The Relationship of the Investment Intention and the Propensity to Trust a Portfolio Manager: An Evidence from the Business Departments' Students in North Cyprus

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ABSTRACT

For every business student, in finance courses you discover many opportunities in the investment world. The idea to invest and to grow securities will start to take place ounce the stock market and its mechanism how it works fascinates you. This thesis studies the role of financial literacy, investment experience, risk tolerance and the propensity to trust a portfolio manager as the determinants of investment intention using a sample from the business department students in Northern Cyprus. The methods used to analyse this study are: Regression analysis, t-test and ANOVA. One hundred eighty-one people responded to the survey's questions from more than 200 links sent for the survey which investigated purpose and the willingness to trust a portfolio manager.

The findings of the thesis demonstrates that financial literacy, investment experience, risk tolerance and the propensity to trust a portfolio manager are all significant and have a beneficial outcome on investment intention. The estimates demonstrates that female and male participants differ in the way that they form their investment decisions and also that the student’s opinions about Investment Intention change related to their age. To end with, the results can be illustrative for the policy makers.

Keywords: investment, portfolio, risk tolerance, investment experience, financial literacy, investment experience ANOVA, t-test, regression

ÖZ

İşletme eğitimi alan öğrenciler derslerinde yatırım dünyası ile tanışmaktadır ve bu menkul kıymetler piyasalarının çalışma mekanizmaları onları yatırım konusunda heyecanlandırmaktadır. Bu tez finansal okuryazarlık, finansal deneyim risk toleransı ve portfoy yöneticisine güven gibi faktörlerin yatırım niyetini ne ölçüde etkilediğini incelemektedir. Çalışmada Kuzey Kıbrıs'ta İşletme eğitimi alan öğrencilerden bir örneklem oluşturulmuş ve gönderilen 200'ün üzerinde çevrimiçi anktetten 181'inden geçerli cevaplar toplanmıştır. Yatırım niyeti ve belirleyici fatkrörleri arasındaki ilişkiyi incelemek için regresyon analizi, t testi ve varyans analizi yapılmıştır.

Çalışma sonuçları mali okuryazarlık, finansal deneyim, risk toleransı, ve portföy yöneticisine duyulan güven tümünün de yatırım niyetini olumlu etkilediğini ortaya koymuştur. Erkek ve kadın katılımcılar arasında fark olduğu gözlemlenmiştir. Bunun yanında yaş gruplarına göre de farklılıklar olduğu ortaya konulmuştur. Çalışma buluguları politika oluşturucular, geleceğin yatırımcıları ve mali danışmanları için önemli cıkarımlar taşımaktadır

Anahtar Kelimeler: yatırım, portföy, risk toleransı, yatırım deneyimi, finansal okuryazarlık, yatırım deneyimi Anova analizi, Regrasyon analizi.

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INTRODUCTION

1.1 Background of the study

The theory of the conduct of investors in an unsettled environment was established by various writers like (Sharpe 1964 and Lintner, 1965). Since the future is highly unknown and projections are very hard to achieve, it cannot be assumed that, in any case, everyone evaluates the return and risk of any security identically. Individual engagement in financial markets has recently increased dramatically (Celerier et al., 2016). Financial markets provide opportunities for "making money work" and generating returns on invested capital.

1.2 Statement of the problem

As far as the relevant literature is concerned, Financial Intention and the propensity to trust a portfolio manager have never been noticed in one research paper, along with other three variables: financial literacy, risk tolerance, and investment experience. Instead, most research papers discuss how it affects the decision intention/making with different variables like age, gender, marital status, without directing the research to a solution so that the Intention became a behavior.

1.3 Purpose of the study

The involvement in financial markets happened due to several factors, and the factors we will be focusing on are responsible for determining the shift from the investment intention to the actual behavior. This study is conducted to understand better the effect of financial literacy in turning the investment intention to the investment behavior. The

investment decision-making process is essential and is influenced by a variety of factors that differ across individuals. Following a review of previous studies and theories, some conclusions are reached on which elements influence decision-making. Nevertheless, this research gathers the variables to better help in changing the financial Intention into a behavior due to the following factors: financial literacy, investment experience, risk tolerance, and the Propensity of trusting a portfolio manager.

1.4 Research Question

For the study purpose, the research questions raised were as follows:

1. Does the propensity to trust a portfolio manager relate to business students' investment intention?

2. Does the experience in investment of business students relate to their investment intention?

3. Does the risk tolerance of business students relate to their investment intention?

4. Does financial literacy relate to business students' investment intention?

1.5 Thesis Structure

This thesis consists of five chapters and has the following order: The first chapter comprises the research information about the study background, problem description, purpose, and questions. The related literature review is the subject of Chapter two. This section summarizes research on investment intention and all other variables carried out by academics and professionals throughout the globe. The theory model and assumptions are covered in Chapter 3. Theory and theoretical proof to support the hypothesis of the research are provided below. The approach utilized to conduct the study is discussed in Chapter 4. In this section, the information on data collecting, technique, and the process will be explored via the sample population also covers the examination of study data and empirical hypothesis outcomes. Finally, Chapter 5 is

about the summary and the discussion of the results, management implications, policies, and the thesis's conclusion.

Chapter 2

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Definitions

Firstly, financial literacy is highly ignorant of fundamental economics and finance, leading to significant and even fatal blunders. The ability to improve people's knowledge of financial goods, services, and ideas to make good decisions, avoid gaps, know where to go for assistance, and take other steps to enhance their current and long-term financial stability. Financial literacy is acquired by practice and active knowledge integration. More educated people become increasingly sophisticated financially and are assumed to suggest that a person can also be more competent. Low financial expertise can contribute to the asymmetry of information (Albaity et al. 2019; Han and Jang 2013) that might influence the person's participation in inventory. Secondly, investment experience, a solid judgment on investing a skilled investor may be made through developing trust, the use of experience or, adequate risk management. Suitable investments are a challenge for those who have little or no knowledge of investment and experience. Financial knowledge and investing experience should thus be the key players that influence risk tolerance and investment decisions. Thirdly, risk tolerance, in the context of financial ambiguities, the concept "financial risk tolerance" provides an assessment of the probability of the available output and their possibilities of happening under financial ambiguities (Kahneman and Tversky, 1979). Good or not improved investor experience will influence investor risk tolerance and investment

decision making. Significant risk tolerance that provide high returns are a successful prior investment experience encouraging. Thus, the previous behavior about investment decisions has good relationships with risk tolerance. Forty, trusting a portfolio manager, an intermediary to help make better financial decisions, is an individual or group who invests, trades, implements their investment plan, and manages daily portfolio trading. The essential thing when it comes to funding investment is a portfolio manager.

2.2 Financial Literacy

Higher education enables investors to choose stock investments that offer the best returns and prevent risk. Higher education increases investment risk tolerance (Lewellen et al., 1977; Schooley and Worden, 1999). Financial literacy also has an influential impact on the education level and has an essential connection linking financial literacy and investment decisions in the view of (Al-Tamimi and Kalli, 2009). The financial literacy of UAE investors is below the needed level. Higher educational investors significantly influence investment decisions, and a vital link exists between Literacy and decision-making on financial investment (Vitt et al., 2000; Cude, 2006; Al-Tamimi and Kalli, 2009). Research by (Christanti and Mahastanti, 2011) not relying on investors to decide what variables are essential to investment decision-making because a degree of education is defined as high. The financial literacy of investors was shown to be closely related to educational standards and investment experience by (Bihari and Shukla, 2012). Investment in the finance sector is leading to more Literacy. Even bourses provide the chance to obtain practical exposure and experience (Frijns, 2014). According to (Van Rooij 2011), the investment choice has a significant link for investors with more excellent education effects on financial literacy and investors with high levels of financial literacy.

2.3 Investment Experience

Investment decisions are influenced by expertise. For example, investors have had limited stock investing experience before making a judgment about investment, while investors with sufficient expertise have already begun to decrease the consideration of variables in investment decisions. In shaping our current behavior, the effect of previous behavior was seen as a crucial, fundamental component of human behavior (Kidwell and Jewell, 2008). In general, behaviors from the past might be called a person's activity or reaction to stimuli in the past. However, the previous experience that might influence people's information processing inside behavior models is less explored and investigated (Wood et al., 2005).

2.4 Risk Tolerance

Previous studies (Benartzy and Thaler, 1999; Gneezy and Potter, 1997; Thaler, Tversky, Kahneman and Schwarz, 1997) demonstrated that over more extended periods or several classes of results, the combination of results tends to lessen the risk aversion. (Grable and Lytton, 1999) reclaimed Financial risk tolerance is considered a critical problem was underpinning a variety of financial decisions for the aim of self-assessment or the verification of investment adequacy. The higher the educational level, the greater risk tolerance in investment decision making is the greater the level of risk education. However, (Kiran and Rao, 2004) have found a higher education level, which is more risk-averse in investor decision-making. (Lewellen et al., 1977; Schooley and Worden, 1999). It was recently recommended by (Weber, Blais, and Betz, 2002) that disparities in risk perceptions and in risk attitudes should be differentiated (Horvath & Zuckerman, 1993; Weber & Milliman, 1997). Modern portfolio theory (Yook and Everett, 2003), according to which, given the trade between expected returns and risk, has an optimal asset allocation for an investment portfolio.

The risk choices of individual investors impact this optimisation (Hallahan, Faff, & McKenzie, 2004). Some investment managers' use risk tolerance levels generated from questionnaires in a more informal manner, to engage customers in talks about their investing objectives and risk attitudes. If financial advisers and financial institutions are required to serve individual investors effectively, it is necessary to identify unique variations in attitudes to risk. More and more, it is commonly acknowledged that the attitudes of persons to the risk determine their comfort and level of discontent with adverse results for the investment. In all respects, reliable and accurate assessment of individual investor risk attitudes has become a key concern for many financial professionals. It is also evident that if people are generally risk-aversive, the extent of financial risk that people are prepared to accept varies greatly (Corter and Chen, 2006). Specified more recently, persons differ in risk attitudes regardless of their financial conditions and impact investing behavior. Otherwise, persons may have different tendencies to concentrate on possible losses instead of benefits, a preference that has been termed by (Higgins 1997-2002), as opposed to 'emphasis on promotion.' This emphasis can differ from one person to another but fluctuate for a person in time or situations.

2.5 Investment Intention

(East, 1993) using planned behavior theory to affect investment in private UK industries, establish the Intention primarily strained by factors such as friends propositions, (Phan and Zhou, 2014) have found that overconfidence, optimism and risk-taking variables such as psychological problems have become increasingly essential. The willingness of a person to engage in a given activity (Yadav and Pathak, 2017). A person's personal perspective on investing in the financial market may play a significant effect in determining how much financial security they want to invest in

(Ali, Alleyne, and Broome, 2011). The hypothesis shows that people are more likely to enter the markets if they believe that their friends or family members recommend or think that they should (Phan and Zhou, 2014). As a result, even if a person does not want to do something, they might intend to do it under social pressure (Venkatesh and Davis, 2000; Fu et al., 2006). The investment decision might be considered "risky" as the decision-maker does not know too much about the consequences of his decisions (Libby and Fishburn, 1977). The insecurity is often evaluated by the "perceived risk" (Cho and Lee, 2006), as a danger that drives policymakers to follow a certain behavioral pattern (Dowling and Staelin, 1994). Many individual investors are unprepared to handle financial matters and make sound investment decisions (Looney, Valacich, Todd, and Morris, 2006). As a result, their Do-It-Yourself decisions are more speculative, they trade more frequently, and they monitor their portfolio too often (Laibson, Metrick, Konana, and Balasubramanian, 2002-2005).

2.6 Propensity to Trust a Portfolio Manager and Investment Intention

(Akhtas and Das, 2017) confirmed that the "portfolio problem" when deciding investments was observed in most individual investors. Long-term investment strategies require the proper counsel of financial consultants for many individual investors. Financial advisors should also choose, among other things, the investment alternatives to be presented well to an investor. Practical financial advice involves knowledge of many elements that influence asset price volatility and a perception on how investors decide in the real world. It has been noted that individual investors are generally the 'right investor' under the constraint of their confidence. They are frequently supposed to have complete control over selecting various financial assets that might beat the market. Furthermore (Stoughton, Youchang, and Zechner, 2011) also said, current research has mainly neglected the role of intermediaries in the

investment management sector. In earlier studies, only relationships between investors and portfolio leaders were considered in delegated portfolio management. This study instead represents the middleman as a separate agent and concentrates explicitly on the economic function played by the intermediates. Investors have diverse amounts of assets and can access the management directly or indirectly through a consultant.

2.7 Hypothesis Development

2.7.1 Propensity to trust a Portfolio Manager and Investment Intention

However, many investment selections prove to be incorrect in reality. Financial advisors must therefore lead investors towards the optimal stock collection of their customers. Moreover, it is also important to recognize that the varied types of information an individual investor processes to help investors. Financial advisers therefore need to examine the behavior of investors in terms of their financial knowledge, characteristics and attitudes, and how they predict and decide. It is apparent that "not reasonable" individual investors are. (Stoughton, Youchang, and Zechner, 2011) The usage of professional advising services is in families owning mutual funds. In addition, (Chen, Hong, and Kubik, 2010) documents that the management of 27 percent of their samples of mutual funds is being outsourced to non-affiliated consulting businesses by fund management corporations.

H1: *There is a significant positive relationship between the propensity to trust a portfolio manager and investment intention.*

2.7.2 Investment Experience and Investment Intention

The previous fiscal behavior is one of those elements that impact individuals' Intention, and future behavior to a great degree (Ouellette and Wood, 1998; Conner et al., 1999; Knussen et al., 2004) stated. (Van Rooij et al. 2011) argued that many participants were not participating in the stock market as they had little stock and stock market

expertise. The financial knowledge results in better financial performance, observed in (Lyons et al.2006). (Christanti and Mahastanti, 2011) state that there is a link between stock investing experience and investment decision-making, even if the experience factor in (Kusumawati, 2013) does not significantly affect the investment decision-making factor. Financial literacy impacts are investing decisions considerably on a favorable relationship. (Rooij et al., 2011) demonstrates a strong link to investment decisions for investors with a high level of financial literacy. Investors often buy stocks because they are interested in excellent or terrible performance and maybe their attention. The performance of an investment is not taken into account by individual investors when making the sale choice. Several elements in this connection impact it, including the low market expectations, sufficient market correction, and loss experiences (Luong and Ha, 2011). This study (Fachrudin K.R., Fachrudin K.A, 2016) highlights investing decisions; the experience has no substantial impact on a good relationship. This study shows that the hypothesis has been rejected and that the experience element does not directly impact investment decisions. This (Kusumawati, 2013) compliant research has a great deal of investing expertise, but investors still consider all the elements in investment decision-making. Investor decisions carefully to maximize profits and avoid losses. Trading stock experience does not usually enhance financial literacy. Experience is one of the individual variables affecting investment decision-making. Investors with extensive knowledge typically find it easier to select a specific choice to evaluate several alternate shares (Fachrudin K.R., Fachrudin K.A, 2016).

H2: *There is a significant positive relationship between the experience in investment and investment intention.*

2.7.3 Financial Literacy and Investment Intention

Financial literacy is also a significant motivator for shareholder and stock ownership involvement (Mouna and Anis, 2017). Financial knowledge is precious. The information is crucial to the indication decision. Based on the indications received, the investor should decide on its investment risk. The information's worth derives from the way the investment decision maker uses it. A knowledgeable decision-maker can always be uninformed if the information that is arriving is ignored. An experienced investor can make a successful investment decision by building confidence, using expertise, or adequately managing risk (Awais, Laber, Rasheed, and Khursheed, 2016). Also (Awais, Laber, Rasheed, and Khursheed, 2016) stated that good investment is a challenge for those with a minimum or without knowledge and investment literacy. Severe losses might be attributable to the fact that investments are connected to risks and are essential in the investor's choice to invest. Therefore, they concluded that financial literacy and investing expertise should be the key players that affect risk tolerance and investment decisions. The attitude and desire of individuals to participate in the markets has also been related to financial literacy as a proxy for financial knowledge. The low degree of investment knowledge understanding can contribute to information imbalance (Albaity et al., 2019; Han and Jang, 2013) that could influence individual holdings in inventory. In previous behavioral attitudes, financial Intention is the most proximal driver of action, which is controlled by people's attitudes (Norman et al., 2019). Based on the investigation (Kumar Raut, 2020). The substantial influence supports financial literature being significant in developing a positive attitude and in regulating the behavior of investors based on their knowledge and information. Complex elements such as risk, uncertainty, and overload of choice are met with the attitude of investors. Financial literature plays an essential

role in these settings. If investors are financially knowledgeable, they can better appraise their investment risk based on the indications they receive and the capacity to handle it better (Kumar Raut, 2020). Individual investors generally make stock investing selections based on their criteria, including education. Education was a factor in investment decision-making (Lubis et al., 2013). The knowledge and skills of (Lutfi 2010) investors with higher education are more beneficial in making investment decisions.

H3: *There is a significant positive relationship between the financial literacy and investment intention.*

2.7.4 Risk Tolerance and Investment Intention

The tendency to aggregate results for occasions, events, and asset classes is another situational element or mental disorder that might influence risk aversion. Also, it's observed that older managers have higher risk aversion than younger ones in a sample of senior managers (Hallahan, Faff, & McKenzie, 2004). The study's results of (Corter and Chen 2006) support the view that tolerance of investment risk is an exact sphere characteristic that differs between persons and consistently predicts the behavior of the investment. These results support the growing use by investment advisers and financial institutions to measure and consider the investment risk attitude of customers in creating investment portfolios for these customers. Investment experience showed a significant predictor variable that more experienced investors may accept and riskier investments with higher risk tolerance. The results of (Grable 2000) report showed that risk tolerance rose in many university workers with investments in investing expertise and with age.

H4: *There is a significant positive relationship between risk tolerance and investment intention.*

Chapter 3

RESEARCH METHODOLOGY

3.1 Introduction

The theoretical significance of this thesis is discussed in chapter 3. The chapter on theoretical modeling described the design and data collection of the questionnaire carried out. To answer my study inquiry and support my hypothesis properly, it is necessary to design a complete questionnaire.

3.2 Research Design

The study has a descriptive research nature. One hundred eighty-one people responded to the survey's questions from more than 200 link sent, assisting researchers in determining the link between investing purpose and the willingness to trust a portfolio manager. It's a snowball and convenience sampling, we used a questionnaire to collect, process, and evaluate the information using the SPSS program in this study. The research is based on primary information sources. The only way, we distribute the survey, is the online form using social media to disseminate the questionnaire links. Descriptive statistics, reliability test, independent t-test, Anova analysis and regression were also conducted for the results of the study.

3.3 Survey Approaches

The researchers describe the research style in two major groups. They describe them as deductive and inductive. The deductive method style shifts from certain information to broad information. The deductive method generally follows a specific theory and primarily employs the quantitative research style to establish something under

specified conditions. Thus, it shifts from generic to particular. The inductive research technique generally seeks to provide details and then continue to broad knowledge. Different statistical approaches for the case have been used in this study. Some essential information such as the frequency table, the standard deviation and the mean table have been compiled by the program and every question has been independently analyzed and executed.

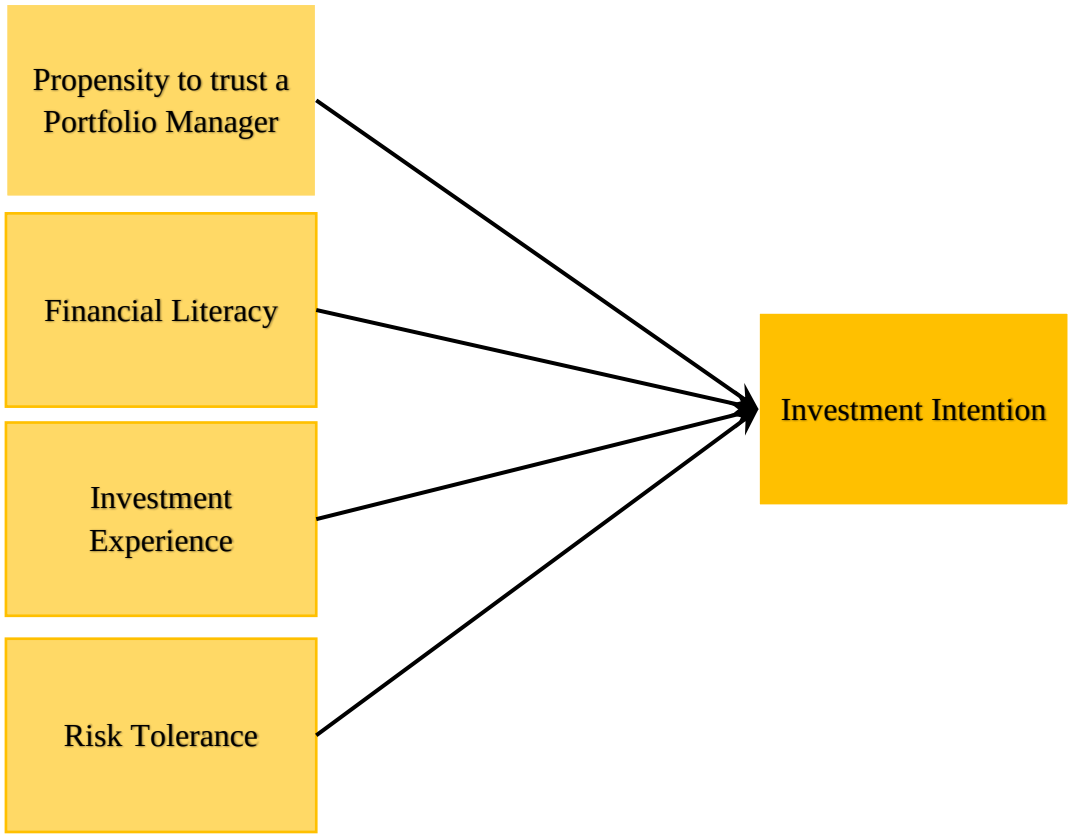

Figure 1: Model

3.4 Research Instruments

The research instrument was adopted from the existing literature:

-Propensity to Trust in Portfolio Manager: Propensity to Trust in portfolio manager was measured using a 5=item scale from (Friend, Johnson, & Sohi, 2018). This scale was anchored on a 7=point Likert scale from 1 = strongly disagree to 7=strongly agree, The Cronbach alpha in this study was 0.70 (See Nunnally, J. C. (1978).

-Investment Intention: is taken from Intention towards investment (Raut, 2020). Five-point Likert scale, strongly agree (1) to strongly disagree (5). The Cronbach alpha in this study was 0.85.

-Risk Tolerance: used from Risk-taking propensity (Akhtar & Das, 2019), Five-point Likert scale, strongly agree (1) to strongly disagree (5). The Cronbach alpha in this study was 0.85.

-Financial Literacy: is from (Kumar Raut, 2020) with a The Cronbach alpha is 0.86.

Chapter 4

ANALYSIS AND EMPIRICAL RESULTS

4.1 Introduction

The data obtained have been analyzed using IBM® Social Science Statistics Package (SPSS®) version 20. Means, standard deviations, reliability testing, independent sample T-test, and a regression analysis were employed calculated for frequency control, the connection between variables, and testing the hypotheses suggested.

4.2 Descriptive statistics

Almost 200 questionnaires were sent to business students, and only 181 got filled. Descriptive statistics and other techniques have been used to determine critical parameters. Descriptive statistics provide valuable information and essential policy outcomes for research investigations (see Table 1). According to this table, which 181 participants answered 21 questions, the mean score of some factors is higher than others, providing they are significant. Table 1 shows the different mean scores of each question.

4.3 Interpretation of the results

Table 4.1 displays the mean score, minimum, maximum, and standard deviation of each question. According to the results, the most significant factor compared to other factors is 'the Propensity to trust a portfolio manager' (4.00), while the least score is allocated to the factor ' investment intention with (2.59) mean score among 181 respondents. In addition, the other significant factors are 'investment experience' (3.59), risk tolerance (3.30), and 'financial literacy' (2.80).

Table 4.1: Descriptive Results

	N	Minimum	Maximum	Mean	Std. Deviation
The stock market helps to predict stock prices and earning .	181	1	5	2,73	1,073
Considering a long-term period (e.g. 10â€ "20 years) stocks normally give the highest return.	181	1	5	2,64	1,090
Normally, stocks display highest fluctuation over time.	181	1	5	2,80	1,124
When an investor spreads his money among different assets, does the risk of losing money increases?	181	1	5	3,59	1,264
I will invest in stock market frequently.	181	1	5	2,93	1,179
I will encourage my friends and family to invest in stock market.	181	1	5	2,87	1,082
I will invest in stock market in near future.	181	1	5	2,59	1,243
I would prefer to invest money in safer stocks from large and renounced companies.	181	1	5	3,30	1,326
If return is very high, I would not hesitate to put my money in stocks that have a greater chance of loss.	181	1	5	2,97	1,149
I consider investment in securities as an important aspect of my life	181	1	5	3,15	1,173

Generally speaking, I do not worry at all in dealing with portfolio managers.	181	1	7	4,00	1,426
Most portfolio managers would not tell a lie even if they could gain by it.	181	1	7	3,81	1,659
Most portfolio managers have standards regarding honesty and morality and will stick to them when the chips are down.	181	1	7	3,82	1,493
Most portfolio managers are reliable because they are mainly concerned with the interest of others.	181	1	7	3,91	1,554
There are portfolio managers in this world that I completely trust.	181	1	7	3,83	1,741
Valid N (listwise)	181				

The Last part of the questionnaire is about a general question: investment experience, age, marital status, gender, and the monthly budget. The answers and the frequencies of each question were estimated. Table 4.2 shows the frequency and percentage of the first general question we have which is, investment experience. The frequency column shows the highest frequency is (69), representing no past investment experience, and the lowest frequency (11) represents more than 5 years in investment experience.

Table 4.2: frequency results for investment experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Between 1 and 2 years	42	23,2	23,2	23,2
	between 3 and 5 years	17	9,4	9,4	32,6
	Less than a year	42	23,2	23,2	55,8
	More than 5 years	11	6,1	6,1	61,9
	None	69	38,1	38,1	100,0
	Total	181	100,0	100,0	

Table 4.3 displays the frequency and percentages of another general question which is gender. Column of frequency represents that 93 were Female, and 88 were male. That means 51.4% of the respondents were female, and 48.6% were male.

Table 4.3: Frequency results for gender.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	93	51,4	51,4	51,4
	Male	88	48,6	48,6	100,0
	Total	181	100,0	100,0	

In Table 4.4 it's the age question frequency and percentage question. The highest frequency and percentage in the table is 34, and it is for the age: 23, followed by 21 frequency representing the age: 21 and 24.

Table 4.4: Age frequency result table

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
19	4	2,2	2,2	2,2
20	8	4,4	4,4	6,6
21	8	4,4	4,4	11,0
22	21	11,6	11,6	22,7
23	34	18,8	18,8	41,4
24	21	11,6	11,6	53,0
25	17	9,4	9,4	62,4
26	7	3,9	3,9	66,3
27	10	5,5	5,5	71,8
28	7	3,9	3,9	75,7
29	5	2,8	2,8	78,5
30	6	3,3	3,3	81,8
31	4	2,2	2,2	84,0
32	8	4,4	4,4	88,4
33	1	,6	,6	89,0
34	1	,6	,6	89,5
35	5	2,8	2,8	92,3
37	2	1,1	1,1	93,4
40	5	2,8	2,8	96,1
40	1	,6	,6	96,7
44	1	,6	,6	97,2
45	2	1,1	1,1	98,3
46	1	,6	,6	98,9
49	1	,6	,6	99,4
68	1	,6	,6	100,0
Total	181	100,0	100,0	

About Table 4.5 it shows the frequency and percentage of another general question which is the marital status of our respondents. Again, the highest frequency is 154 for single and 27 for married.

Table 4.5: Frequency results for marital status question.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	27	14,9	14,9	14,9
	Single	154	85,1	85,1	100,0
	Total	181	100,0	100,0	

Table 4.6 shows the frequency and percentage of the monthly budget of our respondents. The highest frequency is 64, and it represents the interval 200-399, and the lowest frequency 17, representing 600-799.

Table 4.6: Frequency for monthly income question.

		Frequency	Percent	Valid Percent	Cumulative Percent
200 to 399	64	35,4	35,4	35,4	
400 to 599	28	15,5	15,5	50,8	
600 to 799	17	9,4	9,4	60,2	
800 and above	34	18,8	18,8	79,0	
Less than 200	38	21,0	21,0	100,0	
Total	181	100,0	100,0		

For the variables that are split into only two groups, a T-test is generally employed. For example, the gender variable is now separated into only men and women. I have done a T-test to identify relevant and essential gender-specific correlations with my variables: investment intent, financial literacy, investments, risk tolerance, and a portfolio manager's Propensity to trust. Table 4.7 displays the results of the T-test. T-test table shows that males and females have significant different opinions about

'investment intention with a mean of 3.04 and the propensity to trust a portfolio manager.

Table 4.7: Group statistics results.

	What is your gender?	N	Mean	t	Sig
The stock market helps to predict stock prices and earning .	female	93	2,73	0,47	,550
	male	88	2,74		
Considering a long-term period (e.g. 10â€“20 years) stocks normally give the highest return.	Female	93	2,70	0,47	
	male	88	2,57		
Normally, stocks display highest fluctuation over time.	Female	93	2,85	0,806	0,110
	male	88	2,74		
When an investor spreads his money among different assets, does the risk of losing money increases?	Female	93	3,43	1,772	0,873
	male	88	3,76		
I will invest in stock market frequently.	Female	93	3,17	2,921	0,707
	male	88	2,67		
I will encourage my friends and family to invest in stock market.	Female	93	3,04	2,270	,035
	male	88	2,68		
I will invest in stock market in near future.	Female	93	2,72	1,506	;028
	male	88	2,44		
I would prefer to invest money in safer stocks from large and renounced companies.	Female	93	3,46	1,662	,535
	male	88	3,14		
If return is very high, I would not hesitate to put my money in stocks that have a greater chance of loss.	Female	93	2,95	,247	,110
	male	88	2,99		
	female	93	3,12	,428	,094

I consider investment in securities as an important aspect of my life	male	88	3,19		
Generally speaking, I do not worry at all in dealing with portfolio managers.	Female male	93 88	4,01 3,99	,104	,603
Most portfolio managers would not tell a lie even if they could gain by it.	Female male	93 88	3,97 3,65	1,299	,428
Most portfolio managers have standards regarding honesty and morality and will stick to them when the chips are down.	Female male	93 88	3,88 3,75	,593	,845
Most portfolio managers are reliable because they are mainly concerned with the interest of others.	Female male	93 88	4,05 3,76	1,268	,593
There are portfolio managers in this world that I completely trust.	Female	93	3,76	,518	,070

Anova is generally employed in more than two groups for variables split into. The second phase of the study questionnaire divides the participants into four age groups. Table 4.8 illustrates the results of a one-way Anova analysis based on four groups concerning the investment experience. The results show some meaningful relationships between the investment experience and other variables. Based on Anova table information, ‘financial literacy’ (F=0.976), ‘investment intention’ (F=0.841), ‘risk tolerance (F=0.821), and ‘propensity to trust a portfolio manager’ (F=0.809).

Table 4.8: Anova results

		N	Mean	F	Sig.
The stock market helps to predict stock prices and earning .	none	69	2,68	,887	,473
	less than a year	42	2,83		
	1 and 2 years	42	2,57		
	3 and 5 years	14	2,79		
	more than 5 years	14	3,14		
	Total	181	2,73		
Considering a long-term period (e.g. 10â€“20 years) stocks normally give the highest return.	None	69	2,72	2,802	,027
	less than a year	42	2,79		
	1 and 2 years	42	2,36		
	3 and 5 years	14	3,14		
	more than 5 years	14	2,07		
	Total	181	2,64		
Normally, stocks display highest fluctuation over time.	None	69	2,78	,976	,422
	less than a year	42	2,57		
	1 and 2 years	42	2,88		
	3 and 5 years	14	2,86		
	more than 5 years	14	3,21		
	Total	181	2,80		
When an investor spreads his money among different assets, does the risk of losing money increases?	None	69	3,55	,821	,514
	less than a year	42	3,52		
	1 and 2 years	42	3,71		
	3 and 5 years	14	3,21		
	more than 5 years	14	4,00		
	Total	181	3,59		
I will invest in stock market frequently.	None	69	3,12	2,973	,021
	less than a year	42	3,12		
	1 and 2 years	42	2,40		
	3 and 5 years	14	3,07		
	more than 5 years	14	2,86		

	Total	181	2,93		
I will encourage my friends and family to invest in stock market.	None	69	2,87	2,118	,080
	less than a year	42	3,10		
	1 and 2 years	42	2,76		
	3 and 5 years	14	3,14		
	more than 5 years	14	2,21		
	Total	181	2,87		
I will invest in stock market in near future.	None	69	2,74	,841	,501
	less than a year	42	2,57		
	1 and 2 years	42	2,38		
	3 and 5 years	14	2,79		
	more than 5 years	14	2,29		
	Total	181	2,59		
I would prefer to invest money in safer stocks from large and renounced companies.	None	69	3,43	1,695	,153
	less than a year	42	3,40		
	1 and 2 years	42	3,19		
	3 and 5 years	14	2,50		
	more than 5 years	14	3,50		
	Total	181	3,30		
If return is very high, I would not hesitate to put my money in stocks that have a greater chance of loss.	None	69	3,07	1,250	,292
	less than a year	42	2,88		
	1 and 2 years	42	3,12		
	3 and 5 years	14	2,79		
	more than 5 years	14	2,43		
	Total	181	2,97		
I consider investment in securities as an important aspect of my life	none	69	3,07	,628	,643
	less than a year	42	3,07		
	1 and 2 years	42	3,33		
	3 and 5 years	14	3,00		
	more than 5 years	14	3,43		
	Total	181	3,15		
	None	69	3,74	1,440	,223

	less than a year	42	4,24		
Generally speaking, I do not worry at all in dealing with portfolio managers.	1 and 2 years	42	4,10		
	3 and 5 years	14	3,79		
	more than 5 years	14	4,50		
	Total	181	4,00		
Most portfolio managers would not tell a lie even if they could gain by it.	None	69	3,97	1,159	,331
	less than a year	42	3,81		
	1 and 2 years	42	3,95		
	3 and 5 years	14	3,29		
	more than 5 years	14	3,14		
	Total	181	3,81		
Most portfolio managers have standards regarding honesty and morality and will stick to them when the chips are down.	None	69	3,81	,216	,929
	less than a year	42	3,83		
	1 and 2 years	42	3,71		
	3 and 5 years	14	3,79		
	more than 5 years	14	4,14		
	Total	181	3,82		
Most portfolio managers are reliable because they are mainly concerned with the interest of others.	None	69	4,10	,809	,521
	less than a year	42	3,83		
	1 and 2 years	42	3,81		
	3 and 5 years	14	3,36		
	more than 5 years	14	4,07		
	Total	181	3,91		
There are portfolio managers in this world that I completely trust.	None	69	3,83	,355	,840
	less than a year	42	3,93		
	1 and 2 years	42	3,81		
	3 and 5 years	14	3,36		
	more than 5 years	14	4,07		
	Total	181	3,83		

The degree of a linear relationship between two variables can be determined via correlation analysis (Pallant J., 2010). For example, the Pearson correlation coefficient measures how strong a linear link exists between two variables (Sedgwick, 2012).

A correlation of 1.0 means there is a perfect positive connection, a correlation of -1.0 showing there is a t negative correlation, and a correlation of 0 means there is no correlation. Nonetheless, certain principles may be used to explain the values between 0 and 1. According to (Cohen,1988), as reported in (Pallant, 2010, p. 126), values between 0.10 and 0.29 show a minor correlation, values between 0.30 and 0.49 show a medium correlation, and values between 0.50 and 1.0 show a strong correlation across variables.

Our correlation table indicates, it can be concluded that there is a statistically significant (P<0.01), a weak correlation between the investment intention and investment experience, and a very weak relation between financial literacy and the Propensity to trust a portfolio manager, Also a week correlation between investment experience and financial literacy, in addition to a weak correlation between risk tolerance and the Propensity to trust a portfolio manager, and no correlation relationship between the propensity to trust a portfolio manager and investment experience.

Table 4.9 Correlation results

		InvInt	FinLit	Finexp	RiskTol	Propen
InvInt	Pearson Correlation	1	,253**	,352**	,264**	,228**
	Sig. (2-tailed)		,001	,000	,000	,002

	N	181	181	181	181	181
FinLit	Pearson Correlation	,253**	1	,299**	,263**	,043
	Sig. (2-tailed)	,001		,000	,000	,567
	N	181	181	181	181	181
Finexp	Pearson Correlation	,352**	,299**	1	,127	,004
	Sig. (2-tailed)	,000	,000		,088	,957
	N	181	181	181	181	181
RiskTol	Pearson Correlation	,264**	,263**	,127	1	,298**
	Sig. (2-tailed)	,000	,000	,088		,000
	N	181	181	181	181	181
Propen	Pearson Correlation	,228**	,043	,004	,298**	1
	Sig. (2-tailed)	,002	,567	,957	,000	
	N	181	181	181	181	181

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

Regression analysis is used to test our hypothesis and to show if the independent research variables (risk tolerance, financial literacy, and investment experience) influence dependent variables (investment intention and the Propensity to trust a portfolio).

The regression model is:

IvIn=α+β1FinLit+β2Finexp+β3RiskTo+β4Propen+ε

Where IvIn= investment intention and FinLit= financial literacy, Finexp=investment experience, RiskTol=RiskTolerance, and Propen=Propensity to trust a portfolio manager, α=constant term, β1, β2, β3 and β4 are predictors' coefficient and ε is the error term.

Table 4.10: Model summary results.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,448[a]	,201	,188	,51401

a. Predictors: (Constant), Propen, Finexp, RiskTol

The ratio R square is (0,201), which shows a 20.1 % change in investment intention can be accounted for by our constant predictors (Propen, Finexp, RiskTol). Nevertheless, is this R square significant, we will analyze Anova table to figure out:

Table 4.11: Anova results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11,770	3	3,923	14,849	,000[b]
	Residual	46,765	177	,264		
	Total	58,535	180			

a. Dependent Variable: Investment Intention
b. Predictors: (Constant), Propen, Finexp, RiskTol

The table above shows us in the regression row 0,000 <0,001, which indicates there is a significant impact of Propensity to trust a portfolio manager, investment experience, and risk tolerance on investment intention.

Table 4.12: Coefficient result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,883	,209		4,233	,000
	Finexp	,225	,046	,330	4,868	,000
	RiskTol	,105	,044	,170	2,387	,018
	Propen	,085	,034	,176	2,500	,013

a. Dependent Variable: Investment Intention

The p-value for investment intention as the dependent variable to other variables (investment experience, risk tolerance, propensity to trust a portfolio manager are variables less than .05 which implies they have negative correlation to the dependent variable.

Chapter 5

CONCLUSION

5.1 Introduction

In this last section, we analyze the findings composed in the precedent chapter on the presented hypotheses of the research and conclude the entire study. The debate, the consequences for study, the limitation, recommendations for future research, and the contribution are provided in this chapter.

5.2 The Hypothesis

Depending on the empirical results found, we assume in the first method used (T-test), that all the three factors have the highest impact on investment intention, risk tolerance, investment experience, and the Propensity to trust a portfolio manager. When we study the results of the second method (Anova) we also got a meaningful relationship between the investment experience and the following variables: investment experience, financial literacy, investment intention, and risk tolerance. In the last method (regression) we contributed we got, a weak correlation between the investment intention and the investment experience, and a very weak correlation between financial literacy and investment experience also a weak correlation between the risk tolerance and the propensity to trust a portfolio manager and no correlation between the propensity to trust a portfolio manager and investment experience.

The first proposed hypothesis stated a significant positive between the propensity to trust a portfolio manager and the investment intention. Regarding the empirical results disclosed that it is a positive significant relationship. The second hypothesis says that financial literacy positively relates to the Investment Intention. Regarding the founding above, we state that there is a relation between financial literacy and the Propensity to trust a portfolio manager. Therefore, we assume the second hypothesis is supported. The third hypothesis assumed that investment experience has a significant impact on the relationship between the Investment Intention and the Propensity to trust a portfolio manager, based on our empirical results we found, (t-value=4,868 > 1, 96), which implies there is a significant impact. Therefore, the hypothesis is supported. The fourth hypothesis says the risk tolerance positively relates to the investment found on our empirical results, which supports this hypothesis.

5.3 Implications

This research work deserves the benefits it implies for investors, financial analysts, and the investment interested in general. First of all, it’s all crucial importance for any new investor and the interested in portfolio manager, to be aware of the variables that may change affect his investment intention to be an investment behavior. It's worth noting that people should keep in mind that their decision isn't flawless and hence can't be totally accounted for as everlasting, especially when making important judgments. They might use this research to get a sense of the wily investor's other determining factors.

As a result, we conclude that the second hypothesis is unsupported. The third hypothesis assumed that Investment/ Investment experience has a significant impact on the relationship Empirical studies of Anova are not lightning with my theoretical findings. I would make my sample larger to have more significant results.

We tried to fill the gap related to portfolio management models because the variables studied weren't merged in one study as far as the articles I have reached during my research development. Especially when it comes to limitation policy, we found in the t-test results that man and women have same mean which implies they there's no difference between the gender, the only difference was their investment intention; that explains women desire for financial independency and freedom and curriculums should support this aspect and make facilities for women to use their intention for investment. the second method (Anova) we also got a meaningful relationship between the investment experience and the following variables: : investment experience, financial literacy, investment intention, and risk tolerance, the meaningful relationships we found shows the importance of these variables in the investment experience. Therefore, these variables have to be concentrated on at the beginning in order for an investor to make a fruitful investment experience. The p-value for investment intention as a dependent variable to other variables (investment experience, risk tolerance, and tendency to trust a portfolio manager) is less than.05, indicating that the variables have a negative association with the dependent variable.

5.4 Limitations

The main aim of the research is to get the questionnaire from students who has the business background, who has a primary idea or more developed idea about investment and portfolio manager. Because of the academic teaching curriculum, most of the

programs in finance and investment have no practical sections to really make the investment idea clear to students. Therefore, most of the students have never had any investment experience, which we hoped it to be the case in order to give us more accurate responses.

This thesis cannot be generalized for other countries, because of the sample methods and the limited number of the responds. Also, other participants might have an added value to the results as investors, business men, professionals in financial investment, and portfolio manager; which made it difficult because it's a single-source biased (business students). Other contextual factors can be added such as cultural factors, therefore the study can be enriched. Also the study is cross-sectional study, we believe the longitudinal studies can help understand the trend of investment intention over time.

5.5 Conclusion

When we analyzed the independent t value are all more than zero, moreover the comparison of the means values shows that the differences between the two categories are significant. Therefore, being a male or a female have a significant impact on investment intention and other variables that affect it. According to (Friedman, 1937) one of the main aims of the research is to investigate the impact of the factors of the study on the studied variable.

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APPENDIX

To invest or not to invest!? Where do you stand?

Dear Participant,

The purpose of this survey is to investigate the possible factors that may relate to an investment intention.

This questionnaire is designed for the purpose of an academic research and, therefore, your participation will make a significant impact in this research. Your contribution will help us to understand what does impact any investment intention in order to make it be an investment decision.

The survey will take LESS THAN 5 minutes of your time. The information you provide will be anonymously treated.

Remember that THERE IS NO WRIGHT OR WRONG answer. We are only interested in your perceptions

Thank you very much for your time and participation

Demographic

Age: what is your age?

Gender: male female

Monthly income ($): Less than 200 200 to 399 400 to 599 600 to 799 800 and above

Marital status: single married

What best describes your Investment Experience?

None Less than a year Between 1 and 2 years between 3 and 5 years More than 5 years

	Investment Intention	Strongly disagree	disagree	neutral	agree	Strongly agree
	I will invest in stock market in near future.					
	I will encourage my friends and family to invest in stock market.					
	I consider investment in securities as an important aspect of my life					

	Financial Literacy	Strongly disagree	disagree	neutral	agree	Strongly agree
1	The stock market helps to predict stock prices and earning					

2	Considering a long-term period (e.g. 10–20 years) stocks normally give the highest return
3	Normally, stocks display highest fluctuation over time.
	Financial Experience
4	When an investor spreads his money among different assets, does the risk of losing money increases?
5	I will invest in stock market frequently.
6	I will encourage my friends and family to invest in stock market.
7	I will invest in stock market in near future.
	Risk Tolerance
8	I would prefer to invest money in safer stocks from

	large and renounced companies.
9	If return is very high, I would not hesitate to put my money in stocks that have a greater chance of loss.
10	I consider investment in securities as an important aspect of my life
	The Propensity to trust a portfolio manager
11	Generally speaking, I do not worry at all in dealing with portfolio managers.
12	Most portfolio managers would not tell a lie even if they could gain by it.
13	Most portfolio managers have standards regarding honesty and morality and

	will stick to them when the chips are down.
14	Most portfolio managers are reliable because they are mainly concerned with the interest of others.
15	There are portfolio managers in this world that I completely trust.

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