

**FACTORS INFLUENCING INVESTORS' BEHAVIOR IN ISLAMIC UNIT TRUST: AN
APPLICATION OF THEORY OF PLANNED BEHAVIOR**



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Contents

1. Letter of Report Submission.....	iii
2. Letter of Offer (Research Grant)	iv
3. Acknowledgements.....	v
4. Enhanced Research Title and Objectives	vi
5. Report.....	1
5.1 Proposed Executive Summary	1
5.2 Enhanced Executive Summary	2
5.3 Introduction.....	3
5.4 Brief Literature Review.....	6
5.5 Methodology	9
5.6 Results and Discussion.....	13
5.7 Conclusion and Recommendation	20
5.8 References/Bibliography.....	23
6. Research Outcomes	28
7. Appendix.....	29

1. Letter of Report Submission

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YBhg. Prof. Dato',

SUBMISSION OF FINAL RESEARCH REPORT

Referring to the above, enclosed herewith the final research report entitled "**Factors Influencing investors' Behavior in Islamic Unit Trust: An Application of Theory of Pianned Behavior**".

Thank you.

Yours sincerely,



SYUKRIAH BINTI ALI

Project Leader

3. Acknowledgements

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and

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5.2 Enhanced Executive Summary

Islamic unit trust is a collective investment fund which offers investors the opportunity to invest in a diversified portfolio of Syariah approved securities that are managed by professional managers in accordance with the syariah principles. The Islamic unit trust industry has gone through positive performance in the past until now. The underlying reasons of this are due to increase in new unit trust management companies, new funds launched and new accounts opened by the investors. Studies on the performance of Islamic unit trust funds had been done by many researchers. Despite the growing interest of researchers on Islamic unit trust funds performance and some of them proved that Islamic unit trust is good investment, however the reasons of an investment decision are still in question. As an investor, the decision either to invest or not in Islamic unit trust is very important as the findings from past researches are mixed. Therefore, this research aims to investigate the significance influence of attitude, social influence and perceived behavioural control on the investors' intention to invest in Islamic unit trust funds by employing Theory of Planned Behaviour (TPB).

This research used Structural Equation Model to analyse the significant influence of investors' attitude, social influence and perceived behavioural control on their intention to invest in Islamic unit trust funds. To achieve the objective, a total of 180 questionnaires were distributed to the academic staff at UiTM Kedah. Of these, 172 responses were usable for further analysis. Overall, the empirical evidence from the present study found that attitude and perceived behavioural control have direct significant positive relationship to the investors' intention to invest in Islamic unit trust fund.

The findings may not represent the actual situation in Malaysia as a whole due to the respondents were academicians only in one local university in Malaysia and coupled with the small sample size of 172 respondents only. Furthermore, lack of references in Islamic unit trust made the present study less competent. Since not much previous studies on theory of planned behaviour, particularly in Islamic unit trust funds, this study incorporates to the literatures of understanding the investors' intention to invest in Islamic unit trust fund.

Concerning the practical implication, the findings of this study offer sufficient depth of insights into the specific areas that require attention. The findings can also be a tool for managers in fund management companies to develop some strategies to attract investors to invest in their Islamic unit trust funds.