and p-value is 0.000 which is less than 5% level of significant. The results suggest that investment intention with investment behaviour related to the decision of individual desires. The safety explains about 0.202 with the p-value of 0.000 thus safety positively mediating between investment intention and investment behaviour. Hence the safety of investor founded and prove that it positively mediating between intention and behaviour of investment and agreed with (Khan, S. N. 2016).

The research further explains that, safety had positive and major impact on the investment behaviour of the investors also it providing coefficient value of 0.554 with the 0.000 p-value (at 5% level). This findings shows that safety positively increase and brought around 55.4% in investment behaviour. This result explores that safety with positive investment intention will make more effective investment behaviour, this may lead that investment intention and investment behaviour positively mediating by safety 0.511 (51.1%). Thus it conclude that safety increasing mediating effect on the relationship between investment intention and investment behaviour.

This express that safety in most important variable that having capability of positively affecting the

behaviour even normal investment behaviour. Safety is most preferably to affect the investment behaviour of entire level of investors. This recommendation also go with (Khan, 2016). This suggest that safety is the most important variable having ability of affecting investment behaviour of investors.

XIV. Effect Size of Exogenous Factors

Construct	f^2	Effect Size
Investment Behaviour	0.172	Low
Investment Intention	0.156	Low

This research also investigated the effect size of exogenous constructs over endogenous construct. Cohen (1988) recommended that f^2 values of 0.172 and 0.156, express likely (small, medium and large effect) continually.

XV. Conclusion and Future Research Direction

This research investigates and explores the effect of safety and investment intention on investment behaviour related to investment behaviour of individual. The decision on effective investment behaviour is constructive and which is positively mediating by safety. The activities of making effective investment behaviour is encouraged and it will help to develop the wealth of individual. The research objectives are established after the required test used PLS technique. Hence, results explored from the findings the investors with highly safety and balance the investment behaviour, also it will guide those who are planning for investment. Researcher recommended that behaviour confirms investment process, and safety helps to make investment decision, also recommends that investment people should aware various remedies to consider before making investment. Further, researcher suggest to future researchers can concentrate broader perspective with respect of samples size and try in incorporate more constructs.

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