

Investment Awareness and Decision: A Systematic Literature Review and Future Research Agenda

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ABSTRACT

Purpose – This study systematically explores the patterns and connections between Investment awareness and investment decisions of the existing literature from various published database between 2014 and 2024. The purpose of this paper is to address this issue. Articles from various sources such as SCOPUS, Research gate etc are considered for the study to analyse the past studies in the select field of research in order to provide valuable insights and scope for further research and also providing a roadmap for future trend of research in investment awareness and decisions. The study identified research articles on the Impact of investment in investment decision making has a wide scope as there are minimal number of articles and studies conducted in this area and are mostly confined to either stock markets or mutual fund investment and some are also focusing on financial literacy and very few specifications on investment awareness is identified by the reviews conducted in the study.

Originality/value – The outcome of this study provides valuable insights into the intellectual structure and biases of investors and adds value to existing knowledge. This review provides a road map for the future trend of research on impact of investment awareness on investment decisions.

Keywords Financial awareness, Investment awareness, Systematic literature review, Investment decision-making

Paper type Literature Review

INTRODUCTION

Investment awareness is a key component of financial literacy. Financial literacy is essentially a major life skill every individual needs to possess irrespective of the life stage or income levels which is why it is also considered as old as the country itself in America. Financial literacy happens to be focusing on the 4 major areas of one's financial life namely- Budgeting, credit, saving/ investing and tax. Being financial aware makes one to take informed decisions with regard to their finances, protects one from frauds, assists in attaining life goals. The OECD recognizes Financial literacy as one of the core life skills in 20th century essential for individual's financial well being (Lusardi et al.,). The 2023 report of OECD stresses on the need for digital financial literacy with the increasing number of financial scams and frauds which also brings out the OECD average financial literacy scores being 63 on 100 (OECD Report 2023). Financial education is the need as it a critical skill with the changing structures and dynamics of the economy & society (Lusardi). Saving and investing are the key components of financial literacy which is a true reflections one's personal financial wellbeing and the economic growth. Role of financial literacy in investment and saving decision making is identified to be crucial which includes various financial behaviors, attitudes, skills, knowledge, and awareness that collectively contributes in shaping individuals' financial choices and achievements. (Khan et al., 2021).

Studies in the past have affirmed on the role of financial literacy in better saving and investment decision making with proper understanding of risk association, retirement planning, insurance planning and also estate planning. In terms of financial well being, seeking the help of the expert for financial planning in order to make sound saving and investment decisions and avoiding future losses (Arora & Chakraborty, 2023). Furthermore, Lotto et al. (2020) suggested that improving financial literacy can reduce the disposition effect, leading to better investment decisions(Lotto, 2020).Attributes such as patience, ability or talent contributing to sound financial decision making are the outcomes of financial literacy (Mwathi, 2017). Researches have show that good financial literacy leads to lesser impulsive decision making, lesser losses.

The Aim of this study is to conduct systematic review of the investment awareness and decision.

Research questions of this study are mentioned below :

RQ1: What methods and approaches have been utilized in prior Investment awareness literature?

RQ2: What factors, results, and real-world applications have emerged from studies on Investment awareness and investment decisions?

RQ3: What are the key results and implications derived from research in the field of Investment awareness and decision?

RQ4: What are the directions for future research?

This provides a comprehensive review of Investment awareness and investment decision making. The paper applies the following structure:

- [1]. Explore how documents about Investment awareness and how they affect investment decisions are linked.
- [2]. Understanding the adoption of systematic literature review (SLR) methodology by searching different databases and classifications.
- [3]. Explain the research gap, findings and recommendations for a future research road map.

METHODOLOGY

Literature review is conducted by the scholars in different methods such as meta-analysis, weight analysis, scoping review, SLR and narrative review. The present research study is a Systematic literature review considering literatures from 2014 to 2024 with inclusion and exclusion criteria. The main purpose of this SLR is to investigate the existing research base in the area of investment awareness and its role in investment decision making an integration of SLR and bibliometric analysis techniques, facilitating the identification of intellectual structure. The paper has looked at an SLR of the past 33 years regarding biases that impact investment decision-making. The main purpose is to analyse behavioural biases like herding, home bias, overconfidence and disposition effects of investors and their impact on returns, volatility and portfolio selection. This will provide a road map for future research. The purpose of this research is to gain an understanding of the various behavioural biases that influence investors' investing decisions as well as the socio-economic factors that are taken into consideration; this is done by utilizing SLR and meta-analysis. Overall, 17 types of bias and 15 socio-economic items were identified in the outcome data set.

Open access as well as Scopus data base is used to collect 73 different research articles in the area of economics, commerce, management etc is considered for the study. However, 36 articles out of the same were falling into the identified topic preview, hence the rest were not considered for the reviews. There are very few literature background in this area of study especially with respect to investment awareness, there are some studies on financial literature in line with the scope of this study which have been included in the analysis. systematic literature review focused on articles published in academic journals and written in English to maintain the rigor and relevance of the included literature. The study outlines detailed criteria for including or excluding papers, as specified in Table 1

Table: 1 Inclusion & exclusion criteria

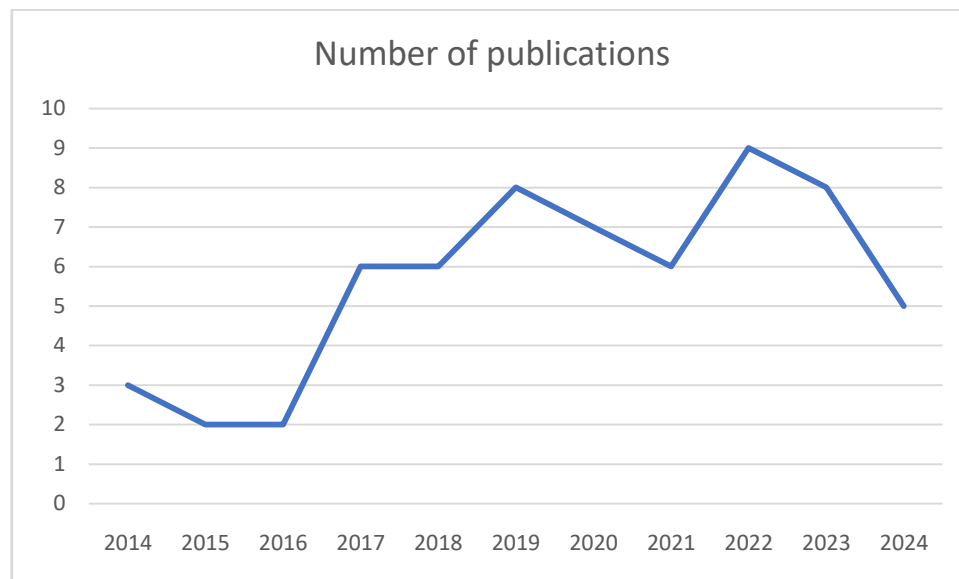
Criteria	Inclusion	Exclusion
Access	Open access	Closed access
Document type	Articles	Book chapters, Reviews, Conference papers, Books, Conference proceedings, and book series
Source type	Journals	Books, Editorials, Letters, Short surveys
Language	English	Non-English Languages
Period	2014 – 2024	2014 and Earlier
Subject area	Economics, Finance, Accounting, Business, Other Disciplines	Others

Review Conduction

(Denyer & Tranfield, 2009), suggested that the systematic literature review should encompass a comprehensive approach, involving two key phases: Descriptive analysis and Main analysis. The Descriptive analysis focuses on gathering information such as publication trends by year, journal sources, and author contributions. This data collection aids in identifying patterns and trends within the research domain. Subsequently, the Main analysis is employed to organize and collect information systematically to fulfill the study's objectives. This phase commences with a thorough examination of the full-text papers to familiarize oneself with the content. Following this, the researcher categorizes the areas of study based on the research questions and objectives. The gathered information is then recorded, integrated, and structured accordingly.

PUBLICATION TREND (2014-2024)

Table 2: Number of publications in the select period



It is identified that there are very few studies conducted in the past specifically on investment awareness, However, there have been few studies on financial literacy in general but not aligned with investment decision making objectives.

Table 3: List of journals referred

- i. Research gate
- ii. SAGE Journals
- iii. MDPI
- iv. Springer
- v. IJCRT
- vi. IJSER
- vii. Allied business academies
- viii. JETIR
- ix. Taylor and francis
- x. OAJI

REVIEWS& ANALYSIS

Bhushan (2014), also favours appropriate investment awareness and training leading to better decision making and good portfolio construction.

Vohra, et al.,(2016),analysed significant discrepancies in stock market investment among the investors with less or no investment awareness demonstrating lack of awareness being the key reason for women to invest less in stock market.

Gveroski et al.,(2017) in their study evaluated the lack of experience and lack of planning resulting in impulsive investment decision making among new investors. The study also highlighted insufficient skills or under utilization of knowledge surely is leading to wrong decision making. Yohson, (2008), in his study reaffirmed on the influence of past experiences, right amount of skills, decision making ability , training and learning having a greater impact on investment decisions.

Kalsum, et al., (2018), studied the impact of investment experience impacting the decision making and the choice of risky investment avenues in view to gain higher returns. The result shows a positive impact of experience in investment decision making.

Senapati et al., (2018), attempted to study the awareness and perception on mutual fund investments considering the socio- economic background as the criteria of sample. CAGR, Chi-square analysis and ANOVA is applied for the purpose of data analysis which resulted in identification of respondents inclining to invest in mutual funds more in comparison to saving bank deposits. A clear 70% of the respondents highlighted about their awareness on SIP.

Elfahmi, et al., (2020) conducted study on the students investment intention based on the financial knowledge and perceived risks influencing the students from making investment in highly risky investment avenues considering the investment in the Indonesian capital markets, which also reflected the significant role of investment awareness in investment decisions.

Heru et al., (2020), analysed the relationship between investment education & experience as a intervening variable in financial decision making by conducting a primary questionnaire based study on 229 college students who are the investors in capital market which resulted in showing a positive impact of investment education combined with experience in investment decision making which was analysed using path analysis.

Patil et al., (2021), investigated the factors affecting investment decisions applying the KANO model. The study was conducted using questionnaire with 14 variables taken into account after a thorough analysis of 20 possible variables. Study comprises of different demographic and economic strata's of respondents who are either full time or part time investors, The 14 attributes were tested for internal consistency using Cronbach alpha and it is found to be 0.853. KANO was applied to study the 14 attributes classified as 'must be', 'linear', and 'delight' attributes, the impact of each one on investment decision making in select sectors which resulted in identification of the fact that investors do invest in automobile industry under the 9 different attributes out of 14 and the least being Pharmaceutical industry. Insider information attribute is mostly used in Automobile, telecommunication and oil and gas investments. The KANO Model to assess the attributes sector wise was modified as per the Indian context.

Cirappa et al., (2021) studied investors intention based on their awareness about investment in Indian bond market with 400 respondents using questionnaire based research where the findings shows that the awareness of bonds seems to be below average and a substantial amount of association between awareness on corporate bond and investment intentions.

Salim et al., (2023), Investigated the financial literacy as well as demographic factors acting as mediating variable in investment decision making with respect to mutual funds taking into account the sample of investors under the age of 25 years. SEM-PLS was applied to study 151 responses and the result implicated the role of family responsibilities', financial awareness, self confidence to be playing significant role in investment decision making.

Ardhiani et al., (2023), to determine the effect of financial literacy in investment decision making among 164 Indonesian millennial capital market investors using purposive sampling which came out with a result as positive impact of financial literacy and awareness on investment decision making in the PLS outer model family influence is also identified as a contributory factor in this regard and a wide scope of further research in the area of financial literacy and investment decision is recognized.

Pallavi (2023), an empirical investigation of investment awareness and its impact on decision making and choice of investment avenues studies by the researcher considering the students in higher education with a threefold objective of identification of contemporary investment opportunities, investment preference and investment decisions. The result of the research is that the respondents were aware of the conventional investment avenues however the awareness on cryptocurrencies, ETF's seemed to be on the lower side and hence indicating the need for financial literacy.

INTERPRETATION

Studies indicate a strong link between the investment awareness and its impact on investment decision making. Literatures have demonstrated the levels of inconsistency faced due to lack of investment knowledge amongst the investors and the portfolio strength is also a reflection of awareness. Some times financial decision making is subject of biases based on the exposure of the investor and how they react to a given market condition. There is huge gap in the field of analysing investment awareness in terms of different countries and different investment avenues. The study has not considered the research articles on impact of financial literacy in investment decision making as it's a macro concept beyond investment awareness. The findings suggest the need for further research in this area and also the need for training programs in enhancing the decision making and investment skills of the investors.

CONCLUSION

From the studies conducted between 2014- 2024 it is inferred that investment awareness role plays significant role in influencing decision making aspects and also the downside of not being aware of investment also has led to bad or impulsive decisions and losses. Awareness has a positively impacted and will continue to do so. Further research in the areas of investment awareness in areas like real estate, crypto currencies and other avenues can be conducted.

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