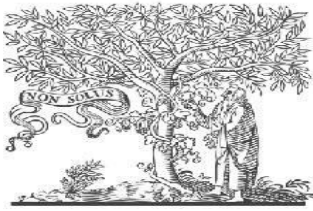




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Retail Investors' Perception on Investing in Financial Instruments – A Case Study of Retail Investors in Muscat Governorate, Sultanate of Oman

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Abstract

Individual investors are regarded as one of the key groups that contribute a sizable amount of money via their savings to the process of capital formation in the economy. Financial system plays a significant role in mobilising the savings of individual investors. To attract investors, the financial system provides a variety of instruments, including bank deposits, shares, bonds, mutual funds, and debentures. Retail investors choose the best instruments to meet their investment objectives/goals based on the risk and return characteristics of each instrument. The present study focuses on analysing the retail investors' perception towards the financial instruments. The data required for the study was collected from the retail investors in the Muscat Governorate and the study found that majority of investors are considering investing in financial instruments. The results of the Kruskal-Wallis H test showed that the demographic factors like age, education, income levels have a statistically significant impact on the perception of investors' towards financial instruments. The findings of the study will aid the policymakers in bringing more individual investors into the umbrella of financial system.

Keywords: Retail Investors, Financial Instruments, Individual Investors, Kruskal-Wallis H test

1. Introduction

Financial markets provide a structured and regulated platform for the investors and borrowers of the funds. The various

financial instruments offered by the institutions helps the investors in selecting the best suitable options based on the risk and return associated with it.

The knowledge of different financial instruments also provides the required insights for the investors for taking informed decisions. The investment made by individual investors in financial instruments helps the economy to generate more funds for capital formation. A country like Sultanate of Oman, which is still depending on external capital inflows to finance the gap between the savings and investments should take immediate measures to encourage retail investors to park their savings in financial instruments. Hence the present study analyses the retail investors' perception towards the financial instruments and the results of the study will help the policymakers to take suitable initiatives to improve retail investors' participation in the financial markets.

2. Review of Literature

In the present section the review of research studies carried on retail investors' perception towards investing in financial instruments is provided.

(Hossain & Siddiqua, 2022) analysed the impact of behavioural influences on the stock market. The data was collected from the individual investors in Bangladesh and the was analysed using Chi-Square and one-way ANOVA test. The results show that risk aversion and risk perception are the two most influential emotional dimensions that impact investors' decisions.

In the Egyptian stock market, (Metawa et al., 2019) examined the relationship between investors' demographic traits (age, gender, education level, and

experience) and their investment choices using psychological variables (sentiment, overconfidence, overreaction and underreaction, and herd behavior) as mediator variables. Investors' investment selections are significantly influenced favorably by their age, gender, and educational level. Although experience is not a big effect in financial decisions, as investors get more experienced, they start to ignore the emotional aspects.

To better understand the behaviour of investors the stock market, (Pallathadka et al., 2022) conducted research in India. A systematic questionnaire was used to conduct a study of 117 small retail investors to learn more about their opinions on stock market investing and how it affects the way people invest in India. According to the study's findings, stock market investing perceptions are significantly impacted.

(Geetha & Vimala, 2014) examined how individual investors in India felt about selected investment avenues as well as the main motivators behind using that instrument for savings. The research discovered that preferences for investing avenues are influenced by demographic factors like age, income, education, and occupation.

(Com, Divanoglu & Baci, 2018) conducted study to identify the factors that influence individual investors' motivations for making financial investments and to take

behavioural finance into account. The study focused on individuals (investors), one of the economic decision makers. The study discovered that psychological and socioeconomic factors both affect how much risk investors perceive while making decisions.

(Prof. Hardik Shah & Prof. Rakesh Patel, 2017) examined how investors perceive and are aware of investing in financial assets. The majority of investors, according to the report, put their money into fixed deposits, followed by real estate, mutual funds, gold and e-gold, and post-office savings plans. The riskiest financial product is thought to be shares, followed by bonds, real estate, insurance, and mutual funds. Mutual funds are thought to be a high risk, less return investment option.

(Sahu & Lall, 2021) examined how investors view different investment opportunities. The study used a descriptive research methodology, and the primary data was gathered using a structured questionnaire approach. Convenience sampling was used for the study's sample strategy. With the aid of statistical tools like Mean, Chi-square test, one-way ANOVA, and Post-hoc test, data was analyzed and interpreted. The study's findings indicate that age, occupation, and

income have an impact on the investments that investors make in various investment avenues, but that there is no conclusive evidence linking education level or gender to investment avenue selection.

Most of the past studies focused on the impact of demographic factors and psychological on the investors' investment preferences and risk perception. The current study focuses on analysing the impact of demographic factors on preferences of individual investors specific to the financial instruments in Muscat Governorate in Sultanate of Oman.

3. Objectives of the Study

The primary objective of the present study is to analyse the retail investors' perception on investing in financial instruments. Specifically the objectives are :

- a) To analyse the retail investors' opinion on investing in financial instruments in Sultanate of Oman.
- b) To analyse the relationship between the demographic factors like age, education, monthly income and occupation on investors' preference on investing in financial instruments.

- c) To suggest measures to the concerned authorities to improve the participation of individual investors in financial markets.

1. Research Hypothesis of the Study

The study was conducted to analyse the impact of demographic factors on investors' opinion on investing in financial instruments.

Null Hypothesis (H_0)= There is no impact of demographic factors on investors' opinion on investing in financial instruments

Alternative Hypothesis (H_1)= There is impact of demographic factors on investors' opinion on investing in financial instruments

2. Methodology

The data required for the study was collected from both primary and secondary sources.

The primary data was collected from the individual investors in Muscat Governorate. The total sample size is 300. The convenient sampling technique was used for selecting the target respondents and the data was collected using a structured questionnaire. The secondary

data related to the research was collected from the research journals, websites of Central Bank of Oman and other websites.

4.1 Statistical Techniques used

The data collected was analysed using SPSS software. Cronbach's Alpha of the data collected was calculated to assess the reliability. The Cronbach's Alpha is 0.738 and hence the data collected for the study is reliable. Bi-variate tables were prepared to interpret the data and the Pearson's Correlation was used to study the relationship between the variables. Finally, the Kruskal-Wallis H test was used to determine if there are statistically significant differences between two or more groups of an independent variable (Demographic factors) on a ordinal dependent variable (opinion of the investors).

5. Profile of the Sample

The profile of the select individual investors for the study is presented in this section

5.1 Distribution of select individual investors according to age and gender

The distribution of select individual investors according to age and gender is given in Table 5.1 :

Table 5.1

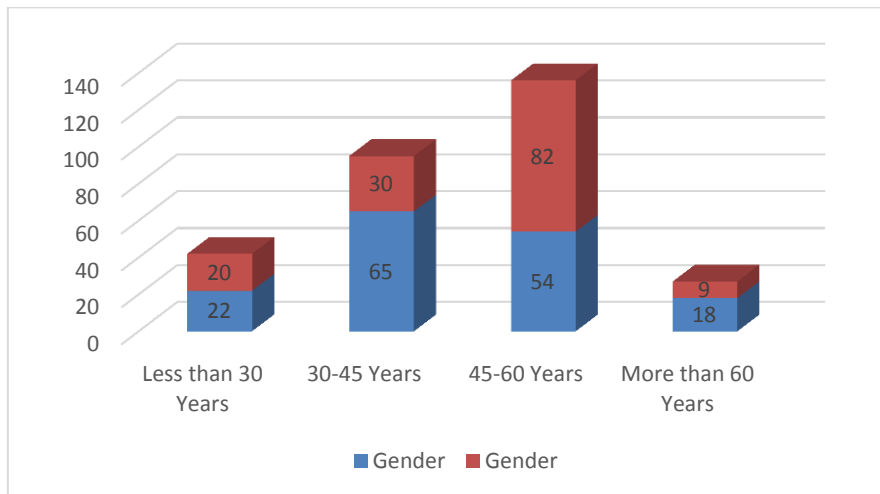
Distribution of select individual investors according to age and gender

| Age | Gender | | Total |
|--------------------|----------------|----------------|-----------------|
| | Male | Female | |
| Less than 30 Years | 22 (52.4%) | 20 (47.6%) | 42 (100.0%) |
| 30-45 Years | 65 (68.4%) | 30 (31.6%) | 95 (100.0%) |
| 45-60 Years | 54 (39.7%) | 82 (60.3%) | 136 (100.0%) |
| More than 60 Years | 18 (66.7%) | 9 (33.3%) | 27 (100.0%) |
| Total | 159 (53.0%) | 141 (47.0%) | 300 (100.0%) |

Note : The values in parenthesis are percentages to the row total

Chart 5.1

Distribution of select individual investors according to age and gender



It can be observed from Table 5.1 that the sample constitutes almost an equal number of male and female investors. The majority of the investors (45.3%) are in the age group of 45-60 years.

5.2 Distribution of select individual investors according to Education and Monthly Income

The distribution of select individual investors according to education and monthly income is given in Table 5.2 :

Table 5.2

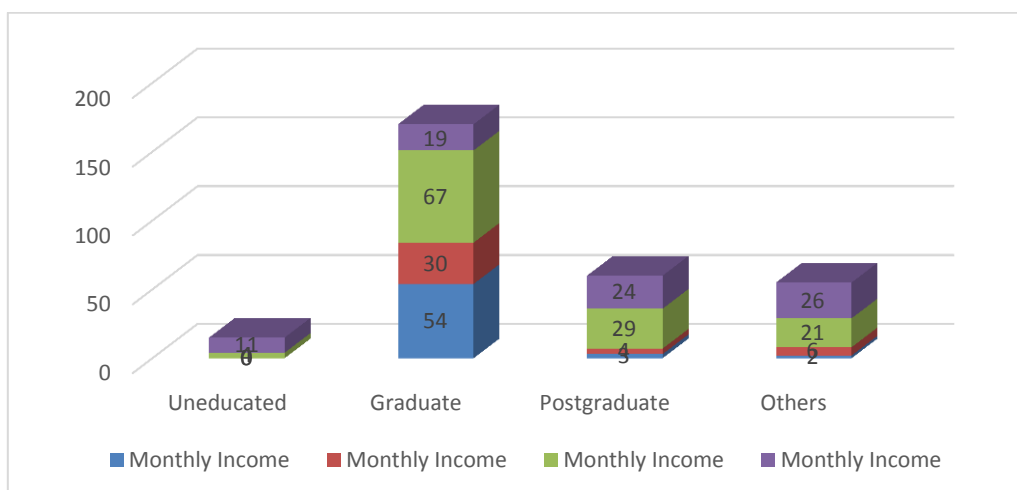
Distribution of select individual investors according to education and monthly income

| Educational Qualification | Monthly Income | | | | Total |
|---------------------------|-----------------------|-----------------------|------------------------|-----------------------|-------------------------|
| | Upto OMR 500 | OMR 501-1000 | OMR 1001-1500 | Above OMR 1500 | |
| Uneducated | 0 (0.0%) | 0 (0.0%) | 4 (26.7%) | 11 (73.3%) | 15 (100.0%) |
| Graduate | 54 (31.8%) | 30 (17.6%) | 67 (39.4%) | 19 (11.2%) | 170 (100.0%) |
| Postgraduate | 3 (5.0%) | 4 (6.7%) | 29 (48.3%) | 24 (40.0%) | 60 (100.0%) |
| Others | 2 (3.6%) | 6 (10.9%) | 21 (38.2%) | 26 (47.3%) | 55 (100.0%) |
| Total | 59 (19.7%) | 40 (13.3%) | 121 (40.3%) | 80 (26.7%) | 300 (100.0%) |

Note : The values in parenthesis are percentages to the row total

Chart 5.2

Distribution of select individual investors according to education and monthly income



It can be noted that 46.3% of the select sample of investors are graduates/postgraduates and having a monthly income of more than OMR 1000. Only 5% of the select sample of investors are uneducated.

The distribution of select individual investors according to occupation and monthly income is given in Table 5.3 :

5.3 Distribution of select individual investors according to Occupation and Monthly Income

Table 5.3

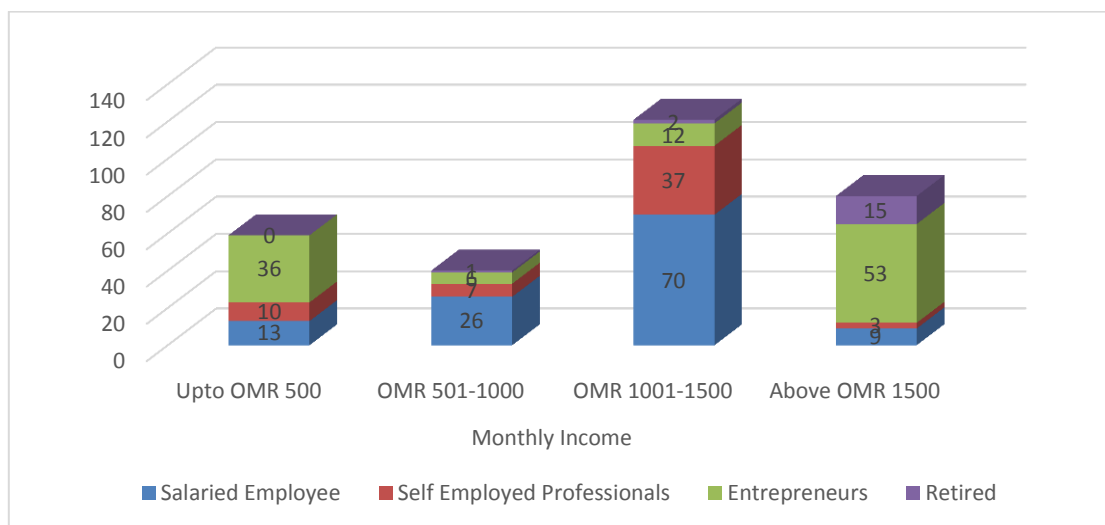
Distribution of select individual investors according to occupation and monthly income

| Occupation | Monthly Income | | | | Total |
|-----------------------------|-----------------------|-----------------------|------------------------|-----------------------|-------------------------|
| | Upto OMR 500 | OMR 501-1000 | OMR 1001-1500 | Above OMR 1500 | |
| Salaried Employee | 13 (11.0%) | 26 (22.0%) | 70 (59.3%) | 9 (7.6%) | 118 (100.0%) |
| Self Employed Professionals | 10 (17.5%) | 7 (12.3%) | 37 (64.9%) | 3 (5.3%) | 57 (100.0%) |
| Entrepreneurs | 36 (33.6%) | 6 (5.6%) | 12 (11.2%) | 53 (49.5%) | 107 (100.0%) |
| Retired | 0 (0.0%) | 1 (5.6%) | 2 (11.1%) | 15 (83.3%) | 18 (100.0%) |
| Total | 59 (19.7%) | 40 (13.3%) | 121 (40.3%) | 80 (26.7%) | 300 (100.0%) |

Note : The values in parenthesis are percentages to the row total

Chart 5.3

Distribution of select individual investors according to occupation and monthly income



It can be observed from Table 5.3 that around 40% of the investors are salaried employees. Only 6% of the sample constitutes the retired employees. The majority of the self-employed

professionals are earning a monthly income of OMR 1001-1500.

3. Investors' perception on Opportunities of Investing in Financial Instruments

The investors' perception on the opportunities of investing their savings in the financial instruments is presented in this section.

The distribution of select individual investors according to the purpose/objective of investing in financial instruments is given in Table 6.1 :

6.1 Purpose of Investment

Table 6.1

Distribution of select individual investors according to purpose of investment

| Purpose of Investment | No. of Investors |
|-----------------------------------|-------------------------------|
| Invest for short term benefits | 15 (5.0%) |
| Invest for Long term requirements | 129 (43.0%) |
| Investment to earn regular income | 121 (40.3%) |
| Invest to fulfill emergency needs | 25 (8.3%) |
| Invest to gain from speculation | 10 (3.3%) |
| Total | 300 (100.0%) |

Note : The values in parenthesis are percentages to the column total

It can be noted from Table 6.1 that most of the investors (43.0%) invest in the financial instruments for long term requirements followed by 40.3% of investors who invest in the financial instruments to earn regular income. Only 3.3% of investors consider financial instruments to gain from speculation and only 5% of the investors are considering

financial investments for short term benefits.

6.2 Proportion of Investments in Financial Instruments

The distribution of select individual investors according to the proportion of investment in financial instruments is given in Table 6.2 :

Table 6.2

Distribution of select individual investors according to proportion of investment

| Proportion of Savings | No. of Investors |
|-----------------------|------------------------------|
| Upto 10% | 81 (27.0%) |
| 11% - 20% | 126 (42.0%) |
| 21%-30% | 65 (21.7%) |
| Above 30% | 28 (9.3%) |
| Total | 300 (27.0%) |

Note : The values in parenthesis are percentages to the column total

It can be observed from Table 6.2 that the majority of investors (69.0%) are investing less than 20% of their savings in financial instruments. Only 9.3% of the investors are parking more than 30% of their savings in financial sector. Further analysis

of the impact of age, income, education, and occupation on proportion of investments in savings is presented in Table 6.3

Table 6.3

Correlation Matrix between proportion of investments and demographic factors

| Proportion of Annual Income invested in FIs | Age | Educational Qualification | Occupation | Monthly Income |
|--|--------|---------------------------|------------|----------------|
| Pearson Correlation | .157** | .169** | .278** | .472** |
| Sig. (2-tailed) | .006 | .003 | .000 | .000 |
| N | 300 | 300 | 300 | 300 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | |

It can be noted from Table 6.3 that the demographic factors have statistically significant impact on the proportion of savings in financial instruments. The investors of lesser age group are investing

more in the financial instruments. Like wise, the investors with minimum educational qualification and the investors who are salaried are investing more in financial instruments. The investors lesser

monthly income are investing more proportionately in financial instruments.

6.3 Investors opinion on investing in financial instruments :

The investors opinion on various aspects of investing in financial instruments is collected using a 5 point likert scale. The results are presented in Table 6.4

Table 6.4
Distribution of select individual investors according to their opinion on investing in Financial Instruments

| Opinion of Financial Instruments | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Average Score |
|--|-------------------|----------|---------|-------|----------------|---------------|
| Investing in financial instruments is a good way to diversify my investment portfolio. | 4 | 15 | 35 | 153 | 93 | 4.05 |
| I am knowledgeable about the different types of financial instruments available for investment. | 1 | 1 | 105 | 186 | 7 | 3.66 |
| The returns on investment in financial instruments are attractive. | 0 | 10 | 95 | 168 | 27 | 3.71 |
| The risks associated with investing in financial instruments are too high. | 0 | 14 | 35 | 162 | 89 | 4.09 |
| I am comfortable with investing a significant portion of my savings in financial instruments. | 37 | 30 | 35 | 197 | 1 | 3.32 |
| The government regulations and policies are conducive to investing in financial instruments. | 0 | 2 | 36 | 252 | 10 | 3.90 |
| I have a long-term investment horizon and can afford to hold financial instruments for several years | 0 | 1 | 17 | 265 | 17 | 3.99 |

The average Likert scale score (4.09) indicates that majority of the investors agree that the risks associated in financial instruments is high. The investors also believe that investing in financial instruments helps in diversifying their

portfolio (Avg Score of 4.05). The investors have a neutral opinion (Avg, Score 3.32) on comfortability in investing their significant portion of their savings in financial instruments.

The Results of the Kruskal-Wallis H test between the opinion of the investors on investing in financial instruments (dependent variable) and age

(independent variable) generated using SPSS is shown in Table 6.5

Table 6.5

Results of Kruskal-Wallis H test (Age and Opinion of Investors)

| Ranks | | | |
|--|--------------------|-----|-----------|
| | Age | N | Mean Rank |
| Investing in financial instruments is a good way to diversify my investment portfolio. | Less than 30 Years | 42 | 168.27 |
| | 30-45 Years | 95 | 144.87 |
| | 45-60 Years | 136 | 152.16 |
| | More than 60 Years | 27 | 134.31 |
| | Total | 300 | |
| I am knowledgeable about the different types of financial instruments available for investment. | Less than 30 Years | 42 | 160.06 |
| | 30-45 Years | 95 | 143.83 |
| | 45-60 Years | 136 | 150.17 |
| | More than 60 Years | 27 | 160.78 |
| | Total | 300 | |
| The returns on investment in financial instruments are attractive. | Less than 30 Years | 42 | 174.37 |
| | 30-45 Years | 95 | 132.43 |
| | 45-60 Years | 136 | 161.55 |
| | More than 60 Years | 27 | 121.31 |
| | Total | 300 | |
| The risks associated with investing in financial instruments are too high. | Less than 30 Years | 42 | 116.13 |
| | 30-45 Years | 95 | 165.05 |
| | 45-60 Years | 136 | 146.61 |
| | More than 60 Years | 27 | 172.33 |
| | Total | 300 | |
| I am comfortable with investing a significant portion of my savings in financial instruments. | Less than 30 Years | 42 | 124.96 |
| | 30-45 Years | 95 | 159.73 |
| | 45-60 Years | 136 | 148.84 |
| | More than 60 Years | 27 | 166.11 |
| | Total | 300 | |
| The government regulations and policies are conducive to investing in financial instruments. | Less than 30 Years | 42 | 147.05 |
| | 30-45 Years | 95 | 153.34 |
| | 45-60 Years | 136 | 149.01 |
| | More than 60 Years | 27 | 153.35 |
| | Total | 300 | |
| I have a long-term investment horizon and can afford to hold financial instruments for several years | Less than 30 Years | 42 | 134.21 |
| | 30-45 Years | 95 | 158.42 |

| | | | |
|--|--------------------|-----|--------|
| | 45-60 Years | 136 | 149.90 |
| | More than 60 Years | 27 | 151.00 |
| | Total | 300 | |

Test Statistics^{a,b}

| | Investing in financial instruments is a good way to diversify my investment portfolio. | I am knowledgeable about the different types of financial instruments available for investment. | The returns on investment in financial instruments are attractive. | The risks associated with investing in financial instruments are too high. | I am comfortable with investing a significant portion of my savings in financial instruments. | The government regulations and policies are conducive to investing in financial instruments. | I have a long-term investment horizon and can afford to hold financial instruments for several years |
|-------------|--|---|--|--|---|--|--|
| Chi-Square | 3.772 | 2.021 | 15.869 | 13.808 | 7.917 | .586 | 7.345 |
| df | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Asymp. Sig. | .287 | .568 | .001 | .003 | .048 | .900 | .062 |

a. Kruskal Wallis Test

b. Grouping Variable: Age

The Kruskal-Wallis H test showed that there was a statistically significant difference in opinion of investors related to return and age, $\chi^2(3) = 15.869$, $p = 0.001$, with a mean rank score of 174.37 for age group of less than 30 years, 132.46 for age group of 30-45 years, 161.55 for age group of 45-60 years and 121.31 for age group of above 60 years.

Like wise, Kruskal-Wallis H test showed that there was a statistically significant difference in opinion of investors related to risk and age, $\chi^2(3) = 13.808$, $p = 0.003$,

with a mean rank score of 116.13 for age group of less than 30 years, 165.05 for age group of 30-45 years, 146.61 for age group of 45-60 years and 172.33 for age group of above 60 years.

The Results of the Kruskal-Wallis H test between the opinion of the investors on investing in financial instruments (dependent variable) and income (independent variable) generated using SPSS is shown in Table 6.6

Table 6.6

Results of Kruskal-Wallis H test (Income and Opinion of Investors)

| |
|-------|
| Ranks |
|-------|

| | Monthly Income | N | Mean Rank |
|--|----------------|-----|-----------|
| Investing in financial instruments is a good way to diversify my investment portfolio. | Upto OMR 500 | 59 | 187.85 |
| | OMR 501-1000 | 40 | 137.83 |
| | OMR 1001-1500 | 121 | 135.21 |
| | Above OMR 1500 | 80 | 152.41 |
| | Total | 300 | |
| I am knowledgeable about the different types of financial instruments available for investment. | Upto OMR 500 | 59 | 134.72 |
| | OMR 501-1000 | 40 | 150.76 |
| | OMR 1001-1500 | 121 | 143.94 |
| | Above OMR 1500 | 80 | 171.93 |
| | Total | 300 | |
| The returns on investment in financial instruments are attractive. | Upto OMR 500 | 59 | 159.30 |
| | OMR 501-1000 | 40 | 169.01 |
| | OMR 1001-1500 | 121 | 150.36 |
| | Above OMR 1500 | 80 | 134.97 |
| | Total | 300 | |
| The risks associated with investing in financial instruments are too high. | Upto OMR 500 | 59 | 150.09 |
| | OMR 501-1000 | 40 | 94.38 |
| | OMR 1001-1500 | 121 | 159.56 |
| | Above OMR 1500 | 80 | 165.16 |
| | Total | 300 | |
| I am comfortable with investing a significant portion of my savings in financial instruments. | Upto OMR 500 | 59 | 132.86 |
| | OMR 501-1000 | 40 | 139.04 |
| | OMR 1001-1500 | 121 | 152.32 |
| | Above OMR 1500 | 80 | 166.48 |
| | Total | 300 | |
| The government regulations and policies are conducive to investing in financial instruments. | Upto OMR 500 | 59 | 149.31 |
| | OMR 501-1000 | 40 | 131.78 |
| | OMR 1001-1500 | 121 | 149.90 |
| | Above OMR 1500 | 80 | 161.65 |
| | Total | 300 | |
| I have a long-term investment horizon and can afford to hold financial instruments for several years | Upto OMR 500 | 59 | 153.39 |
| | OMR 501-1000 | 40 | 140.43 |
| | OMR 1001-1500 | 121 | 147.50 |
| | Above OMR 1500 | 80 | 157.94 |
| | Total | 300 | |

Test Statistics^{a,b}

| | | | | | | | |
|-------------|--|---|--|--|---|--|--|
| | Investing in financial instruments is a good way to diversify my investment portfolio. | I am knowledgeable about the different types of financial instruments available for investment. | The returns on investment in financial instruments are attractive. | The risks associated with investing in financial instruments are too high. | I am comfortable with investing a significant portion of my savings in financial instruments. | The government regulations and policies are conducive to investing in financial instruments. | I have a long-term investment horizon and can afford to hold financial instruments for several years |
| Chi-Square | 18.647 | 10.473 | 6.306 | 24.978 | 8.290 | 7.897 | 4.309 |
| df | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Asymp. Sig. | .000 | .015 | .098 | .000 | .040 | .048 | .230 |

a. Kruskal Wallis Test

b. Grouping Variable: Monthly Income

The Kruskal-Wallis H test showed that there was a statistically significant difference in opinion of investors related to considering investing in financial instruments and monthly income, $\chi^2(3) = 18.647$, $p = 0.000$, with a mean rank score of 187.85 for income group of less than OMR 500, 137.83 for income group of OMR 501-1000, 135.21 for income group of OMR 1001-1500 and 152.41 for income group of above OMR1500.

Like wise, Kruskal-Wallis H test showed that there was a statistically significant difference in opinion of investors related

to risk and monthly income, $\chi^2(3) = 24.978$, $p = 0.000$, with a mean rank score of 150.09 for income group of less than OMR 500, 94.38 for income group of OMR 501-1000, 159.56 for income group of OMR 1001-1500 and 165.16 for income group of above OMR1500.

The Results of the Kruskal-Wallis H test between the opinion of the investors on investing in financial instruments (dependent variable) and education (independent variable) generated using SPSS is shown in Table 6.7

Table 6.7

Results of Kruskal-Wallis H test (Education and Opinion of Investors)

| Ranks | | | |
|--|---------------------------|-----|-----------|
| | Educational Qualification | N | Mean Rank |
| Investing in financial instruments is a good way to diversify my investment portfolio. | Uneducated | 15 | 172.00 |
| | Graduate | 170 | 151.88 |

| | | | |
|--|---------------|-----|--------|
| | Post Graduate | 60 | 149.79 |
| | Others | 55 | 141.14 |
| | Total | 300 | |
| I am knowledgeable about the different types of financial instruments available for investment. | Uneducated | 15 | 193.70 |
| | Graduate | 170 | 143.96 |
| | Post Graduate | 60 | 164.13 |
| | Others | 55 | 144.05 |
| | Total | 300 | |
| The returns on investment in financial instruments are attractive. | Uneducated | 15 | 110.60 |
| | Graduate | 170 | 156.31 |
| | Post Graduate | 60 | 152.73 |
| | Others | 55 | 140.99 |
| | Total | 300 | |
| The risks associated with investing in financial instruments are too high. | Uneducated | 15 | 172.33 |
| | Graduate | 170 | 146.73 |
| | Post Graduate | 60 | 163.23 |
| | Others | 55 | 142.31 |
| | Total | 300 | |
| I am comfortable with investing a significant portion of my savings in financial instruments. | Uneducated | 15 | 181.13 |
| | Graduate | 170 | 144.57 |
| | Post Graduate | 60 | 154.68 |
| | Others | 55 | 155.92 |
| | Total | 300 | |
| The government regulations and policies are conducive to investing in financial instruments. | Uneducated | 15 | 172.37 |
| | Graduate | 170 | 142.98 |
| | Post Graduate | 60 | 170.83 |
| | Others | 55 | 145.59 |
| | Total | 300 | |
| I have a long-term investment horizon and can afford to hold financial instruments for several years | Uneducated | 15 | 169.80 |
| | Graduate | 170 | 150.17 |
| | Post Graduate | 60 | 155.70 |
| | Others | 55 | 140.58 |
| | Total | 300 | |

Test Statistics^{a,b}

| | | | | | | | |
|-------------|--|---|--|--|---|--|--|
| | Investing in financial instruments is a good way to diversify my investment portfolio. | I am knowledgeable about the different types of financial instruments available for investment. | The returns on investment in financial instruments are attractive. | The risks associated with investing in financial instruments are too high. | I am comfortable with investing a significant portion of my savings in financial instruments. | The government regulations and policies are conducive to investing in financial instruments. | I have a long-term investment horizon and can afford to hold financial instruments for several years |
| Chi-Square | 1.925 | 9.000 | 5.855 | 3.746 | 4.239 | 14.062 | 5.411 |
| df | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Asymp. Sig. | .588 | .029 | .119 | .290 | .237 | .003 | .144 |

a. Kruskal Wallis Test

b. Grouping Variable: Educational Qualification

The Kruskal-Wallis H test showed that there was a statistically significant difference in opinion of investors related to considering investing in financial instruments and education, $\chi^2(3) = 9.000$, $p = 0.029$, with a mean rank score of 193.70 for investors who are uneducated, 143.96 for graduates, 164.13 for post graduates and 144.05 for others.

Like-wise, the Kruskal-Wallis H test showed that there was a statistically significant difference in opinion of investors related to government regulations on investing in financial

instruments and education, $\chi^2(3) = 14.062$, $p = 0.003$, with a mean rank score of 172.37 for investors who are uneducated, 142.98 for graduates, 170.83 for post graduates and 145.59 for others.

The Results of the Kruskal-Wallis H test between the opinion of the investors on investing in financial instruments (dependent variable) and occupation (independent variable) generated using SPSS is shown in Table 6.8

Table 6.8

Results of Kruskal-Wallis H test (Occupation and Opinion of Investors)

| Ranks | | | |
|---|-------------------|-----|-----------|
| | Occupation | N | Mean Rank |
| Investing in financial instruments is a good way to | Salaried Employee | 118 | 139.49 |

| | | | |
|--|-----------------------------|-----|--------|
| diversify my investment portfolio. | Self Employed Professionals | 57 | 151.22 |
| | Entrepreneurs | 107 | 170.64 |
| | Retired | 18 | 100.64 |
| | Total | 300 | |
| I am knowledgeable about the different types of financial instruments available for investment. | Salaried Employee | 118 | 137.56 |
| | Self Employed Professionals | 57 | 138.28 |
| | Entrepreneurs | 107 | 171.03 |
| | Retired | 18 | 152.00 |
| The returns on investment in financial instruments are attractive. | Total | 300 | |
| | Salaried Employee | 118 | 154.35 |
| | Self Employed Professionals | 57 | 156.61 |
| | Entrepreneurs | 107 | 147.99 |
| The risks associated with investing in financial instruments are too high. | Retired | 18 | 120.83 |
| | Total | 300 | |
| | Salaried Employee | 118 | 153.86 |
| | Self Employed Professionals | 57 | 152.38 |
| I am comfortable with investing a significant portion of my savings in financial instruments. | Entrepreneurs | 107 | 146.79 |
| | Retired | 18 | 144.58 |
| | Total | 300 | |
| | Salaried Employee | 118 | 157.98 |
| The government regulations and policies are conducive to investing in financial instruments. | Self Employed Professionals | 57 | 118.87 |
| | Entrepreneurs | 107 | 158.63 |
| | Retired | 18 | 153.31 |
| | Total | 300 | |
| I have a long-term investment horizon and can afford to hold financial instruments for several years | Salaried Employee | 118 | 148.42 |
| | Self Employed Professionals | 57 | 143.61 |
| | Entrepreneurs | 107 | 156.99 |
| | Retired | 18 | 147.44 |
| | Total | 300 | |
| | Salaried Employee | 118 | 152.19 |
| | Self Employed Professionals | 57 | 146.05 |
| | Entrepreneurs | 107 | 153.64 |
| | Retired | 18 | 134.83 |
| | Total | 300 | |

Test Statistics^{a,b}

| | | | | | | | |
|-------------|--|---|--|--|---|--|--|
| | Investing in financial instruments is a good way to diversify my investment portfolio. | I am knowledgeable about the different types of financial instruments available for investment. | The returns on investment in financial instruments are attractive. | The risks associated with investing in financial instruments are too high. | I am comfortable with investing a significant portion of my savings in financial instruments. | The government regulations and policies are conducive to investing in financial instruments. | I have a long-term investment horizon and can afford to hold financial instruments for several years |
| Chi-Square | 16.297 | 13.570 | 3.422 | .592 | 13.216 | 2.586 | 2.970 |
| df | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Asymp. Sig. | .001 | .004 | .331 | .898 | .004 | .460 | .396 |

a. Kruskal Wallis Test

b. Grouping Variable: Occupation

The Kruskal-Wallis H test showed that there was a statistically significant difference in opinion of investors related to considering investing in financial instruments and occupation, $\chi^2(3) = 16.297$, $p = 0.001$, with a mean rank score of 139.49 for salaried investors, 151.22 for self-employed professionals, 170.64 for entrepreneurs and 100.64 for investors who have retired.

Like-wise, the Kruskal-Wallis H test showed that there was a statistically significant difference in opinion of investors on investing significant savings in financial instruments and occupation, $\chi^2(3) = 13.216$, $p = 0.004$, with a mean rank score of 157.98 for salaried investors, 118.87 for self-employed professionals,

158.63 for entrepreneurs and 153.31 for investors who have retired.

And also the Kruskal-Wallis H test showed that there was a statistically significant difference in opinion of investors on knowledge about different financial instruments and occupation, $\chi^2(3) = 13.570$, $p = 0.004$, with a mean rank score of 137.56 for salaried investors, 138.28 for self-employed professionals, 171.03 for entrepreneurs and 152.00 for investors who have retired.

4. Major Findings of the Study

The major findings of the study are as under :

- (i) The majority of the investors (45.3%) are in the age group of 45-60 years
- (ii) 46.3% of the select sample of investors are graduates/postgraduates and having a monthly income of more than OMR 1000
- (iii) 40% of the investors are salaried employees.
- (iv) Most of the investors (43.0%) invest in the financial instruments for long term requirements followed by 40.3% of investors who invest in the financial instruments to earn regular income
- (v) The majority of investors (69.0%) are investing less than 20% of their savings in financial instruments.
- (vi) Monthly Income, Education and Occupation has an impact on the investors' opinion on considering financial instruments for diversifying their investment portfolio.
- (vii) Age of the investors has an impact on their opinion on risk and return associated with the financial instruments.

- (viii) Occupation of the investors has an impact on the proportion of savings invested in the financial instruments and the knowledge about the various financial instruments available in Sultanate of Oman.

5. Suggestions and Conclusion

The growth of the economy depends on the country's ability to attract the individual investors savings into financial sector. The gap between capital formation and savings forces the country to depend on external capital inflows to finance the investment activity. Hence there is a great need to encourage individual investors to park their savings in financial instruments. The results of the present study will certainly help the concerned authorities to plan the investor education campaigns to create awareness of financial instruments and encourage the investors in investing in financial instruments. The investors should be provided more information about the risks and returns associated with the financial instruments. The Capital Market Authority and Muscat Stock Exchange should conduct investor education programs to provide knowledge on capital market instruments.

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