

Please cite this article as: Guou Yao, Saludin, M. N., & Omar, M. (2025). Information Searches Mediate Attitudes Toward Investment and Purchase Decisions of Agricultural ETFs. *The Asian Journal of Professional & Business Studies*, 6(2), 94–105.
<https://doi.org/10.61688/ajpbs.v6i2.324>

INFORMATION SEARCHES FOR MEDIATE ATTITUDES TOWARD INVESTMENT AND PURCHASE DECISIONS OF AGRICULTURAL ETFS.

Guou Yao^{1*}, Mohamad Nasir Saludin² & Muhammad Omar³

¹Faculty of Business, Kuala Lumpur University of Science and Technology, Kuala Lumpur, Malaysia

²IQRA School of Business, University Geomatika Malaysia, Kuala Lumpur, Malaysia

³Faculty of Business and Accountancy, Universiti Poly-Tech Malaysia (UPTM), Kuala Lumpur, Malaysia

Corresponding author: datonasir@geomatika.edu.my

Received 1 October 2025, Accepted 1 November 2025, Available online 30 December 2025

ABSTRACT

The global agricultural exchange-traded fund (ETF) market has experienced significant expansion, yet the dynamics of Henan Province, a major agricultural region in China, have not been thoroughly investigated. This research addresses the gap by conceptually examining the mediating roles of information searches in the relationship between attitudes towards investment and purchase decisions for agricultural-related ETFs in Henan Province. The primary objectives are to theoretically explore how various factors, including perceived returns, perceived risks, trust in financial institutions, herding behaviour, and financial literacy, influence ETF purchase decisions. Drawing on the Theory of Planned Behaviour and Behavioural Economics, the study develops a conceptual framework in which information search is positioned as a key mediating mechanism linking investment-related factors to purchase decisions. The proposed framework offers insights into the underlying behavioural processes shaping agricultural ETF adoption. It provides theoretical and practical implications for financial advisors and policymakers seeking to enhance investment strategies and investor education initiatives in the region. Empirical validation of the proposed model is suggested as a direction for future research.

Keywords: Attitude Towards Investment; Agricultural ETF; Information Searches; Purchase Decision

1. INTRODUCTION

In response to the rapid developments in financial markets and the growing array of investment opportunities, Exchange-Traded Funds (ETFs) have emerged as a popular choice for investors seeking diversified exposure across various asset classes. With their cost-efficiency, flexibility, and transparency, ETFs have garnered significant interest from both institutional and retail investors worldwide. Amid the current landscape, agricultural-focused exchange-traded funds (ETFs) have emerged as a key area of interest, reflecting a growing enthusiasm for agricultural investments, particularly in regions such as Henan province, China. Given the dynamic ETF market and Henan's distinctive economic environment,

Copyright: © 2025 The Author(s)

Published by Universiti Poly-Tech Malaysia.

This article is published under the Creative Commons Attribute (CC BY 4.0) license. <http://creativecommons.org/licenses/by/4.0/legalcode>

this study offers a timely opportunity to explore the factors shaping investors' attitudes and purchasing decisions toward agricultural ETFs. The primary aim of this research is to investigate how information-seeking behavior mediates the relationship between investors' attitudes and their purchasing decisions regarding agriculture-focused ETFs in Henan. By analyzing the interplay between investor attitudes, information acquisition, and purchase intentions, this study seeks to provide valuable insights into the underlying mechanisms that drive investment choices in this unique financial setting.

Exchange-Traded Funds (ETFs) have gained significant traction as an investment choice due to its ability to provide investors with a cost-effective and diversified exposure to a wide range of asset classes, including business, education, agriculture, IT, etc. (Lee et al., 2020). According to Antoniou et al. (2023), an exchange-traded fund (ETF) is a type of mutual fund that offers exposure to a variety of assets, including commodities, equities, or bonds, and is traded on stock exchanges. ETFs have undergone a surge in popularity among institutional and retail investors since the inception of the initial domestic ETF in the 1990s (Antoniou et al., 2023). To explore the factors influencing investors' perceptions and purchase decisions of agricultural exchange-traded funds (ETFs) in Henan Province, China, a variety of key variables influencing investor behaviour are examined, including investment attitudes, perceived return expectations, perceived risk perceptions, trust in financial institutions, herd behaviour, financial literacy, and ETF purchase decisions. Meanwhile, the mediating role of information search between factors related to investment attitudes and ETF purchase decisions is explored. By applying the theoretical frameworks of behavioural economics and planned behaviour, this study aims to understand investor attitudes toward agricultural ETF purchase intentions with implications for the local and broader agricultural ETF market.

Agriculture-related Exchange-Traded Funds (ETFs) in China comprise a fraction of the broader ETF market, providing investors with the opportunity to invest in diverse agricultural sector segments. As of 2023, China ETFs feature an extensive assortment of categories of assets, encompassing both fixed income and equity instruments (Yahoo! Finance, 2024). This broad portfolio offers investors the chance to engage in the expansion and success of agricultural enterprises. A significant part of China's exchange-traded funds (ETFs) portfolio is devoted to agriculture-focused ETFs, which are designed to provide investors with exposure to agricultural commodities, associated industries, and agribusinesses (Wu et al., 2023). The Xtrackers Harvest CSI 300 China A-Shares ETF is a notable contender in this sector, with significant assets under management amounting to \$1.66 billion in 2023 alone (Lou et al., 2024). This exchange-traded fund (ETF) grants investors entry to the A-share market in China, encompassing agricultural enterprises (Lou et al., 2024).

According to Khumalo (2022), the attitudes of investors play an important role in navigating the intricate financial environment and creating a significant impact on decision-making. A variety of elements comprise the investment attitude, such as risk aversion, investment return expectations, and trust in financial institutions (Kataria, 2023). It is critical to comprehend the context in which these components interconnect and impact the purchase decisions of investors regarding their involvement in agricultural-related exchange-traded funds (ETFs). The province of Henan, due to its distinctive agricultural context, introduces another dimension to the investment environment, rendering it an ideal setting for this study. Moreover, in the digital age, information searches, which serve as an important mediating variable in the present study, are considered a significant addition to the current knowledge. Amidst a digitally interconnected era characterised by an abundance of information, the proactive nature of investors in their pursuit and processing of data significantly influences the course of their investment decisions (Lee et al., 2021). The proactive nature of investors in acquiring, analysing, and integrating information significantly influences the course of their decision-making (Obizhaeva, 2022). The objective of this research is to demonstrate the context in which information searches serve as a mediator in the relationship between investors' purchase decisions and their attitudes towards agricultural-related ETF investments. The objective of this research is to offer insights into the decision-making processes that influence investors in Henan province through an analysis of the mediating role of information searches.

The term ETF Purchase Decision pertains to the procedure through which investors assess, choose, and procure Exchange-Traded Funds (ETFs) to incorporate into their investment portfolio (Khumalo, 2022). For investors, an ETF purchase decision is influenced by a range of behavioural, psychological, and external factors, making it a critical area of study in financial markets, especially in emerging economies like China. The ETF purchase decision encompasses several stages,

including awareness, evaluation, and selection. Other authors also cited by Hala et al. (2020) revealed that this process is systematic, where investors evaluate ETFs based on service factors such as price and suitability, risks, and returns. This framework clearly shows that ETF investments are complex and that aspects such as detrimental emotions have more influence on decision-making than may be expected. The role of financial institutions is critical in facilitating informed ETF purchase decisions. This is because communication should be transparent, financial education should be available to the public, and accurate market information is vital in minimising information asymmetries. Kulal et al. (2024) highlighted that trust in financial institutions significantly impacts investment behaviour, underscoring the importance of institutional credibility in promoting ETF adoption. The decision to purchase ETFs is a complex process influenced by behavioural, economic and environmental factors. The key determinants affecting the adoption of agricultural ETFs in Henan Province need to be comprehensively analysed in terms of classical theories, regional perspectives and practical considerations.

2. LITERATURE REVIEW

2.1. Purchase Decision

The process via which investors assess, choose, and purchase Exchange-Traded Funds (ETFs) for their portfolios is known as the "ETF Purchase Decision." Because it is impacted by a variety of behavioural, psychological, and external factors, it is an important field of study in financial markets, particularly in rising economies like China. Investors use a methodical decision-making process when assessing ETFs, taking into account variables like cost, appropriateness, risk, and returns. The choice is difficult and susceptible to negative feelings. Additionally, a variety of factors, such as perceived returns, perceived dangers, financial literacy, herding behaviour, and faith in financial institutions, influence the choice to purchase an ETF, with information searches serving as a mediating element.

2.2. Investment-Related Factors

The elements that affect an investor's mindset toward investing and their ultimate choice to buy agricultural-related exchange-traded funds (ETFs) in China's Henan Province are known as independent variables. Perceived profits, perceived risks, financial literacy, herding behaviour, and trust in financial institutions are the five main characteristics identified in the study, and their impact on these choices is investigated. The arbitrary prediction of possible future returns on an investment is known as perceived return expectation. An investor's evaluation of the likelihood and consequences of possible financial losses is known as perceived risk. The faith and reliance a person has on financial organisations is known as trust in financial institutions. Financial literacy is the understanding and application of financial principles in real-world situations, whereas herding behaviour is the propensity of individuals to imitate the acts of the majority.

2.3. Factors Affecting ETF Purchase Decision

3.3.1 Perceived Return Expectation

The term Perceived Return Expectation, according to Soni, Shyamsunder & Prasad (2023), is a person's subjective evaluation or forecast of the potential future returns linked to a specific financial asset or investment. It comprises the convictions, anticipations, and predictions of investors concerning the possible returns on their investment undertakings (Wallace, 2022). Perceived return expectation is a significant factor in empirical research that significantly impacts investment decisions, including inventory allocations, risk perceptions, and overall investment strategies of investors (Meier & Meier, 2023). Perceived Return Expectation is generally understood as the anticipated value or return an individual expects from an investment (Cornell, 2021). Ahmad and Shah (2020) describe it as a cognitive process shaped by psychological, social, and market-driven factors, through which investors form estimates of potential gains. According to Weber et al. (2022), it emerges from the integration of an investor's knowledge, risk tolerance, and behavioural biases, ultimately shaping their expectations of the financial performance of specific assets.

3.3.2 Perceived Risk Perception

Perceived risk perception refers to investors' assessment of the probability and potential impact of financial losses, influenced by their past experiences, cognitive abilities, and emotions (Saivasan & Lokhande, 2022). This evaluation shapes how individuals allocate resources, manage uncertainty, and make investment decisions. According to Kumar et al. (2024), perceived risk perception stems from psychological interpretations of uncertainty and negativity within financial decision-making contexts. It is influenced by heuristics, prospect theory, and attributes such as gender and financial literacy, significantly affecting investment outcomes (Monteiro & Bressan, 2021). Mahdzan et al. (2020) describe perceived risk perception as a determinant of investment behaviour, influenced by how investors react to risk-related information. Self-perceived risk correlates positively with stock precaution and negatively with stock promiscuity. Waheed et al. (2020) identifies perceived risk perception as a moderating factor between financial literacy and investment outcomes, emphasizing its role in shaping decision-making and investor confidence. Furthermore, Ahmadirad (2024) highlights that investor-specific risk perception evolves with asset characteristics and market conditions, with external factors like volatility and market liquidity affecting risk assessment.

3.3.3 Trust in Financial Institution

Trust is a fundamental psychological concept characterised by the perceived dependability, credibility, and ethical behaviour of individuals, organisations, or institutions (Van der Cruijsen et al., 2023). Financial institutions—such as banks, brokerage firms, and investment companies—act as intermediaries that facilitate financial transactions, manage investments, and provide a range of financial services to clients (Gilgil, 2020). Trust in financial institutions refers to individuals' confidence and reliance on these entities to fulfil their obligations, safeguard assets, and deliver reliable, high-quality services (Van der Cruijsen et al., 2023). Fong & Lee (2023) defined trust as a consumer's belief that financial institutions will be reliable and well-intentioned. According to Xu (2020), trust is the confidence that the other party in a business relationship will not act opportunistically or exploit the cooperation. In the financial context, it means that the institution must protect clients' money and also deliver services in an honest way.

3.3.4 Herding Behaviour

Herding behaviour, as described by Rahayu et al. (2021), refers to the tendency of individuals to mimic the actions or decisions of the majority. This behaviour is often driven by social pressure, the fear of missing out (FOMO), or a desire for safety in numbers (Rahayu et al., 2021). In the context of investments, herding becomes apparent when investors follow prevailing market trends or favour popular assets, sometimes disregarding rational analysis or intrinsic value (Din et al., 2021). Such behaviour can contribute to market inefficiencies, heightened volatility, and the emergence of speculative bubbles. The conceptual basis of herding behaviour is derived from the fields of social psychology and behavioural economics (Hsieh et al., 2020). Social identity theory posits that individuals' self-concept and behaviour are influenced by their membership in particular groups, resulting in a tendency towards conformity and imitation within those groups (Hsieh et al., 2020). Herding behaviour in financial contexts can be attributed to cognitive biases, including information cascades (Din et al., 2021). In this phenomenon, individuals follow the actions of others despite lacking complete information or facing uncertainty. Behavioural economics theory posits that the herding behaviour of investors is influenced by their loss aversion and risk preferences; individuals seek security by conforming to the herd in order to avoid potential losses (Almasyah & Huda, 2023).

3.3.5 Financial Literacy

Lusardi and Mitchell (2023) define financial literacy as the knowledge and practical application of financial concepts. This competence is essential for navigating a wide range of financial products and making informed decisions aimed at achieving long-term financial stability. Specifically, individuals with financial literacy are better equipped to make decisions related to savings, investments, and debt management, thereby enhancing their overall financial well-being (Lusardi & Mitchell, 2023). Another component of financial literacy that affects financial behaviour and financial decision-making is self-assessed financial knowledge and self-efficacy (Ouachani, Belhassine, & Kammoun, 2021). Their result

shows that financial literacy not only influences the behaviour of financial decision making but is also considered a determinant for creating more financially aware economies, thus ensuring financial stability (Yuning, 2023).

3.3.6 Information Searches

Information search refers to the process by which investors seek, obtain, and evaluate information about investments to reduce uncertainty and mitigate stock-related risks (Gill et al., 2018). This stage plays a critical role in decision-making, particularly in dynamic financial environments where uncertainty necessitates careful and informed choices (Fan, 2021). Investors engage in information searches not only to gather details about specific investment opportunities but also to understand broader market conditions and economic trends. This approach helps them assess potential risks and forecast expected returns, enabling more strategic investment decisions (Pahlevan et al., 2020). The foundation of the philosophical structure underlying information searches is the idea that people intentionally seek out information in order to minimise uncertainty, minimise risks, and maximise the results of their decisions (Aw et al., 2021). Cognitive and situational factors impact information queries in turn. Cognitive factors include the comprehensibility, credibility, and perceived relevance of information sources (Raut, 2020). Situational factors include time constraints and the availability of information (Pandey et al., 2022). Additionally, psychological determinants such as investment objectives, risk aversion, and behavioural prejudices can influence the information-seeking behaviours of individuals (Sajeev et al., 2021). Moreover, the degree and profundity of information inquiries might differ among individuals due to variables including their investment expertise, risk tolerance, financial literacy, and availability of information sources (Meier & Meier, 2023).

3. THEORETICAL FOUNDATION

Contributing to the behavioural finance literature by exploring agricultural ETF investment decisions regarding Henan, China, supported by behavioural economics and the theory of planned behaviour. While there have been many empirical studies on ETF investment (Adachi Hiraki & Kitamura, 2021; Jiang, 2020; Wei, 2023), there is limited literature exploring the impact of geo-cultural and economic patterns on the agricultural sector in the specific market of Henan, China. Furthermore, Henan is the second-largest agricultural province in China (Wang & Lv, 2022). Therefore, it is imperative to understand these relationships in Henan, which is one of the largest provinces in China in terms of agricultural production and expanding demand for agricultural technology.

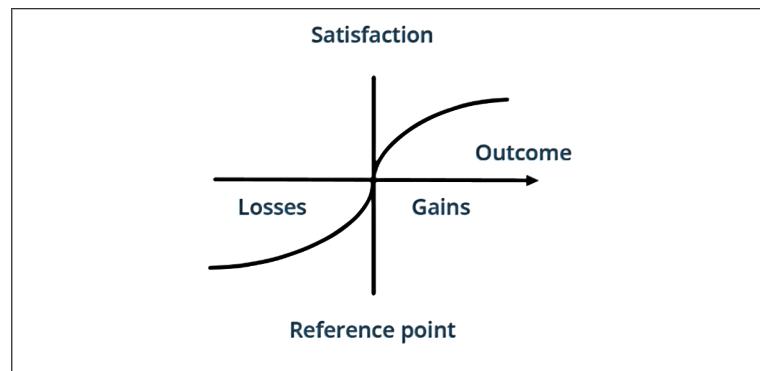
4.1 Behavioural Economics Theory

Behavioural economics theory came into the forefront of conventional economic theories, which asserted that people's decisions are based on rational choices made to optimise returns. Kahneman and Tversky first formulated this theory in the late 1970s with the aim of putting psychological factors into economic theories in a manner that would best explain how people decide in the actual world (Kahneman & Tversky, 1979). One of them was cognitive biases and heuristics for which they built the Prospect Theory, which works against the rational choice theory by demonstrating that individuals do not always act rationally because of their emotions and psychological state (Zoli, 2024). Behavioural economics has attracted massive interest in the last ten years because of the integration of ideas from behavioural economics into investment decision-making. Over the years, behavioural and social factors have been determinants of financial choices contrary to what theoretical models predict (Kumar, 2022). For example, Kartini & Nahda (2021) investigated the influence of social aspects on investment decisions, and as expected, those people tend to mimic others in compliance with behavioural economics herding influence. In a similar vein, Kumar (2022) discussed an analysis of cognitive bias in investor behaviour, including overconfidence and loss aversion, such as the conviction that small probabilities matter more and people dread losses more than equivalent gains, as Kahneman and Tversky did in 1979.

4.2 Theory of Planned Behaviour (TPB)

Figure 1.

Explained the Behavioural Economics Theory



According to Icek Ajzen's 1985 Theory of Planned Behaviour (TPB), the behavioural intentions of individuals are influenced by their attitudes towards the behaviour, subjective norms, and perceived behavioural control (Ajzen, 2020). TPB attempts to answer the question of why and how individuals think and act in the way they do. While extending the theory from its earlier perspective of intentions and attitudes, TPB proposed the notion of perceived behavioural control, which provides for factors beyond the individual's influence that might influence a behaviour (Ajzen, 2020). Attitudes are individuals' evaluations of the behaviour, subjective norms are their perceptions of social pressures, and perceived behavioural control is their confidence in their ability to perform the behaviour, according to the TPB (Ajzen, 2020). Gradually, the TPB has emerged as an indispensable tool in social psychology that has been adopted widely in health psychology, consumer behaviour, organisational behaviour and other fields (Yeo et al., 2024). To explore the effects of investment attitudes, perceived return expectations, perceived risk perceptions, trust in financial institutions, herd behaviour, and financial literacy on purchase decisions of agriculture-related ETFs, and the mediating effects of information search on them. This study uses the Theory of Planned Behaviour and the Theory of Behavioural Economics as a basis, and the following figure shows the conceptual framework of this study:

Figure 2

Theory of Planned Behaviour (TPB)

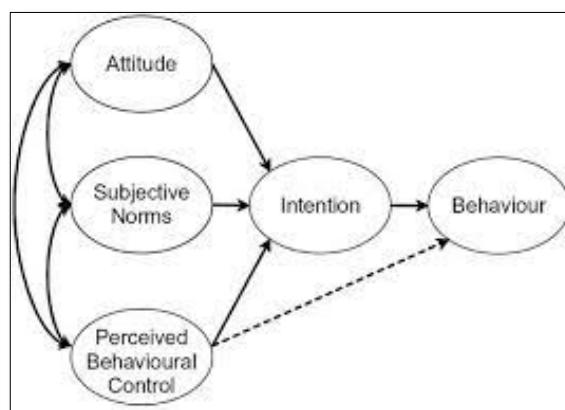
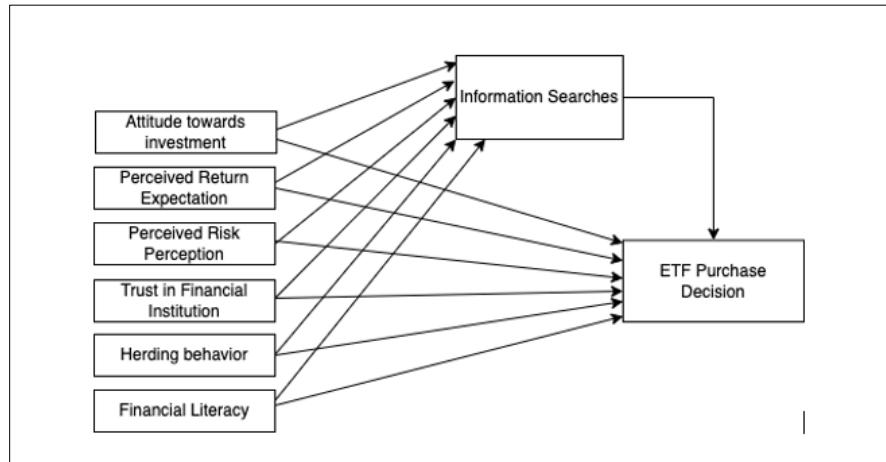


Figure 3
Research Framework



Understanding the relationship between investment attitudes, perceived expected returns, perceived risk, trust in financial institutions, herd behaviour, and financial literacy and ETF purchase decisions is a prerequisite for understanding behavioural investment decisions. In particular, understanding the behavioral dynamics that influence agricultural ETF purchase intentions (especially in Henan's particular geographic location) is critical to solving the region's investment challenges.

4.3 Attitude Towards Investment and ETF Purchase Decision

Attitude toward investment is a key predictor of financial decision-making, particularly in contexts involving novel or complex financial products like Exchange-Traded Funds (ETFs). Defined as the overall evaluation an individual makes about the desirability of investing, attitude reflects a person's readiness to engage with financial assets (Usrey & Scott, 2019). According to Ajzen's (1991) Theory of Planned Behaviour (TPB), attitudes influence intentions, which subsequently shape actual behaviour. This framework has been widely applied to explore the effects of attitudes toward financial products on investment intentions and behaviours (Akhter & Das, 2019). Financial literature provides robust evidence of the critical role attitudes play in investment decisions. Gurbaxani et al. (2023) highlighted that perceptions of financial products tend to improve when profitability, market confidence, and positive past experiences align. Together, these factors enhance an individual's willingness to participate in investment processes (Abtesz, 2024). In the case of ETFs—particularly agricultural ETFs—a positive attitude is essential for overcoming challenges such as risk aversion and unfamiliarity with the product. In emerging markets, theoretical research emphasises the importance of attitude in driving investment adoption. Chen et al. (2020) found that favourable perceptions of financial markets significantly increased investor participation, especially when optimistic expectations about returns prevailed. Similarly, Maharani and Saputra (2021) demonstrated that external factors, such as government policies and financial education programs, play a crucial role in shaping favourable attitudes. These insights are especially pertinent to agricultural ETFs, where investor confidence often relies on policy support and market education initiatives.

4.4 Perceived Return Expectation and ETF Purchase Decision

The perceived return expectation refers to an investor's subjective evaluation of the financial gains they anticipate from an investment (Egan, MacKay & Yang, 2022). This expectation is one of the key ingredients of decisions on investments as well as the distribution of resources that investors make (Soni & Shyamsunder, 2023). In the context of agricultural Exchange-Traded Funds (ETFs), perceived return expectations play a particularly critical role due to the unique risks and

opportunities associated with commodity-linked investments. Investors who expect higher returns from agricultural ETFs are more likely to allocate their funds toward these instruments, despite their inherent market volatility.

Several studies underscore the importance of return expectations in shaping investor behavior. For instance, Pompian (2012) pointed out that overconfidence further increases the expected return and enthusiasm for risks. As stated by Akhtar & Das (2020), in the emerging markets, the perceived high returns were recognized as the ultimate cause of the increasing adoption of ETFs by the retail investors. They further pointed out that the costs of ETFs as well as their diverse portfolios as compared to traditional mutual funds give an impression of higher returns, hence the high uptake. Likewise, for Meier & Maier (2023) expected returns elicited a significant and positive return for the shifting behavior of retail investors from conventional investments to ETFs. These studies suggest that positive return expectations can significantly influence the adoption of innovative financial products, such as agricultural ETFs. Agricultural ETFs, unlike equity-based ETFs, are heavily influenced by external factors such as commodity price trends, geopolitical events, and government agricultural policies. Soni et al. (2023) pointed out that these lead to both opportunities and risks from the investor perspective with regard to potential returns. In Henan Province, where agriculture dominates the local economy, perceived return expectations are closely tied to regional economic conditions. For instance, favorable agricultural policies, subsidies, and infrastructure investments can elevate return expectations for agricultural ETFs, making them more attractive to local investors.

4.5 Perceived Risk Perception and ETF Purchase Decision

Perceived risk perception refers to an investor's subjective assessment of the uncertainties and potential losses associated with a financial product or investment (Soni, Shyamsuder & Prasad, 2023). This perception is very important when it comes to financial decisions, especially when it comes to taking high risks investment like ETFs (Khumalo, 2022). Rooted in behavioral finance, perceived risk perception is often shaped by cognitive biases, emotional responses, and external factors such as market volatility or geopolitical instability (Kahneman & Tversky, 1979). For agricultural ETFs, which are closely tied to commodity markets, perceived risks are particularly salient due to the volatility of prices and the influence of external variables.

In Henan, the heavy reliance on agriculture significantly shapes risk management practices, often sidelining an in-depth exploration of risk perception. Xiao et al. (2024) highlight that rural investors tend to equate financial risks with those associated with agricultural production, such as droughts, pest infestations, or policy changes. These external factors not only influence the profitability of agricultural ETFs but also increase the perceived risks for potential investors. Additionally, the limited diversification of income sources among rural households exacerbates risk aversion, as these investors often lack the financial resilience to absorb potential losses (Saivasan & Lokhande, 2022). Risk perception in rural areas is shaped not only by physical and environmental factors but also by socio-cultural influences. Xiao et al. (2024) observed that in regions like Henan, community norms often dictate access to financial products. Consequently, the experiences of a few individuals can significantly influence the decisions of others. For instance, if early adopters of agricultural ETFs incur losses due to market volatility, their experiences may discourage others from investing, fostering a collective aversion to risk.

4.6 Trust in Financial Institution and ETF Purchase Decision

Trust in financial institutions is a critical factor influencing investment decisions, particularly for complex and relatively novel financial products such as Exchange-Traded Funds (ETFs). Trust reflects an investor's confidence in the competence, integrity, and transparency of the financial institutions offering investment products. Das & Teng (2004) perceived trust to the extent to which an individual is ready to expose oneself to a form of risk with regards to another in light of past, current or future behavior. In financial markets, trust reduces all forms of risks and perceived risks hence encourages more people to invest in financial products. In addition, educational programs aimed at improving financial literacy can further enhance trust. Soni et al. (2023) argued that financial literacy empowers investors to critically evaluate financial institutions and their products, reducing reliance on social cues or anecdotal evidence. In rural markets like Henan, tailored financial education programs focusing on the benefits and risks of agricultural ETFs can foster trust by demystifying complex financial concepts and highlighting the role of institutions in managing investor risks. Xiao et al. (2024) further noted that

trust in compact rural communities is usually based on experiences since people make decisions together. For example, if early adopters of agricultural ETFs report positive experiences with financial institutions, their trust in these entities can influence broader community perceptions, fostering greater adoption (Clapp, 2019). On the other hand, cases of failure or inefficient performances by institutions can undermine trust, which poses difficult hurdles to entry into a market.

4.7 Herding Behavior and ETF Purchase Decision

Rahayu et al. (2021) noted that herding behavior is found to be more apparent in emerging market countries because the availability of independent financial information is restricted. Their findings highlighted the role of social cohesion in amplifying herding behavior, as cultural norms and community dynamics encourage conformity. This phenomenon is especially relevant to rural regions like Henan Province, where social networks and communal decision-making heavily influence investment behaviors. In such settings, the actions of a few influential community members can create ripple effects, driving broader investment in products like agricultural ETFs. Din et al. (2021) observed that herding behavior is particularly amplified during periods of market uncertainty. Using their sample, they established that investors believe that the perceived risks of a project can be managed by carrying out the work in groups to emulate the principle of the crowd. For agricultural ETFs, which are inherently linked to volatile factors such as climate change and global commodity prices, herding behavior can both promote and hinder adoption (Ah Mand et al., 2023). If those first movers act positively within the industry, their behavior and outcomes will bring more investors into the industry, giving it a positive cycle of optimism. On the other hand, when first movers invest in any given security, negative occurrences are likely to discourage more people from participating in the security even though the real value of the product may be enticing (Mand, 2022).

4.8 Financial Literacy and ETF Purchase Decision

Financial literacy is the ability to understand and effectively use various financial concepts and tools, enabling individuals to make informed and confident financial decisions. It is a critical determinant of investment behavior, particularly for complex financial products like Exchange-Traded Funds (ETFs). Capuano & Ramsay (2011) highlighted that individuals with higher levels of financial literacy are more likely to adopt sophisticated financial instruments, as they possess the skills to evaluate risks and returns accurately, minimizing cognitive biases and misinformation of financial literacy in influencing ETF adoption has garnered significant attention in financial literature. Baihaqqy et al. (2020) found that financial literacy is directly linked to better financial decision-making, with literate investors demonstrating enhanced risk management skills and a greater ability to assess investment opportunities. For agricultural ETFs, which are inherently tied to volatile commodity markets, financial literacy is particularly crucial (Clapp, 2019). Prices and other trends are volatile; investors must consider geopolitical issues and environmental factors when making their choices (Sun, 2024). In rural provinces, the impact of financial literacy is even more pronounced. Liu (2022) observed that low levels of financial literacy serve as a significant barrier to the adoption of modern financial products, including ETFs. This is particularly concerning agricultural ETFs, which have the potential to drive economic growth in agriculture-dependent regions. Without targeted educational interventions, rural investors in Henan may remain excluded from the benefits of ETFs, such as diversification and accessibility. Financial education programs tailored to the unique needs of rural populations can help bridge this gap, enabling more investors to participate in agricultural ETF markets.

4.9 Information Searches and ETF Purchase Decision

Information searches serve as a critical mediating factor in financial decision-making, influencing how behavioral variables such as attitude, perceived return expectation, perceived risk perception, trust, herding behavior, and financial literacy affect purchase intentions. In BE, information is considered as a way of reducing the uncertainties in the environment and enhancing the quality of decision making and the possibility of rational behaviors regarding money (Kahneman & Tversky, 1979). In the context of agricultural ETFs, information searches are especially important due to the inherent volatility and complexity of commodity-linked investments. By systematically examining the relationship between independent variables, information searches, and ETF purchase decisions, this section provides a nuanced understanding of their interplay. Some investors will seek more information than others especially if the expected return on their investment options meet or is higher than their expected returns (Sun, 2024). According to Meier & Maier (2023), when retail investors

switch to ETF investing, most do so on the probability of rolling returns and therefore carefully considering the market and Fund's performance. In the case of agricultural ETFs, return expectations are closely tied to commodity prices, government policies, and global economic conditions. To reinforce return expectations, more and better information on such factors can help reinforce the propensity to purchase. Risk perception is another key determinant of information-seeking behavior. Using the arguments of the need to seek more information when risks are perceived by the investor to be high (Rompotis, 2024). Waheed et al. (2020) held that such investors are more likely to seek extra information to manage risks and arrive at better decisions. This is particularly relevant for agricultural ETFs, where perceived risks such as market volatility and geopolitical factors may deter investment. Jiang et al. (2023) emphasized that targeted risk communication strategies, coupled with accessible information, can significantly reduce the impact of risk perception on financial decision-making. Trust in financial institutions moderates the extent of information searches, influencing how much effort investors invest in validating their decisions. Roh et al. (2022) posited that trust alleviates demands for mounds of information since investors rely on institutional certification. Conversely, in low-trust environments, individuals are more likely to engage in independent information searches to compensate for institutional skepticism (Clapp, 2019). For rural investors in Henan Province, building trust through transparent communication and localized engagement can minimize reliance on unverified sources and foster confidence in agricultural ETFs. Herding behavior, driven by social influences and collective decision-making, shapes how investors approach information searches. In their study Din et al. (2021) identified that bystanders herding is more likely to believe in data shared in social settings more than conducting a separate investigation. In Henan Province, where communal investment practices dominate, this tendency can both hinder and enhance information-seeking behavior depending on the reliability of peer sources. Providing community leaders with accurate information about agricultural ETFs can influence collective decision-making positively (Hsieh et al., 2020). Financial literacy plays a pivotal role in shaping information-seeking behavior, enabling investors to identify credible sources and interpret complex financial data. Baihaqqy et al. (2020) showed that HI increases the efficiency of search processes since financially literate people concentrate on the information that is valuable for their decisions. For agricultural ETFs, improving financial literacy among rural investors in Henan can empower them to independently assess product performance, reducing reliance on social cues and external biases. Soni et al. (2023) highlighted that integrating financial education with community outreach programs enhances both literacy and the quality of information searches. As a mediating variable, information searches bridge the gap between behavioral factors and purchase intentions. Kahneman & Tversky (1979) postulated that vast information from the business environment helps overcome biases that lead to logical decision-making. For agricultural ETFs, the availability of tailored information addressing specific concerns—such as risk, returns, and institutional trust—can significantly enhance purchase intentions. Meier & Maier (2023) further emphasised that information serves as a tool for bridging knowledge gaps, particularly in niche markets like agricultural ETFs. By fostering proactive and informed information-seeking behaviour, financial institutions can facilitate the adoption of ETFs among rural investors in Henan Province.

4. CONCEPTUAL DISCUSSION

This article outlines the methodology and theoretical framework for a future study on the factors influencing agricultural ETF purchase decisions in Henan Province, China. The document describes the variables to be examined, including perceived returns, perceived risks, trust in financial institutions, herding behaviour, and financial literacy. It also hypothesises that information searches will mediate the relationship between these factors and the purchase decision. The proposed research will utilise a structured questionnaire and analyse the data using various statistical methods such as multiple regression and Hayes' mediation analysis. Therefore, the document does not contain any findings or a discussion section

5. CONCLUSION

The study begins by introducing several concepts about ETFs, including investment attitudes, expected returns, expected risks, trust in financial institutions, herd behaviour, financial literacy, information search, and ETF purchase decisions. These definitions are necessary to understand the context in which these variables interact and influence investors' decisions. In particular, the literature related to investor behaviour in the agricultural ETF market is comprehensively

examined, with a particular focus on Henan Province, China. Also, existing research findings confirming the relationship between these variables and ETF purchase decisions, including the mediating role of information search, are presented. In addition, a comprehensive analysis of the agricultural ETF environment in China is presented, highlighting its current trends and implications, with a special emphasis on Henan Province. The theoretical underpinnings of the Theory of Planned Behavior (TPB) and the Theory of Behavioral Economics are incorporated to establish the analytical framework of this study, with the assumption that the expected relationships between variables will be described.

6. CONFLICT OF INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in the paper.

7. AUTHOR CONTRIBUTION STATEMENT

Author's name Guou Yao-contributed to the conceptualization, research design, and writing of the original draft.

Author's name Mohamad Nasir Saludin -was responsible for data collection, analysis, and validation of the results.

Author's name Muhammad Omar-provided supervision, critical review, and editing of the final manuscript

All authors have read and approved the final version of the manuscript.

8. ETHICS STATEMENT

This research was conducted in accordance with the ethical standards of **[Faculty of Business, Kuala Lumpur University of Science and Technology]** and adhered to the principles outlined in the Declaration of Helsinki. Ethical approval was obtained from the **[Institutional Ethics Committee/Review Board]** under reference number **[Approval Number, if applicable]**. All participants were informed about the purpose of the study and provided written informed consent prior to participation. Participants' privacy and confidentiality were strictly maintained, and data collected were used solely for academic purposes.

REFERENCES

Ajzen, I. (2020). The theory of planned behavior: Frequently asked questions. *Human Behavior and Emerging Technologies*, 2(4), 314–324.

Alamsyah, M. I., Huda, M., & Pranata, R. M. (2023). Herding as behavior investing: A bibliometric analysis. *JAAF (Journal of Applied Accounting and Finance)*, 7(1), 28–39.

Antoniou, C., Li, F. W., Liu, X., Subrahmanyam, A., & Sun, C. (2023). Exchange-traded funds and real investment. *The Review of Financial Studies*, 36(3), 1043–1093.

Baihaqqy, M. R. I., & Sari, M. (2020). The correlation between education level and understanding of financial literacy and its effect on investment decisions in capital markets. *Journal of Education and E-Learning Research*, 7(3), 303–313.

Cornell, B. (2021). ESG preferences, risk and return. *European Financial Management*, 27(1), 12–19.

Din, S. M. U., Mehmood, S. K., & Shahzad, A. (2021). The impact of behavioral biases on herding behavior of investors in Islamic financial products. *Frontiers in Psychology*, 11, 600570.

Fong, J. H., & Lee, Z. (2023). Trust in financial institutions and demand for financial advice. *Journal of Financial Counseling and Planning*, 34(1), 1–15.

Gilgil, B. (2020). *Behavioral finance: Investigation of investment decisions* (Master's thesis). İzmir Ekonomi Üniversitesi.

Hala, Y., Abdullah, M. W., Andayani, W., Ilyas, G. B., & Akob, M. (2020). The financial behavior of investment decision making between real and financial assets sectors. *The Journal of Asian Finance, Economics and Business*, 7(12), 635–645.

Hsieh, S. F., Chan, C. Y., & Wang, M. C. (2020). Retail investor attention and herding behavior. *Journal of Empirical Finance*, 59, 109–132.

Kataria, S. (2023). *Investor attitude and perception towards technological mutual fund* (Doctoral dissertation).

Kulal, A., Rahiman, H. U., Panakaje, N., Parvin, S. R., Kambali, U., Madhura, K., & Abhishek, N. (2024). Impact of trust-building strategies on investment decisions: Mediating role of the financial advisor-client relationship. *Journal of Financial Services Marketing*. Advance online publication.

Lee, C. C., Chen, M. P., & Lee, C. C. (2021). Investor attention, ETF returns, and country-specific factors. *Research in International Business and Finance*, 56, 101386.

Lou, Z., Xie, Q., Shen, J. H., & Lee, C. C. (2024). Does supply chain finance alleviate funding constraints of SMEs? Evidence from China. *Research in International Business and Finance*, 67, 102157.

Meier, M., & Maier, C. (2023). From stocks to ETFs: Explaining retail investors' migration behavior. *Internet Research*, 33(4), 1249–1275. <https://doi.org/10.1108/INTR-09-2021-0695>

Monteiro, B. A., & Bressan, A. A. (2021). Framing effects of information on investment risk perception. *Revista Contabilidade & Finanças*, 32, 285–300.

Obizhaeva, O. (2022). "OK Google": *ETF online visibility and fund flows* (Swedish House of Finance Research Paper No. 23-02).

Rahayu, A. D., Putra, A., Oktaverina, C., & Ningtyas, R. A. (2021). Herding behavior in the stock market: A literature review. *International Journal of Social Sciences Review*, 1(2), 8–25.

Roh, T., Yang, Y. S., Xiao, S., & Park, B. I. (2022). What makes consumers trust and adopt fintech? An empirical investigation in China. *Electronic Commerce Research*, 22, 1–33.

Saivasan, R., & Lokhande, M. (2022). Influence of risk propensity, behavioural biases and demographic factors on equity investors' risk perception. *Asian Journal of Economics and Banking*, 6(3), 373–403.

Soni, H. P., Shyamsunder, C., & Prasad, K. D. V. (2023). Risk–return profile of commodity derivatives: An investors' perception. *Revista de Gestão e Secretariado*, 14(7), 12004–12016.

Van der Cruijsen, C., de Haan, J., & Roerink, R. (2021). Financial knowledge and trust in financial institutions. *Journal of Consumer Affairs*, 55(2), 680–714.

Weber, M., D'Acunto, F., Gorodnichenko, Y., & Coibion, O. (2022). The subjective inflation expectations of households and firms: Measurement, determinants, and implications. *Journal of Economic Perspectives*, 36(3), 157–184.

Xiao, J., Qiao, J., Han, D., Ma, Y., Zhu, Q., & Wang, W. (2024). Spatial distribution and transformation mechanism of specialized villages in typical agricultural areas: Case study of Henan Province, China. *Habitat International*, 146, 103034.

Xu, X. (2020). Trust and financial inclusion: A cross-country study. *Finance Research Letters*, 35, 101–112.