



**AN EMPIRICAL RESEARCH ON THE ELEMENT
THAT CAN CAUSE CONSUMERS TO INVEST IN UNIT
TRUST: A CASE STUDY IN LEDANG, JOHOR**

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**Submitted in Partial Fulfillment
Of the Requirement For the
Bachelor of Business Administration (Hons) Islamic Banking**

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SEGAMAT, JOHOR.**

DECEMBER 2016

ACKNOWLEDGEMENT

First of all, my heartfelt gratitude goes to Allah S.W.T for providing me mental and physical strength to complete this final year research paper. I would like to express my sincere appreciation to my thesis advisor, Madam Shahira Binti Abd Jabar for her guidance, support and supervision. Her positive comments and feedback have enlightened me in the completion of this project paper. In addition, special thanks to Dr. Faridah Najuna Binti Misman for her advice and suggestions toward this project paper.

Great deals appreciated go to the contribution of all my respondents for their assistances in my data collection. Last but not least, I would also like to extend my deepest gratitude to my family, friends and office colleagues. They all had providing me invaluable support and cooperation while I completing my project paper.

Thank you.

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ABSTRACT

Investment in Malaysia is not a new entity among the Malaysian citizen. Mutual fund investment is less risky than directly investing in stocks and it is a safer option for risk averse investors. It also an affordable platform for average Malaysian wage earner to make an investment. This study is to determine the factors that affect consumers to invest in unit trust. The study will be conducted in the area of Ledang, Johor and the respondents involve are among the consumers in Ledang. A total 120 or more questionnaire will be distributed to respondent. The sample will be selected only about 100 questionnaire from the respondents. For the data collection, questionnaire will be distributed by online and physical forms. The questionnaire survey comprises of six sections. The first section consists about demographic profile of respondents such as age, gender, race, marital status, education level and income. By using 5 point Likert-type scales, five section of question about the dependent and independent variables are being asked. For the data analysis, some test will be conducted comprising of frequency distribution, reliability, validity, descriptive analysis, correlation and multiple regression. The result of this study found that dividend rate and risk have the significant relationship with the participation of consumer in unit trust. Meanwhile, performance and knowledge have no significant relationship. The findings will help unit trusts companies to recognize the areas required for improvement and can also improve their marketing strategies.

CHAPTER 1: INTRODUCTION

1.1 Introduction

This study is to identify the factor that influencing people to invest in unit trust. This section included background of the study, problem statement, research question, research objectives, scope of study, significant of study, and limitation of study.

1.2 Overview of Unit Trust in Malaysia

Unit trust or also known as mutual fund in the United States is an investment vehicle that nowadays have been given fully commitment by Malaysian government to encourage people in investment (N. A. H. Abdullah, 2006). In Malaysia, it is called unit trust instead of mutual fund because the ownership of the fund is divided into units of entitlement (Taib & Isa, 2007). According to the Federation of Investment Manager Malaysia (FiMM), Unit Trust is a form of investment scheme that pools fund from small investors with similar objectives invested in a portfolio of securities managed by professional fund managers. Securities of the portfolio are not owned directly by unit holders. The amount of units held depends on the unit purchase price and the amount of money invested by unit holders. Return on investment of investors are in the form of dividend and income distribution. Every unit have an equal return determined by the amount of distribution.

Basically unit trust is an investment mechanism for consumer with savings to invest but do not have time to held portfolios of direct investment. Some consumers prefer to invest in secure investment portfolios which have low risk that suit with their objectives. People who want to invest in unit trust does not require broad knowledge of investment to generate positive return. Unit Trust is gradually popular because it has conservative risks as compared to other types of investment. For example, investments in shares or the stock market requires an investor to monitor stock price movements, analyses company