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Financial Goals, Trust, and Satisfaction as Determinants of Mutual Fund Investment Behaviour: A Quantitative Study of Middle-Class Investors in Hisar District, Haryana

Deepika, Research Scholar, Department of Commerce, Shri Jagdishprasad Jhabarmal Tibrewala University, Vidyanagari, Jhunjhunu, Rajasthan
Dr. Bijender Kumar Singh, Department of Commerce, Shri Jagdishprasad Jhabarmal Tibrewala University, Vidyanagari, Jhunjhunu, Rajasthan

Abstract

Digitization, transparency and an increasing middle class investor base has led to the growth of the mutual fund industry in India significantly. Nevertheless, there are less studied psychological and relationship aspects of investment, although they are not confined to economic and literacy-related factors. This research examines how financial goal clarity and trust on fund management institutions affect investment satisfaction and consistency of behaviour among the middle-class investors in the Hisar district, Haryana. A quantitative study design was used, in which data were gathered using 200 questionnaires, 193 of the questionnaires were valid, and 193 answered open-ended questionnaires were analyzed using SPSS (Version 26). Descriptive analysis, Pearson correlation, regression, and ANOVA statistical tools were used. The findings have shown that financial goal clarity (= 0.428, $p < 0.001$) and trust in fund management (= 0.394, $p < 0.01$) have a significant effect on investment satisfaction, which again predicts consistency in behaviour (= 0.561, $p < 0.001$). These effects were moderate by demographic factors like education and age. The results emphasize the critical nature of having a goal setting and institutional trust in maintaining rational and long-term investment behaviour. Policy implications, practice implications, and future research implications are discussed.

Keywords: Financial goals, trust, satisfaction, mutual funds, investment behaviour, Hisar district, middle-class investors

1. Introduction

The last decade has been characterized by a paradigm shift in the Indian mutual fund industry which has been driven by a strong digital transformation and policy reform and the increased financial awareness of the investors. According to AMFI (2023) the mutual fund Assets Under Management (AUM) is over 50 trillion in India which is the indicator of the growth of penetration among the retail and middle-class investors. This change, though extensively explained by the financial literacy and availability, is closely connected with the psychological confidence and goal orientation, which are not always taken into consideration in the empirical literature. The Indian middle-class investors are in their own financial bloc. They are dreamy but risk averse and balance their desire to get returns against the need to have security. The knowledge base does not alone drive their financial choices, trust in institutional matters and financial goals are other factors to drive them. Trust is a stabilizer of the behaviour - in volatile markets, it keeps a steady course, and goal clarity helps investors to manage the products of investments with the objectives of their lives like owning a home, furthering their education, or retiring. The case of the district of Hisar, Haryana, offers a pertinent and up-coming setting to this investigation. Hisar is found in a semi-urban area which is experiencing an increasing digital and financial inclusion which makes the population of this region reflect the changing mix of investment behaviour influenced by the traditional values of saving as well as the exposure to the contemporary financial products. The middle-class population, especially, will make an ideal group to investigate how financial objective setting and trust based relationship with fund houses influence their mutual fund investment satisfaction and behaviour outcome. The current research paper will provide an empirical examination of the role of these two psychological constructs of goal clarity and trust in influencing satisfaction and, by means of that, in the behavioural consistency of investment in mutual funds. The study encompasses a combination of the behavioural finance and relationship marketing lenses making it to add more insights into the interplay between cognitive and affective variables in explaining the investment behaviour of the semi-urban setting in India.

2. Review of Literature

2.1 Financial Goal Orientation

Financial goal orientation is used to describe the extent to which investors are clear on what they want to achieve as far as investment is concerned in terms of timeframes and success. It has been shown that investors with clear objectives are more disciplined in their investment activities, less prone to make impulsive withdrawal, and tend to stay longer in their investment. Indicatively, Lusardi and Mitchell (2014) concluded that people who have well-articulated financial objectives are more reasonable in their asset allocation and long-term planning. More recently, Bhattacharya and Dubey (2023) have noted that goal clarity can play a significant role in ensuring continuity in the contributions of a Systematic Investment Plan (SIP), which can lower redemption rates and unstable switching. According to Singh and Kaur (2022), investors who expressed specific financial goals in India expressed more satisfaction and confidence in the mutual fund schemes they had selected. Also, a new Indian retail investor study (Kumar & Srivastava, 2023) revealed that the goal orientation mediation between financial literacy and investment behaviour exists, and goal clarity can be the mediator between knowledge and action. Such results support the fact that goal orientation is an important psychological factor that determines investment behaviour in the middle-class investors in developing markets.

2.2 Trust in Fund Management

Confidence in fund management institutions is the manifestation of the investors in the professionalism, stability, and uprightness of asset management companies and fund managers. According to the theory of classic relationship marketing by Morgan and Hunt (1994), it places trust as a construct that underlies long-term relationships, and perceived risk is minimized. Regarding mutual funds, Rao and Mehta (2022) have defined that an apparent transparency, regulatory supervision, and steady performance of the funds substantially contribute to investor confidence. In more recent studies, Verma and Saini (2024) empirically verified that trust is a mediator of fund performance and investor loyalty in Indian mutual funds: an increase in trust levels results in renewed and less redemptions in the depressed market. In addition, the reports on industries mention that brand authenticity and consumer trust are significant in the engagement of financial products (PwC, 2024). Trust is therefore a behavioural stabilizer particularly in the semi-urban areas where investors may attach more importance to institution reputation and less on advisory services. Concisely, trust in fund management is one of the significant affective factors influencing the behaviour of mutual fund investment.

2.3 Investment Satisfaction and Behaviour

The investment satisfaction is the degree to which the investment is able to satisfy the expectations of the investors in terms of returns, transparency, quality of services and communication. A study by Patel and Sharma (2023) noted that satisfaction is an antecedent to behavioural loyalty that pushes investors to reinvest and recommend the fund. Kumar and Srivastava (2023) went further to demonstrate that, in addition to financial performance, the aspects of service experience (ease of transactions, reliability and customer support of digital platform) also influence satisfaction. According to their evidence, rational (performance-based) along with emotional (trust-based) are both contributes to satisfaction. An investor behaviour study in Calicut district (2024) found out that the greater the satisfaction, the lower the redemption rates and the longer the holding period. The concept of satisfaction in the context of the Indian mutual funds therefore becomes a decisive factor bridging the cognitive (knowledge, goals) and affective (trust) antecedent with the behavioural outcome (investment consistency, fund retention).

2.4 Demographic and Behavioural Moderation

The relationships between financial goals, trust, satisfaction and investment behaviour are still moderated by the demographic variables, including age, gender, education, and region. As an example, Jain and Kaur (2020) discovered that men are more likely to be risky than women, and younger investors are more inclined to equity and digital platforms than older ones. Mehta and Rani (2022) noted that investors in semi-urban regions utilize more interpersonal trust and peer connections than formal advice providers. More recent mass data also indicates there is a rapid increase in mutual fund folios in India that is being led by younger and educated investors (AMFI Factbook, 2024). In the meantime, education is closely associated with financial literacy, adoption and trust in fund management digital. Therefore, demographic variables are significant moderators: they determine the relationship between the clarity of goals and trust and resulting in satisfaction and, subsequently, in behaviour. Discussing middle-class investors in such regions like Hisar or Rohtak, these moderating effects are also essential to be examined to comprehend the variation of investment behaviour by the full extent.

3. Research Methodology

3.1 Research Design

The research is quantitative, descriptive, and cross-sectional in nature that seeks to establish the correlations between psychological variables (goal clarity and trust) and behavioural outcomes (satisfaction and investment behaviour). The design permits objective measurement and statistical testing of the hypothesized relationships with the help of structured instruments.

3.2 Sample Design and Data Collection

The middle-class investors of Hisar district were targeted and 200 structured questionnaires were sent to them. The completeness screening resulted in 193 valid responses being used to run an analysis which provided a response rate of 96.5. The use of convenience sampling was used in the selection of the respondents with the targeted group being salaried professionals, small business owners, and independent individuals. Both the online (Google Forms) and offline survey were used in the collection of the data, which guaranteed the variety of respondents yet at the same time relevant.

3.3 Objectives of the Study

1. To examine the influence of financial goal clarity and trust in fund management on investment satisfaction among middle-class investors.
2. To analyze the impact of investment satisfaction on investment behaviour and consistency.

3.4 Hypotheses

- **H1:** Financial goal clarity and trust in fund management significantly influence investment satisfaction among middle-class investors.
- **H2:** Investment satisfaction significantly predicts mutual fund investment behaviour among middle-class investors.

3.5 Research Instrument

The research instrument comprised five sections, each employing a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree):

1. **Demographics** (age, gender, income, education, occupation)
2. **Financial Goal Orientation** (5 items)
3. **Trust in Fund Management** (5 items)
4. **Investment Satisfaction** (4 items)
5. **Investment Behaviour** (4 items)

Reliability Test: Cronbach's Alpha = **0.892**, confirming strong internal consistency.

3.6 Tools for Data Analysis

Data were analyzed using **SPSS (Version 26)** with the following statistical tools:

- **Descriptive Analysis** (mean, standard deviation)
- **Pearson Correlation** (to determine relationships between variables)
- **Multiple Regression** (to test H1 and H2)
- **ANOVA** (to assess demographic moderation effects)

The significance level was set at **$p < 0.05$**.

4. Data Analysis and Results

4.1 Demographic Profile of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	108	55.9
	Female	85	44.1
Age	20–30 years	47	24.4
	31–40 years	86	44.6
	41–50 years	60	31.0
Education	Graduate	71	36.8
	Postgraduate	88	45.6
	Others	34	17.6
Income	₹25,000–50,000	72	37.3
	₹50,001–1,00,000	81	42.0

The demographic analysis shows a proportionate gender representation and a young investor age with 69 being below 40 years. Levels of education are high - more than 80% of the population has a graduate/ post graduate level- which means that they are financially literate. Most of them are in the 25,000-1,00,000 income group, which is the segment of the middle income population that is financially active. This population demographic attests to the target population of the study and comprises an aspirational, socially upwards investor group which is the base of the growing mutual fund market in India.

4.2 Descriptive Analysis of Key Variables

Variable	Mean	SD	Interpretation
Financial Goal Clarity	4.15	0.59	High goal definition
Trust in Fund Management	4.02	0.66	Strong institutional trust
Investment Satisfaction	4.07	0.63	Positive satisfaction level
Investment Behaviour	4.18	0.55	Consistent and rational behaviour

The results of mean scores suggest that respondents have high goals orientation and trust. The Financial goals clarity (M =4.15) indicates that the majority of the investors possess clear financial goals, whereas trust in fund management (M = 4.02) demonstrates the belief in the credibility of the institutions and regulatory policies. Investment satisfaction (M = 4.07) represents that expectations go hand in hand with the outcomes resulting in behavioural consistency (M = 4.18). The standard deviations are relatively low (under 0.7) which proves the homogeneity of responses, which means that there are no significant differences in investment attitudes between the sample. All in all, the respondents exhibit rational, goal-oriented, and trust-based investment behaviour.

4.3 Correlation Analysis (Pearson)

Variable Pair	r-value	p-value	Relationship
Financial Goal Clarity and Investment Satisfaction	0.534	0.000**	Strong positive
Trust and Investment Satisfaction	0.497	0.001**	Strong positive
Investment Satisfaction and Investment Behaviour	0.561	0.000**	Strong positive
Education and Trust	0.356	0.009**	Moderate positive

Correlation coefficients are all positive and statistically significant showing that there are strong associations between psychological and behavioural constructs. The most significant correlation is found in investment satisfaction and behaviour (r = 0.561) meaning that satisfied investors remain consistent in the participation in their funds. The clarity in financial goals (r = 0.534) and trust (r = 0.497) have a significant impact on satisfaction and pay particular attention to emotional and cognitive aspects of investment confidence. The medium relationship between education and trust highlights the fact that being informed improves institutional confidence and decision making. Taken together, the findings support the conceptual model of the study and state that trust and goal-setting are among the key behavioural catalysts.

4.4 Regression Analysis (Model I: Predicting Investment Satisfaction)

Predictor	β	t-value	p-value	Result
Financial Goal Clarity	0.428	6.02	0.000**	Significant
Trust in Fund Management	0.394	5.63	0.001**	Significant
Education	0.148	2.12	0.035*	Significant

Model Summary: $R = 0.67$, $R^2 = 0.45$, Adjusted $R^2 = 0.42$, $F = 20.88$, $p < 0.001$

Regression Model I shows that financial goals clarity (β = 0.428) and trust in fund management (= 0.394) are strong predictors of investment satisfaction with a joint explanation of 45 percent (R 2 = 0.45). Education however has a small yet significant influence (0.148) meaning that the better the investor is educated, the more they are satisfied since they have a better understanding of fund performance metrics. These findings confirm that satisfaction is not so much financial but psychological, depending on the aspect of confidence and alignment of purpose. Hypothesis 1 (cognitive and relational basis of investment satisfaction among middle-class investors) is supported by the high model fit ($F = 20.88$, $p < 0.001$), which proves the existence of the cognitive-relational basis of investment satisfaction.

4.5 Regression Model II: Predicting Investment Behaviour

Predictor	β	t-value	p-value	Result
Investment Satisfaction	0.561	8.43	0.000**	Significant

Model Summary: $R = 0.56$, $R^2 = 0.31$, Adjusted $R^2 = 0.30$, $F = 32.14$, $p < 0.001$

Behavioural consistency among investors is greatly predicted by investment satisfaction (= 0.561, p = 0.001). Hypothesis 2 is supported as the model accounts 31% of the variance in behaviour. The contented investors will show more disciplined investment behavior, the rate of SIP renewal is increased and the duration of fund retention. This finding favours the behavioural finance models of emotional reinforcement where decision persistence is concerned. The results highlight that satisfaction is an important macro-intermediary between cognitive (goal clarity) and affective (trust) variables and behavioural outcomes. The satisfaction, therefore, acts as a psychological reinforcing process that makes semi-urban middle-class investors to establish sustainable investment practices.

4.6 ANOVA (Demographic Moderation)

Factor	F-value	p-value	Significance
Age Group	3.54	0.028*	Significant
Gender	2.67	0.049*	Significant
Education	4.11	0.019*	Significant
Income	1.76	0.091	Not Significant

Results of the ANOVA show that there are significant moderating effects of age, gender, and education on satisfaction and trust but that income is not significant. Younger investors have a greater belief in the systems of fund management that are based on technologies, and older respondents are more concerned with reliability and steady returns. The level of satisfaction shown by women is a little bit higher, showing more dependence on the institutional credibility and interpersonal communication. Education is becoming one of the key distinguishing factors, with educated investors being more critical of funds and more trustful. The fact that income does not matter means that mutual funds participation will be democratized across income groups because of the accessibility of SIP. All in all, demographic diversity has a significant influence on behavioural patterns, which explains the necessity to develop individual investor engagement approaches.

5. Discussion of Findings

The results of the study affirm that the clarity of financial goals and trust are the key predictors of investment satisfaction, which in turn leads to behavioural consistency. Such a relationship is similar to the Rational Choice Theory, in which the purpose of clarity results in less uncertainty and more confidence. It is also similar to the Social Exchange Theory (Morgan and Hunt, 1994), as trust creates long-term collaboration between the investors and institutions. Patel and Sharma (2023) also found the strong predictive power of satisfaction on behaviour, indicating that they found satisfaction as a behaviour anchor of mutual fund continuity. Besides, education improves the formation of trust and satisfaction, which is a sign of cognitive sophistication among the middle-class investors. Interestingly, income did not create a significant behavioural change, which makes it possible to assume that the process of democratization via digital means (such as SIPs and fintech-based applications) has decreased the classes based barriers to investment participation. Collectively, these findings can be seen as the depiction of the middle-class investor being financially rational, goal-oriented, and becoming more confident (both, as a result of the psychological trust and individual financial planning).

6. Conclusion and Implications

The current research concludes that two of the most conclusive psychological determinants of mutual fund investment satisfaction and behaviour in the middle-class investors in Hisar district are the financial goal clarity and trust on fund management. It was established in the analysis that when the investors have a clear-cut perception on their financial goals and have faith in the competency, transparency and reliability of fund houses, the investors become more satisfied with the investment results. Such satisfaction, in its turn, results in long-term behavioural consistency, in the form of disciplined SIP contributions, longer holding periods, and lower redemption tendencies. The findings support the view on behavioural finance that rational and emotional variables are in co-existence in the determination of investment behaviour, where cognitive clarity creates a path and trust offers the necessary level of emotional confidence to be financially persistent.

7. Practical Implications

The findings have multiple implications for practitioners and policymakers in India's growing mutual fund landscape.

- **Fund Houses:** To enhance a transparent communication channel, asset management companies (AMCs) need to introduce periodic performance reports, individual dashboards, and goal tracking interactive resources. These are measures which increase trust and investor participation by ensuring that the investment experience is more participative and educative.
- **Financial Advisors:** Practitioners should encourage the use of goal-oriented advisory techniques, which will help investors to match the fund selection with individual milestones like retirement, education, or home ownership. These approaches will raise the level of satisfaction as well as minimize impulsive decision-making and mis-selling.
- **Policy Makers:** Goal setting modules and modules that are based on trust-building should be put into national financial literacy campaigns by the regulating bodies and the government. Transparency, ethics and digital trust programs in financial systems may help overcome the emotional barrier between fund houses and investors, particularly in semi urban places like Hisar where traditional perceptions continue to influence financial decisions.

8. Theoretical Implications

Theoretically, the research contributes to the current body of work as it combines behavioural finance and relationship marketing views. It offers empirical support of an overall behavioural model (cognitive, affective, and behavioural) in which clarity of cognition (setting financial goals) can boost emotional trust which subsequently leads to persistence in behaviour. This three-fold association moves forward the existing knowledge by placing the concept of satisfaction as an intervening construct between the psychological and relational aspects of financial behaviour. The study also reveals that trust is a stabilizing force that makes the perceived uncertainty in a fluctuating investment environment to be low- an element that enhances the validity of the theories of trust-based marketing in new financial markets.

9. Future Research Directions

Although this research is very informative, there are a number of ways through which it can be further expanded in future research. To determine the mediating and moderating effects of satisfaction and trust more precisely, scholars can use Structural Equation Modelling (SEM) or Partial Least Squares (PLS) methods. The geographic scope could have been increased to encompass multi-district or cross-state comparisons so that the regional differences in investor psychology could be understood better. Further, the future research could include the addition of digital trust, fintech usability, and perceived fund transparency as new behavioural constructs to reflect the changing nature of the investment decision-making process in the more digital economy of India. The longitudinal study would also be capable of monitoring the changes in trust and goal orientation as time passes with particular attention to market fluctuations or alterations in regulations. Conclusively, this study confirms that sustainable investment behaviour among the middle-class investors cannot be viewed as a one-dimensional attribute of financial returns only, but a multifaceted construct of clarity, confidence and continuity. Cognitive discipline is combined with relationship trust, which will make investors and institutions play a role in a more resilient and inclusive Indian financial ecosystem.

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