

Analysis on investing strategies

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Abstract

In the Recent years, we have witnessed increase of investors claiming various value strategies, i.e., pursuing both economic and social returns in their investments. Aside from this rush for good financial statements, we still do not know to what extent the investors' claims actually reflect investment decisions. Evidence suggests that, in some cases, such investors tend to maximize the social performance over the financial performance; in some others, the effect is reverted, but currently lacks studies aligning the analysis of the investment decisions with the investment portfolios. Yet, it is still unclear whether investment decisions are enacted as a result of investors' deliberate strategies and what influences this relationship. In this Article we identify this issue, analyzing the extent to which investors' finance firms pursuing goals aligned with their strategic aspirations. Specifically, adopting a Fractional Logistic Regression model, we test the effect of investors' aspirations toward social impact on the extent to which their investees (i.e., the portfolio of firms in which they invest) pursue social returns. Results suggest the existence of a positive and significant investor–portfolio alignment effect (i.e., the higher the investors' aspirations toward social impact, the higher the number of investees with higher social aspirations). Yet, this effect is influenced by contingencies at both investor and portfolio levels. Investors with strong aspirations toward social impact that: (i) invest in countries with high levels of social inequality, and (ii) are located in countries that support social progress and maximize, in their portfolios, the presence of businesses pursuing social impact. We discuss implications for future researchers, policymakers and practitioners.

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Biography

Akula Venkata Mouni has done Post graduation in Department of Commerce and Management Studies at Andhra University, and also pursuing his Chartered Accountancy course and Cost Management Accountancy Course. Currently doing his private research in Investing.