

MARKET FACTORS AND INVESTMENT DECISIONS IN SPORTS EQUIPMENT: THE MEDIATING ROLE OF RISK PERCEPTION

Dr. Aziz Javed

Institute of Business Administration, Gomal University, Pakistan.

Email: azizjaved@gu.edu.pk

Muhammad Salman

Correspondence Author

PhD Scholar, Institute of Business Administration, Gomal University, Pakistan.

Email: salmankhandik@gmail.com.

Noor Muhammad Marwat

Department of Sport Sciences and Physical Education, Gomal University, Pakistan

Email: marwatnoor@yahoo.com

ABSTRACT

This study examines the market factors affecting investment decisions in sports equipment through the mediation role of risk perception. In the study market factors are used as independent variable while investment decisions is taken as a dependent variable and risk perception is used as a mediating variable. An adapted questionnaire was used to collect the data through a convenient sampling technique. The collected data has analyzed through correlation, regression, and simple mediation. The results showed that there is a significant and positive relationship amongst research variables. Besides, the regression results recommended that predictor is a significant effect on investment decisions. Furthermore, risk perception mediates the relationship between market factors and investment decisions. This study achieved the research objectives. The findings of the study is significant for investors during investment decisions in sports market.

Keywords: *Investment Decisions, Market Factors, Risk Perception, Sports Equipment's.*

INTRODUCTION

Market factors distillates on the update that is dispersed amongst investors if it is exact or gossips. The dispersed new amongst investors disturb their insolences for dissimilar listed businesses in the market. Market factors include price changes, past trends of sports equipment, market information, over-reaction to price changes. Our life is a completely risky decision, from birth to death. All human being is varied in the risks they accept or even purposely hold. But risk-taking is not a single mannerism but a behavior that is prejudiced by the features of the situation, the sports decision-maker, and the connections between state and decision-makers. Considerate the risk-taking devices that take risks because it is particularly significant when the goal is to affect and change behavior (Ameriks, Kezdi, Lee, & Shapiro, 2020). Investment decisions in sports equipment are a composite process that mentioned analysis of different factors and follow several steps. Multifaceted model of finance derived investors decisions. The existing model comprises on predictable risk and reoccurrence related to an investment decision, and risk-based asset pricing like Capital Asset Pricing Model (CAPM). According to Nguyen, Gallery, & Newton, (2019) investment decisions are not only made by trusting the individual

possessions and multifaceted models, which do not deliberate the situational aspects.

There has been enduring interest in how individual make judgments about risk. This interest imitates the statement that risk perception uses substantial influence over our decisions and reflects the vibrant comments. Risk perception refers to individual subjective judgments about the possibility of negative occurrences. Risk perception has two key dimensions i.e. the cognitive dimension, which associates to how much people know about and understand risks, and the second is emotional dimension, which relates to how they feel about them (Waheed, Ahmed, Saleem, Din, & Ahmed, 2020). According to Chou, Huang, & Hsu, (2010) risk perception is common factor that effects on risky decisions. Risk perception is decision maker's valuation of the risk characteristic in a situation. The nature of the association between decision-makers and risk perception is not well understood.

To make proper investment decisions in sports equipment's, individual needs to examine the market factors of the problem by mediating them risk perceptions. Specialized investors are anticipated to play a role in: "challenging conventional molds of doing business, recognizing risks, and grabbing opportunities; mixing sustainability issues into strategy, actions, and reporting; redefining achievement in the context of achieving maintainable value creation; founding appropriate presentation goals and boards; hopeful and satisfying the right behaviors; and safeguarding that the necessary information, examination, and visions are obtainable to provide sports equipment decision making process". According to Christoffersen, and Staehr (2019) decision making can be known as the procedure of selecting an alternative from several alternatives. It is a movement that follows an appropriate assessment of all the replacements. So, investors need to retain themselves informed by gaining evidence/knowledge from expanded fields so that they can achieve the tasks they have to work upon. Sports equipment's included Bat, Ball, Helmet, Net, Shoes, Gloves, etc. All this equipment is used for Sports purposes.

1.1 Problem statement

Decisions concerning investments have become important activities in daily life. That is why learning about diverse factors effects these decisions is wanted for timely and correct decisions of investors. The existing study determines the market factors that influence the investors' decisions in sports market. Past studies have been led to analyze the market factors and investors decisions (Rana, Khan, & Baig, 2014), however no studies reported the mediating role of risk perception in the relationship between market factors and investors decisions in sports market.

1.2 Research Objectives

1. To determine the association amongst market factors, investment decisions, and risk perceptions.
2. To determine the effect of market factors on investment decisions.
3. To determine the mediating role of risk perception in the relationship between market factors on investment decisions.

LITERATURE REVIEW

Bergstra, Brunekreef, & Burdorf, (2018) reported that financial markets can be influenced by investors' behaviors in the way of behavioral finance. If the viewpoints of behavioral finance are accurate, it is supposed that the investors may have a reaction over or under to price variations or news; extrapolation of past tendencies into the upcoming; a lack of consideration to basics underlying an asset; the focus on prevalent assets and seasonal price cycles. These market factors impact investment decisions in sports equipment. Waweru, Munyoki, & Uliana, (2008) recognize the market factors that influence investors' decision-making process: market information, Price changes, past trends of stocks, over-reaction to price changes, customer preference, and fundamentals of underlying stocks.

Although different factors influenced investors' investment decisions, risk perception plays a vital role

in the investment decision-making process. According to Christoffersen, and Staehr (2019) risk perception is a judgment about the investment of the risk included. It has also been shown by preceding studies that the level of risk related to dissimilar conditions influenced the investor's perception. Perception is the intellectual clarification of physical sensations shaped by stimuli from the external world (Rasheed, Rafique, Zahid, & Akhtar, 2018). Situational and separate changes in selecting amongst risky decision substitutes have been exposed to be a correlation with dissimilar perceptions of risky investment, rather than with changes in the feeling to receive or to evade the investment replacements which are apparent as riskier (Singh & Bhowal, 2008; Weber, 2001). Behavioral finance reported that perception of risk is the third significant element of choice behavior (Pennings & Wansink, 2004).

Investment is the achievement of assets with the hope of extra income or a rise in value in the upcoming future. Linked to savings, the investment includes more risks, and thus, the specific investor will want more yields from investment (Sharpe, Alexander, & Bailey, 2003). Normally investors invest in the capital market for three basic aims i.e. wealth maximization, risk minimization, and liquidity maintenance) which affects them when making decisions about investment (Obamuyi, 2013). The procedure of decision making is frequently a cognitive procedure and before attainment, to the last decision, every specific appraises all likely replacements by considering them and lastly select the best one. Though, at the time investment decisions in sports equipment, individuals are prejudiced by several influences and variations in their behavior. Alike things occur in the case of investment decisions making the process of investors (Rasheed et al, 2018). Nonetheless, individual investors frequently disregard the influence of behavioral aspects on investment decision-making. The present research efforts to identify how people overlook basics and make investment decisions about feelings and emotions.

Perceived risk regulates not only the bases of information referred to but also the kind of evidence cast-off by the investor. A similar behavior could be experiential as well in the stock market because the evidence is a resource allowing preventive indecision near the investment condition. According to Rasheed et al. (2018) information asymmetry denotes to a condition where financial investors have a set of unsatisfactory information i.e. people prevailing in the stock marketplace do not all have the similar evidence rather some are more knowledgeable than others i.e. knowledgeable investors have some secluded information, while others have only community information (Chang, Watson, & Wee, 2008). Bergstra et al. (2018) argued that risk perception mediates the correlation between industry-related air pollution and health. Butt (2015) stated that risk perception significantly mediates the relationship between cognitive biases and investment decisions. Riaz and Hunjra (2015) reported that risk perception mediates the association between psychological factors and investment decisions. Risk perception is used as a mediator in the relationship between variables other than the variables used in this study. Hence, it is a novel study not previously discussed. In this study market factors are used not individually.

2.1 Hypotheses Development

Following are the research hypotheses of this study

1. There is a significant association amongst market factors, investment decisions, and risk perceptions.
2. There is a significant impact of predictors on a criterion.
3. The impact of market factors on investment decision-making is significantly mediated by risk perception.

2.2 Theoretical Framework

The theoretical framework gives a supported justification to conduct the current study and enables the readers to understand the study's perspective. A theoretical framework is made up of empirical verification and tested to improve and direct a research study (Swanson & Chermack, 2013).



Figure 1: The general operation model

RESEARCH METHODOLOGY

This section includes methods and procedures adapted by researcher when doing research.

3.1 Sample and Procedure

The researcher collated the data through adapted questionnaire. The questionnaires were distributed among sports investors through a convenience sampling technique. Convenience sampling is a non-probability sampling technique, where subjects are selected because of their convenient accessibility and proximity to the researcher. In the existing study, the researcher has selected the sample size with the help of Cochran, W.G. (1977). The population of this study is whole Punjab province. Therefore, the researcher distributed 385 questionnaires amongst sports equipment investors in Punjab. The final accurate response was 245 investors, which explore 64% good response rate. After collection the data were analyzed through SPSS software. Cronbach's alpha and Factor analysis were used to check the validity and reliability of the instrument.

3.2 Research Model Specification

In this study the simple mediation for model 4 was used. The below equations are dealing with mediation models according to earlier researches (Hayes, 2013).

$$ID = \alpha + \beta_1 MFs + \beta_2 RP + \varepsilon.$$

3.3 Instrument and Measures

In this study three variables were used; market factors as independent variables, risk perception as a mediator, investment decisions as a dependent variable. This study variable was measured with the help of following items.

3.3.1 Market Factors

- You have the overreaction to price changes of stocks.
- You analyze the companies' customer preference before you invest in sports equipment.
- You have investment decisions on the bases of past information.
- You prefers to invest in underlying sports equipment.
- You have taken investment decisions with the help of market information.

3.3.2 Risk Tolerance

- Risk is something created by society because I fear the same risk society fears.
- When I experience fear, I feel helpless and thus, perceive the event as riskier.
- Religion helps shape my world-views and influences the way I perceived and response to risks.
- I tend to correct my attitude to fir in the social norms and be accepted by society.

3.3.3 Investment Decisions

- a. When making an investment decision, I trust to focus market factors.
- b. I generally make investments that feel right to me.
- c. When making investments, I rely upon risk perception.
- d. When I make Investment, I tend to rely on my intuition.
- e. When I make an investment, it is more important for me to feel the investment is right than have a rational reason for it.

Table 1: Source and Reliability, Validity of Measurements Instrument

Variables	Sources	No. of Items	Cronbach's Alpha	KMO	BTS
Market Factors	Kengatharan and Kengatharan (2014)	Five	.765	.876	.000
Risk Tolerance Investment Decisions	Nosic and Weber (2010) Rasheed et al (2018)	Four Six	.793 .775	.785 .701	.000 .000

Table 1 shows the reliability and validity of the research variables. The overall results indicates that the reliability of the research variables is lies within an acceptable range as suggested by Nunnally (1978). Furthermore, the results also shown that the KMO value is an acceptable range and BTS is significant. Hence, this study questionnaire reliable and valid for further process.

RESULTS AND DISCUSSION

The results of correlation analysis and regression analysis are described in tables 3 and 4 respectively.

Table 2 Pearson Correlations

	MF	RP	ID
MF	1		
RP	.710**	1	
ID	.729**	.728**	1

*p < 0.05 **p < 0.01 (2-tailed) for (N = 245)

The above table 2 shows the correlation amongst research variables. The correlation results indicate that there is a positive and significant relationship between market factors (MF) and investment decisions (ID). Furthermore, this study findings also reveal that risk perception (RP) is positively and significantly associated with an investment decision. It means this study variable is positively and significantly correlated with each other. Hence H1 is accepted.

Table 3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750 ^a	.490	.488	.26321

- a. Predictors: (Constant), RP, MF

Table 3 indicates that MF and RP are two predictors explaining 49 percent changes in the ID of sports equipment investors.

Table 4 ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	25.452	2	12.726	183.697	.000 ^b
1 Residual	26.464	242	.069		
Total	51.916	244			

a. Dependent Variable: ID

b. Predictors: (Constant), RP, MF

Table 4 is used to know that the whole regression model is fit for the data or not. The study results present that predictors are statistically significantly predicting the criterion because the degree of freedom is 2, F value is 183.697 and the p-value *is significant* it explores that the regression model is a good fit.

Table 5 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.527	.148		10.343	.000
	MF	.308	.036	.391	8.487	.000
	RP	.348	.041	.389	8.446	.001

a. Dependent Variables: ID

Table 5 represents the Beta value for MF is .308 which is significant at .000, which designates that MF is a positively significant impact on ID. Furthermore, the Beta value for RP is .348 which is also significant at .001, which indicates that RP is also positively significantly impact on ID. Table 5 results indicate that both predictors are a significant impact on ID. So H2 is accepted.

4.1 Simple Mediation

Table: 6 Model Summary

R	R Square	MSE	F	DF1	DF2	p	Outcome
.7098	.4718	1066	226.7192	1.0000	243.0000	.0000	RP
.7184	.3851	.0720	150.1208	1.0000	243.0000	.0000	ID
.7193	.5456	.0660	203.4700	2.0000	242.0000	.0000	ID

Table: 7 Coefficients

Model	Coeff	Se	T	P	LELCI	UELCI	Outcome
Constant	2.0592	.1777	13.4291	.0000	1.9706	2.6479	RP
MF	.4933	.0568	15.3357	.0000	.4914	.5752	RP
Constant	2.2417	.1335	15.8644	.0000	1.8712	2.3922	ID
MF	.4857	.0323	14.8652	.0000	.3340	.4573	ID
Constant	1.5986	.1476	12.3259	.0000	1.2681	1.8192	ID
RP	.3279	.0507	8.6980	.0000	.2475	.3573	ID
MF	.3417	.0818	10.0623	.0005	.2792	3563	ID

Table 8 Sobel test

Effect	Se	Z	p
.1550	.0304	6.0347	.0000

The tables 6-8 displays the simple mediation results of the existing research. The consequences in Table 6 indicates 47% changes in the RP is due to MF. Similarly, it is also specified that there is a significant effect of MF on RP ($\beta = .50$ while P-value = .000). Also, table 6 specifies that there is a 38.51% variation in criterion (ID) is due to predictor (MF). Likewise, outcomes also show that there is a significant effect of MF on ID ($\beta = .4857$ while P-value = .000). Furthermore, table 6 travels that there are 55% of changes in ID is due to the predictors (MF and RP). Likewise, the outcomes also display that there is a significant influence of RP on criterion (ID) ($\beta = .3279$ while P-value = .000) and the impact of MF on criterion (ID) in the presence of RP is also significant ($\beta = .3417$ while P-value = .000).

The study outcomes display that the impact of MF on ID is partially mediated by RP. The lower-level confidence interval and the upper-level confidence interval bot are not involved in any zero. The Sobel test stretches favorable the mediation between predictor and criterion. Table 8 discovers that the effect size is more than zero and the p-value is significant which specifies that mediation exists between predictor and criterion. Therefore, it is decided that RP is a substitute as a mediator on the influence of MF on ID. Therefore, H3 is accepted.

4.2 Discussion

Notwithstanding the widespread literature on market factors in developed economies, very incomplete investigates has yet been led to sightsee the influence of market factors on investment decisions in sports equipment along with the mediation role of risk perception. The existing study subsidizes to the study variables to fill this gap. The investor's decision in sports equipment is worried about the market factors. The research results reveal the existence of market factors along with a risk perception amongst sports equipment investors. Consequently, the current outcomes support the view that sports equipment investors do not always act rationally. This research displays that there is a significant association amongst market factors, risk perception, and investment decisions. Hence, the first hypothesis is accepted. The second hypothesis is also accepted because market factors and risk perception are the significant impacts of investment decisions in sports equipment. These outcomes are stated as in line with the past studies of Ameriks et al. (2020), Nguyen et al. (2019), Christoffersen, and Staehr (2019), Bergstra et al. (2018). The third hypothesis is accepted since risk perception mediates the relationship market factors and investment decisions in sports equipment. The researcher not found studies are led yet on determining this specific condition, consequently, the present findings can be applied as a baseline for forthcoming studies.

The current research outcomes are beneficial for sports equipment investors on how to make an investment in sports equipment and achieve their specific objectives. The current research is also fruitful for policymakers to identify the actual condition of investment in sports equipment. The present research study is also beneficial for the general public since with the help of this study the general public know investment opportunity in sports equipment. The present results indicate that sports investors do not behave rationally. The values of the existing study can be applied to expand the methodological, practical, and theoretical borders of literature on the range of behavioral finance.

CONCLUSIONS

To investigate the role of market factors that influence investment decisions of sports product investors with the mediating effect of risk perception a risky decision-making behavior model has been established to comprehend the illogical behavior of investors while investing in a sports product. Risk is one of the important values correlated to uncertainties intricate in the investment decision making process. The existing study emphasizes how market factors and risk perception influence the investor's decision making. The result of this study gives insight into the influence of market factors on the decision-making behavior of the sports investors along with the mediating role of risk perception in the Pakistani context.

Numerous studies led earlier on defining the critical factors usually focused on the direct effects of the market factors on investment decisions. Both direct and indirect effects of the factors associated with the investment decisions as determined in the present study have been buoyed by Kengatharan and Kengatharan (2014) in their study. The consequences of this research that market factors have a significant impact on the investor's decision making was also professed as critical factors by Riaz and Hunra (2015). The key outcome of the present study also indicates that risk perception achieves a key role in the investment decision-making process, which is in line with the study of Mahmood et al. (2011). It is originated in the earlier study that the level of risk perception plays a very significant role that moves the investment behavior of an investor Akhtar et al. (2011). Hence, for the steady and incessant growth of the sports, administration, and supervisory of investors' risk perception are measured to be very important.

5.1 Limitations and Future Directions

Along with the robust practical implications, the present research is not free from limitations that must be addressed in upcoming studies. First, the current study focuses only on market factors ignoring heuristic and prospect factors. Future researchers can identify the heuristic and prospect factors on sports investors. Secondly, the sample size in the present study is 245 sports investors which are only sufficient but not accurately representative of the whole population. It is recommended to compare this study between Pakistan and Turkey sports investors. Future research may be extended to examine the role of economic and factors along with market factors. It is also suggested for future research to use risk perception as a moderating role in the relationship between market factors and investment decisions in sports equipment.

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