

Identifying the Components of a Model of Factors Affecting the Selection of Investment Strategies in Investment Companies

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Abstract: The present study aimed to identify and explain the components of a model of factors affecting the selection of investment strategies in investment companies using a Grounded Theory approach. This study was conducted using a qualitative methodology based on the systematic Grounded Theory approach. The statistical population consisted of financial experts, investment managers, portfolio analysts, and specialists working in investment companies and financial institutions. Participants were selected through theoretical sampling, and data collection continued until theoretical saturation was achieved. In total, 12 in-depth semi-structured interviews were conducted with experienced professionals in the field of investment and financial management. Data were collected through face-to-face and online interviews and were analyzed simultaneously using open coding, axial coding, and selective coding procedures. More than 140 open codes were extracted and categorized into conceptual and thematic dimensions. The qualitative data analysis process was supported using MAXQDA software. To ensure trustworthiness, the study employed continuous comparison, theoretical memo writing, participant feedback, inter-coder agreement, and the Holsti reliability method. The findings revealed that the selection of investment strategies in investment companies is a multidimensional and adaptive process influenced by the interaction of causal, contextual, and intervening factors. Five major axial categories were identified, including investor characteristics, environmental and market conditions, institutional and structural factors, strategic investment actions, and investment outcomes. The core category extracted from the data was “adaptive strategies in selecting investment strategies under complex financial market conditions.” The results showed that investor risk tolerance, financial objectives, ethical preferences, market volatility, organizational culture, legal frameworks, economic trends, and global events significantly shape strategic investment decisions. Furthermore, investment companies respond to these conditions through strategies such as portfolio diversification, active portfolio management, contrarian investment, and value-based investment approaches. These adaptive strategies contributed to positive outcomes including increased returns, customer satisfaction, reduced investment risk, organizational learning, regulatory compliance, and identification of emerging investment opportunities.

Keywords: Investment Strategy Selection, Investment Companies, Adaptive Strategies, Portfolio Management, Financial Decision-Making, ESG Investment, Risk Management

1. Introduction

Investment strategy selection has become one of the most critical dimensions of financial decision-making in modern investment companies due to increasing market complexity, economic uncertainty, technological transformation, and the growing diversity of investor expectations. In contemporary financial systems, investment companies are no longer limited to traditional portfolio allocation mechanisms; rather, they operate within dynamic environments shaped by macroeconomic fluctuations, regulatory pressures, sustainability concerns, behavioral biases, and rapid technological changes. Consequently, the process of selecting investment strategies has evolved into a multidimensional and adaptive phenomenon requiring simultaneous consideration of financial performance, risk management, investor preferences, organizational capabilities, and environmental uncertainty [1, 2].

The expansion of global financial markets and the increasing sophistication of investment instruments have intensified the importance of strategic investment decisions in both developed and emerging economies. Investment companies are expected not only to maximize returns but also to preserve capital, manage uncertainty, maintain regulatory compliance, and create sustainable value for stakeholders. Under such conditions, the selection of an appropriate investment strategy has become a decisive factor influencing organizational competitiveness, financial stability, and investor confidence [3, 4]. Strategic investment choices affect portfolio structure, capital allocation efficiency, organizational resilience, and long-term sustainability. Therefore, understanding the factors influencing investment strategy selection is essential for both academic inquiry and practical financial management.

One of the most significant transformations in recent years has been the increasing role of uncertainty and volatility in shaping investment decisions. Economic crises, inflationary pressures, exchange-rate instability, geopolitical tensions, and post-pandemic market disruptions have created highly unpredictable investment environments. These conditions have forced investment companies to adopt more flexible and adaptive strategies capable of responding rapidly to environmental changes [5, 6]. Financial markets increasingly demand strategic agility, continuous monitoring of macroeconomic indicators, and dynamic portfolio adjustment. As a result, investment strategy selection can no longer be understood as a static or purely technical process; instead, it represents an ongoing organizational response to fluctuating internal and external conditions.

Behavioral finance literature has further demonstrated that investment decisions are deeply influenced by cognitive biases, psychological tendencies, and subjective perceptions of risk. Traditional financial theories often assume that investors and fund managers behave rationally, yet empirical evidence consistently shows that emotional and behavioral factors significantly shape investment choices. The anchoring effect, overconfidence, risk aversion, loss aversion, and herding behavior influence how investors interpret market information and select investment strategies [7, 8]. Fund managers frequently rely on past experiences, perceived market signals, and psychological heuristics when constructing portfolios or reacting to market volatility. Consequently, the process of investment strategy selection involves not only objective financial analysis but also subjective interpretation and behavioral adaptation.

The behavioral characteristics of fund managers and investment professionals have therefore emerged as an important field of investigation. Research suggests that managerial personality traits, decision-making styles, professional experience, and cognitive orientation significantly influence strategic investment outcomes [2]. Managers differ in their levels of risk tolerance, responsiveness to uncertainty, ethical orientation, and preference for active versus passive investment strategies. Such differences shape the degree of diversification, aggressiveness, sustainability orientation, and adaptability of investment portfolios. Moreover, the growing complexity of financial

markets requires managers to integrate analytical expertise with strategic intuition and organizational learning capabilities.

The debate between active and passive investment strategies has also intensified in the context of market efficiency and economic instability. Passive investment strategies emphasize long-term market tracking and low transaction costs, whereas active strategies seek to outperform markets through continuous analysis and tactical portfolio adjustment. Critics of passive investing argue that excessive dependence on passive mechanisms may reduce market efficiency and increase systemic vulnerabilities [9]. In contrast, advocates of active investment management emphasize the importance of flexibility, information responsiveness, and strategic adaptation in uncertain economic environments. This debate highlights the necessity of examining how investment companies select strategies under varying market conditions and organizational constraints.

Another critical factor influencing investment strategy selection is the growing importance of environmental, social, and governance (ESG) considerations. Sustainable investment has evolved from a niche financial activity into a major global investment trend. Investment companies increasingly integrate ESG criteria into their portfolio decisions due to regulatory expectations, investor demand, and concerns regarding long-term sustainability [10, 11]. ESG-oriented strategies are no longer viewed solely as ethical commitments; they are increasingly recognized as mechanisms for risk mitigation, reputation enhancement, and sustainable financial performance. Climate-related financial risks, environmental shocks, and social accountability pressures have encouraged firms to reconsider traditional investment models and adopt more responsible investment frameworks [12].

Similarly, Islamic sustainable and responsible investment frameworks have received increasing scholarly attention due to their emphasis on ethical finance, transparency, and socially responsible capital allocation. Islamic investment principles encourage alignment between financial performance and moral responsibility while discouraging speculative and high-risk activities [13]. Such approaches indicate that investment strategy selection is influenced not only by economic calculations but also by cultural, ethical, and normative values. Consequently, investment companies must increasingly balance profitability objectives with broader social and environmental expectations.

The role of corporate governance in shaping investment strategy selection has also become increasingly significant. Governance mechanisms influence resource allocation efficiency, managerial accountability, investment oversight, and strategic consistency. Strong governance structures can reduce investment inefficiency, enhance transparency, and improve the alignment between organizational objectives and investment decisions [3, 14]. Conversely, weak governance systems may encourage opportunistic behavior, excessive risk-taking, or inefficient portfolio allocation. Investment strategies are therefore shaped not only by external market conditions but also by internal organizational structures and governance practices.

Technological transformation and digital financial innovation have further altered the investment landscape. The emergence of digital investment platforms, algorithmic trading systems, artificial intelligence, and data-driven analytics has changed how investment companies process information and formulate strategies. Investors increasingly rely on digital investment services and automated financial systems when making portfolio decisions [15]. These technological developments have enhanced access to financial information while simultaneously increasing the speed and complexity of investment decision-making processes. As a result, investment companies are required to integrate technological adaptability into their strategic frameworks.

In venture capital and entrepreneurial finance contexts, investment strategy selection becomes even more uncertain due to the high-risk nature of innovation-based investments. Venture capital decision-making depends

on opportunity recognition, market forecasting, entrepreneurial evaluation, and strategic timing [16, 17]. Investors must assess not only financial indicators but also future technological potential, market scalability, and managerial capability. Such findings reinforce the idea that investment strategy selection is fundamentally adaptive and contextual rather than universally standardized.

Macroeconomic conditions also exert substantial influence on investment behavior and strategic allocation decisions. Inflation, recession, exchange-rate fluctuations, and interest-rate changes can significantly alter investment priorities and portfolio structures. During periods of economic crisis, investment companies often shift toward safer assets, defensive sectors, or more diversified strategies to minimize exposure to uncertainty [5]. Conversely, periods of economic expansion may encourage greater risk-taking and growth-oriented investment behavior. These dynamics indicate that investment strategies are continuously reconstructed in response to environmental pressures and evolving economic realities.

The internationalization of financial markets has additionally increased exposure to global risks and cross-border investment dynamics. Geopolitical conflicts, supply chain disruptions, global pandemics, and international regulatory changes increasingly affect investment strategy formulation. Sovereign wealth funds and institutional investors are now expected to demonstrate greater sustainability transparency and strategic accountability within global financial systems [18]. Investment companies must therefore incorporate international trends, geopolitical developments, and sustainability expectations into their strategic decision-making processes.

Despite the extensive literature on portfolio management, behavioral finance, ESG investment, and financial performance, there remains a significant gap regarding the integrated understanding of factors affecting investment strategy selection within investment companies. Many previous studies have examined isolated dimensions of investment decision-making, such as governance, sustainability, behavioral bias, or macroeconomic conditions, without offering a comprehensive explanatory framework linking these dimensions together [2, 10]. Furthermore, most quantitative studies focus primarily on statistical relationships among variables, often overlooking the lived experiences, interpretive processes, and contextual reasoning of investment professionals themselves.

Qualitative approaches, particularly Grounded Theory methodology, provide a valuable opportunity to address this gap by exploring the underlying processes, interactions, and contextual conditions shaping investment strategy selection. Through direct engagement with financial experts and investment professionals, Grounded Theory enables researchers to construct data-driven theoretical explanations rooted in real organizational experiences. Such an approach is particularly useful in complex and evolving financial contexts where existing theoretical models may not fully explain adaptive strategic behavior.

The growing diversity of investor expectations also reinforces the necessity of investigating investment strategy selection from a multidimensional perspective. Investors increasingly seek personalized strategies aligned with their financial goals, ethical values, sustainability preferences, and risk tolerance levels. Investment companies are therefore required to balance standard financial performance objectives with individualized and context-sensitive strategic responses. This complexity highlights the importance of identifying the mechanisms through which investment professionals integrate organizational, environmental, behavioral, and regulatory considerations into strategic investment decisions.

Moreover, the post-pandemic financial environment has further intensified the importance of resilience and adaptability in investment strategy selection. Economic recovery patterns, inflationary uncertainty, technological acceleration, and sustainability transitions have collectively transformed investment priorities across global markets. Investment companies must now operate in environments characterized by high uncertainty, rapid

information flows, and increasing stakeholder expectations. Under such conditions, adaptive and flexible investment strategies become essential for long-term organizational survival and competitiveness [19, 20].

In light of these considerations, understanding the factors influencing the selection of investment strategies requires a holistic analytical framework capable of integrating causal conditions, contextual influences, intervening variables, strategic responses, and resulting outcomes. Such an approach can contribute to both theoretical advancement and practical improvement in investment decision-making processes. Therefore, the present study aims to identify the components of a model of factors affecting the selection of investment strategies in investment companies using a Grounded Theory approach.

2. Methodology

The present study was conducted using a qualitative approach based on the Grounded Theory methodology. Grounded Theory is a systematic qualitative research strategy aimed at generating theory directly from empirical data rather than testing pre-existing hypotheses. This methodology was originally developed by Barney Glaser and Anselm Strauss in 1967 and has subsequently evolved through the contributions of scholars such as Kathy Charmaz and Juliet Corbin. The central objective of the present research was to develop a data-driven theoretical model explaining the factors influencing the selection of investment strategies in investment companies. Due to the exploratory nature of the phenomenon and the limited applicability of existing theoretical frameworks within the context of investment companies, the Grounded Theory approach was considered the most appropriate methodology for uncovering the underlying dimensions, relationships, and processes associated with strategic investment decision-making.

The study was applied in terms of purpose and exploratory in nature. Data collection and analysis were conducted simultaneously in accordance with the iterative logic of Grounded Theory. The research process began with a broad exploration of issues related to investment strategy selection in investment companies and gradually moved toward conceptual refinement and theoretical abstraction through continuous interaction with the data. The study employed theoretical sampling, which is one of the defining characteristics of Grounded Theory. In theoretical sampling, participants are selected based on their potential contribution to theory development rather than statistical representativeness. Accordingly, the participants included senior managers, financial analysts, portfolio managers, investment consultants, and experts with substantial professional experience in investment companies and capital market institutions.

Initial participants were selected purposively from investment companies listed on the stock exchange and other financial institutions with recognized expertise in investment strategy formulation and portfolio management. As data analysis progressed, subsequent participants were selected according to emerging concepts and categories in order to deepen, refine, and saturate the developing theory. The process of participant recruitment continued until theoretical saturation was achieved, meaning that additional interviews no longer generated new conceptual insights or dimensions relevant to the emerging model. In total, approximately 12 to 15 in-depth interviews were conducted, although the final number depended on the attainment of theoretical saturation.

Data were collected through semi-structured interviews conducted either face-to-face or through online communication platforms, depending on participants' accessibility and preferences. Each interview lasted between 45 and 90 minutes. The interview protocol included broad and open-ended questions designed to encourage participants to discuss their experiences, perceptions, and interpretations regarding the determinants of investment strategy selection. Follow-up and probing questions were used flexibly to clarify meanings, explore emerging

categories, and gain deeper insight into the decision-making processes within investment companies. All interviews were audio-recorded with participant consent and subsequently transcribed verbatim for analysis. In addition to interview transcripts, theoretical memos and analytical notes were continuously documented throughout the research process to facilitate conceptual development and maintain theoretical sensitivity.

The primary data collection instrument in this study was the semi-structured interview guide developed specifically for the purposes of the research. The interview questions were designed based on an extensive review of the literature related to investment strategies, strategic decision-making, portfolio management, organizational behavior, and qualitative research methodology. The interview guide focused on identifying causal conditions, contextual factors, intervening conditions, strategic actions, and consequences associated with investment strategy selection in investment companies. Questions were formulated in an open-ended manner to allow participants to provide rich, detailed, and experience-based responses. Examples of the interview domains included risk tolerance, investment objectives, organizational culture, market dynamics, leadership influences, strategic diversification, active investment management, and long-term investment outcomes.

The interview instrument demonstrated strong content validity because the questions comprehensively covered multiple dimensions relevant to investment strategy selection and were aligned with the conceptual foundations of Grounded Theory research. Face validity was also confirmed, as the questions appeared clear, understandable, and appropriate for eliciting meaningful insights from experienced professionals in the investment sector. To strengthen construct validity, the interview protocol was reviewed by several academic experts in management and finance as well as practitioners in investment companies. Their feedback contributed to refining question wording, improving conceptual clarity, and ensuring alignment between research objectives and interview content.

Reliability and trustworthiness were addressed through several methodological procedures. A consistent interview process was maintained across all participants by using a standardized interview structure while preserving sufficient flexibility for theoretical exploration. Interviews were transcribed accurately, and coding procedures were documented systematically. To enhance dependability, portions of the interview data were independently coded by multiple researchers, and inter-coder agreement was evaluated through comparison of coding outcomes. The study also employed memo-writing throughout the data collection and analysis process to document analytical reflections, conceptual relationships, and theoretical developments. These memos served as an important bridge between raw data and the emerging theoretical framework.

Furthermore, credibility was strengthened through prolonged engagement with the data, continuous comparison of concepts, participant feedback during interviews, and repeated examination of emerging categories. The use of rich descriptions and direct engagement with experienced professionals enhanced the authenticity and contextual relevance of the findings. The qualitative data management and coding process was supported using MAXQDA software, which facilitated systematic organization, retrieval, comparison, and interpretation of interview data throughout the stages of analysis.

Data analysis in the present study followed the systematic Grounded Theory procedure involving open coding, axial coding, and selective coding. Analysis began immediately after the first interview and continued concurrently with data collection in accordance with the constant comparative method. This iterative analytical process enabled the researcher to refine interview questions, identify emerging conceptual gaps, and guide subsequent theoretical sampling decisions.

During the open coding stage, interview transcripts were examined line by line and sentence by sentence in order to identify meaningful units of data. Initial concepts and codes were extracted directly from participants'

statements, and each significant phrase or idea was labeled conceptually. Through continuous comparison of similarities and differences among codes, related concepts were grouped into preliminary categories. Open coding allowed the researcher to break down the data analytically and uncover the underlying dimensions and properties of the phenomenon under investigation.

Following open coding, axial coding was conducted to establish relationships among categories and subcategories. In this stage, the researcher organized the emerging concepts around central analytical dimensions such as causal conditions, contextual conditions, intervening conditions, strategic actions, and consequences. Connections between categories were explored systematically in order to understand how various organizational, managerial, financial, and environmental factors interacted to influence the selection of investment strategies in investment companies. The axial coding process contributed to reconstructing the data into a coherent explanatory framework and identifying the structural relationships underlying strategic investment decisions.

In the selective coding stage, the core category representing the central phenomenon of the study was identified and integrated with other major categories to construct the final theoretical model. Categories were refined, validated, and theoretically linked to develop a comprehensive explanation of the factors affecting investment strategy selection. Selective coding focused on integrating the findings into a unified conceptual framework capable of explaining the processes, conditions, and outcomes associated with investment decision-making in investment companies.

The analysis process relied heavily on constant comparison, theoretical sensitivity, and memo-writing. Data segments were continuously compared across interviews, categories, and emerging concepts in order to refine theoretical interpretations and ensure analytical consistency. Theoretical memos documented the evolution of concepts, emerging relationships, and interpretive insights throughout the research process. The analysis continued until theoretical saturation was reached and the resulting framework demonstrated sufficient explanatory depth and conceptual coherence.

To ensure the rigor and trustworthiness of the analysis, several validation strategies were employed, including continuous participant feedback, peer review of coding procedures, maintenance of an audit trail, and assessment of inter-coder reliability using the Holsti method. The final theoretical model was grounded directly in participants' experiences and reflected the complex realities of investment strategy selection within investment companies.

3. Findings and Results

The findings of the qualitative analysis were derived from 12 in-depth interviews with financial and investment experts. Through open, axial, and selective coding, more than 140 open codes were identified and organized into five main axial categories. These categories were then integrated around the core category of "adaptive strategies in selecting investment strategies under complex financial market conditions." The results showed that the selection of investment strategies in investment companies is not a linear or purely technical process; rather, it is a dynamic, multidimensional, and context-dependent process shaped by investor characteristics, market conditions, institutional requirements, organizational contexts, strategic actions, and the consequences of implemented decisions.

Table 1. Final Categorization of Codes and Components Affecting the Selection of Investment Strategies in Investment Companies

Main Dimension	Axial Category	Open Codes / Subcategories	Analytical Interpretation
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Core Category	Adaptive strategies in selecting investment strategies under complex financial market conditions	Flexibility in strategy selection, adjustment to market volatility, alignment with investor goals, responsiveness to regulatory and environmental change, continuous strategic revision	This category represents the central phenomenon of the study and integrates all other categories. It indicates that effective investment strategy selection requires continuous adaptation to individual, organizational, market, and regulatory conditions.
Causal Conditions	Investor risk tolerance	Balance between low-risk and high-return assets, adjustment of strategy according to client risk profile, preference for conservative or aggressive investment, risk-bearing capacity	Risk tolerance was identified as one of the primary drivers of investment strategy selection. Investors with higher risk tolerance tend to prefer growth-oriented and high-return strategies, whereas risk-averse investors prefer safer and more stable assets.
Causal Conditions	Investment objectives	Wealth accumulation, retirement planning, regular income generation, capital preservation, long-term growth, short-term liquidity	Investment objectives shape the structure of the portfolio and determine whether the strategy should emphasize growth, income, stability, or liquidity.
Causal Conditions	Financial market conditions	Recession, market boom, market volatility, inflation, exchange-rate fluctuations, changes in asset prices	Market conditions directly influence the type and timing of investment strategies. During recessionary periods, safer assets become more attractive, while expansionary markets encourage more growth-oriented decisions.
Causal Conditions	Investor preferences and values	Ethical investment, ESG orientation, environmental concerns, social responsibility, preference for sustainable assets, avoidance of conflicting assets	Personal and value-based preferences influence the selection of assets and encourage the design of portfolios aligned with investors' ethical, environmental, and social expectations.
Causal Conditions	Legal and regulatory requirements	Disclosure rules, transparency, compliance with supervisory regulations, corporate governance principles, risk-control requirements	Regulatory frameworks create formal boundaries for investment decisions and require investment companies to align strategies with legal, ethical, and professional standards.
Contextual Conditions	Corporate culture and values	Customer orientation, sustainable investment, transparency, social responsibility, professional accountability	Organizational culture provides the internal value framework within which investment decisions are made. Firms with customer-oriented and sustainability-oriented cultures tend to design more responsible and balanced strategies.
Contextual Conditions	Organizational investment philosophy	Long-term growth orientation, risk-return balance, avoidance of speculative opportunities, emphasis on sustainable performance	Investment philosophy guides strategic decision-making and determines whether the company prioritizes short-term gains, long-term stability, value creation, or risk control.
Contextual Conditions	Business objectives of the company	Responsiveness to client needs, competitive advantage, adaptation to market conditions, profitability, institutional growth	Business objectives influence the direction of investment strategies and connect financial decisions to the broader competitive and strategic goals of the company.
Contextual Conditions	Organizational structure	Interdepartmental cooperation, interaction among research, risk, and customer service teams, knowledge sharing, expert-based decision-making	Dynamic organizational structures facilitate better investment decisions by enabling collaboration, information exchange, and the integration of multiple professional perspectives.
Contextual Conditions	Historical events and organizational learning	2008 financial crisis, lessons from recessions, emphasis on diversification, rational risk-taking, learning from previous losses	Historical experiences shape current strategic preferences and encourage investment companies to adopt more cautious, diversified, and risk-aware strategies.
Intervening Conditions	Economic trends	Macroeconomic instability, inflation, recession, COVID-19 pandemic, currency fluctuations	Economic trends can strengthen, weaken, or redirect investment strategies. They require companies to revise strategies rapidly and move toward safer or more resilient assets when uncertainty increases.

Intervening Conditions	Industry trends	Growth of renewable energy, technological development, new supply chains, sectoral transformation	Industry-level developments create new investment opportunities and require companies to reallocate resources toward emerging and high-potential sectors.
Intervening Conditions	Company-specific events	Mergers and acquisitions, management changes, launch of new products, internal restructuring	Internal organizational events create new risks and opportunities and may lead to strategic revision in investment allocation.
Intervening Conditions	Leadership changes	New managerial priorities, ESG orientation, change in management style, shift toward sustainable investment	Changes in leadership may alter the strategic direction of investment companies by introducing new priorities, values, and risk preferences.
Intervening Conditions	Global events	Geopolitical tensions, wars, natural disasters, global economic policies, international crises	Global events increase uncertainty and push investment companies toward geographical diversification, risk reduction, and more flexible strategic planning.
Strategies	Portfolio diversification	Allocation across different asset classes, reduction of dependence on one sector, use of complementary financial instruments, balancing risk	Diversification was identified as a key strategy for risk management and portfolio resilience, especially under volatile market conditions.
Strategies	Active portfolio management	Rapid response to market fluctuations, tactical adjustments, continuous monitoring of asset performance, use of updated market data	Active management enables investment companies to respond quickly to changing conditions and optimize returns while reducing potential losses.
Strategies	Contrarian approach	Investment in undervalued assets during downturns, targeted risk-taking against market sentiment, reliance on intrinsic value analysis	Some experts emphasized the value of moving against dominant market trends when deep analysis shows hidden opportunities.
Strategies	Client-value-based investment	Alignment of portfolios with ethical and environmental preferences, ESG-based asset selection, avoidance of assets inconsistent with client values	This strategy reflects the growing importance of client-centered and value-based investment, particularly in sustainable and responsible investment practices.
Strategies	Strategic flexibility based on environmental analysis	Updating strategies based on economic, political, and industrial changes, redefinition of decisions through new data, continuous environmental scanning	Strategic flexibility allows investment companies to remain effective in uncertain environments by revising decisions as new information emerges.
Consequences	Increased return and client satisfaction	Sustainable investment growth, long-term profitability, satisfaction with financial performance, increased investor trust, alignment with client goals	Effective strategy selection improves financial performance and strengthens the relationship between clients and investment companies.
Consequences	Risk reduction and crisis management	Reduced market volatility effects, protection of assets in crises, rapid adaptation to market changes, use of safe assets	Flexible and diversified strategies reduce vulnerability to market shocks and improve resilience during economic crises.
Consequences	Organizational learning and professional development	Strategy revision after errors, learning from negative outcomes, improved decision-making skills, review of investment policies	Investment outcomes create feedback loops that help organizations refine their professional judgment and improve future decisions.
Consequences	Sustainability and regulatory compliance	Increased transparency, regulatory alignment, public trust, predictable performance, compliance-based strategy design	Compliance with legal and professional standards increases institutional legitimacy and strengthens market trust.
Consequences	Identification of emerging investment opportunities	Response to crises, investment in new industries, monitoring growth opportunities, portfolio rebalancing toward high-potential sectors	Adaptive strategies enable investment companies not only to protect assets but also to identify and exploit new investment opportunities.
Paradigmatic Model	Central phenomenon, causal conditions, contextual conditions, intervening conditions,	Decision-making in investment strategy selection, risk tolerance, investor objectives, market conditions, organizational culture, economic trends,	The final model shows that investment strategy selection is produced through the interaction of causal, contextual, and intervening factors and becomes operational through adaptive strategic actions that

strategies, and consequences	diversification, active management, client satisfaction, sustainable growth	generate financial, organizational, and institutional consequences.
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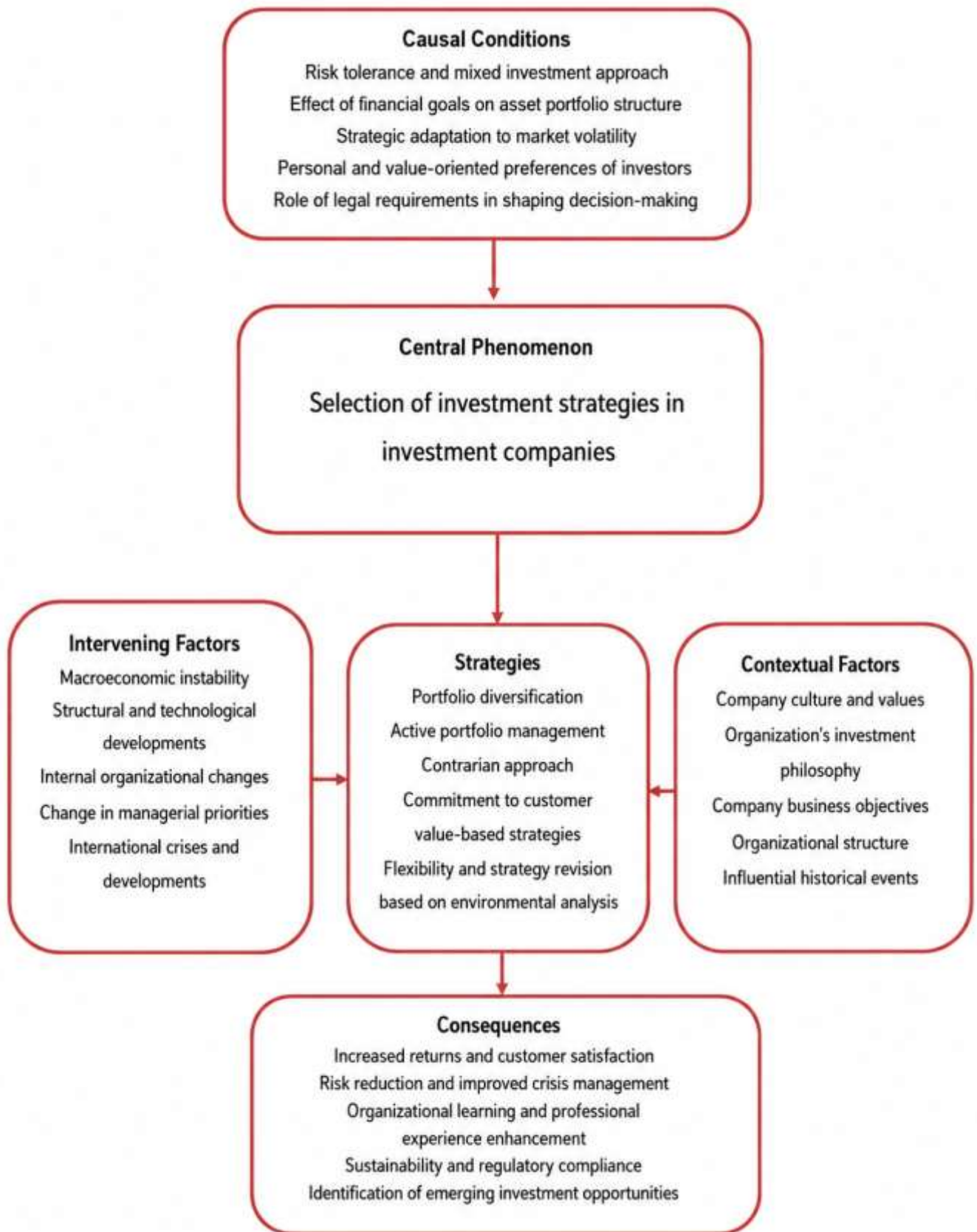


Figure 1. Final Conceptual Model

As shown in Table 1, the final model of the study is organized around the core category of adaptive strategies in selecting investment strategies under complex financial market conditions. The findings indicate that investment strategy selection is shaped first by causal conditions such as risk tolerance, investment objectives, market conditions, investor preferences, and regulatory requirements. These factors explain why particular strategies are selected. However, these causal factors do not operate in isolation; they are interpreted within contextual conditions such as corporate culture, organizational philosophy, business objectives, organizational structure, and historical experience. In addition, intervening conditions, including economic trends, industry developments, company-specific events, leadership changes, and global events, can modify or intensify the relationship between causal factors and strategic action. In response to these conditions, investment companies employ strategies such as portfolio diversification, active portfolio management, contrarian investment, value-based investment, and strategic flexibility. The consequences of these strategies include improved returns, client satisfaction, reduced risk, better crisis management, organizational learning, regulatory compliance, and identification of emerging opportunities. Overall, the results demonstrate that successful investment strategies are those that can maintain alignment among investor goals, risk capacity, organizational priorities, legal requirements, and changing market conditions.

4. Discussion and Conclusion

The present study aimed to identify the components of a model of factors affecting the selection of investment strategies in investment companies using a Grounded Theory approach. The findings revealed that investment strategy selection is a multidimensional, adaptive, and context-dependent process shaped by the interaction of causal conditions, contextual factors, intervening conditions, strategic responses, and organizational consequences. The core category extracted from the qualitative analysis, namely “adaptive strategies in selecting investment strategies under complex financial market conditions,” demonstrated that successful investment decision-making depends largely on the ability of investment companies to continuously align strategic actions with investor preferences, market dynamics, organizational conditions, and regulatory expectations. The results indicate that investment strategy selection cannot be reduced to purely financial or technical analysis; instead, it is a dynamic managerial process requiring flexibility, environmental responsiveness, and strategic integration.

One of the major findings of the study was the significant role of investor risk tolerance in shaping investment strategies. Participants repeatedly emphasized that investment professionals adjust portfolio structures and strategic orientations according to investors’ willingness to tolerate uncertainty and volatility. Investors with higher risk tolerance were more likely to pursue aggressive growth-oriented portfolios, whereas risk-averse investors preferred safer and more stable investment instruments. This finding aligns with behavioral finance perspectives emphasizing the central role of subjective risk perception in investment decision-making [7, 8]. It is also consistent with the findings of [2], who demonstrated that managerial behavioral traits and psychological orientations significantly influence strategic investment behavior. The present study extends these findings by showing that risk tolerance is not merely an individual psychological characteristic but also a strategic determinant influencing diversification, investment horizon, and portfolio adaptability.

Another important finding concerned the influence of investment objectives on strategic allocation decisions. Participants indicated that investment strategies are fundamentally shaped by financial goals such as wealth accumulation, capital preservation, income generation, and long-term growth. This suggests that investment

strategies emerge through alignment between investor expectations and organizational decision-making frameworks. These findings are consistent with research emphasizing the role of strategic investment planning in enhancing financial efficiency and long-term sustainability [1, 19]. The findings also reinforce the argument presented by [14], who highlighted that deviations from rational resource allocation strategies may increase investment inefficiency, particularly when organizational governance mechanisms are weak. The current study demonstrates that goal-oriented investment strategies contribute to better alignment between investor needs and strategic portfolio management.

The findings additionally showed that financial market conditions and macroeconomic instability exert strong influence over investment strategy selection. Participants emphasized that inflation, recession, exchange-rate fluctuations, and market volatility continuously reshape investment priorities and strategic responses. During unstable economic periods, investment companies tend to shift toward more conservative and diversified portfolios in order to reduce vulnerability to market shocks. These findings are strongly supported by previous studies indicating that economic crises and uncertainty significantly alter investment behavior and strategic asset allocation [5, 6]. Similarly, [3] found that macroeconomic variables directly affect the financial performance of investment institutions through their influence on strategic decisions. The present study contributes to this literature by illustrating how investment professionals interpret and adapt to environmental instability through continuous strategic revision and dynamic portfolio management.

The role of investor values and ethical preferences also emerged as a central theme in the study. Participants frequently referred to the increasing importance of sustainable investment, ESG-oriented portfolios, and socially responsible asset allocation. Many experts acknowledged that investors increasingly demand strategies aligned with environmental responsibility, social accountability, and ethical standards. This finding is consistent with growing international evidence suggesting that ESG considerations have become central components of modern investment decision-making [10, 11]. Research by [12] similarly demonstrated that climate-related risks and sustainability shocks significantly influence socially responsible investment behavior. Furthermore, the findings align with [13], who emphasized the increasing relevance of ethical and sustainable investment frameworks within Islamic finance systems. The current study extends these perspectives by showing that value-based investment is not only an ethical preference but also a strategic mechanism for building investor trust, enhancing legitimacy, and maintaining long-term competitiveness.

The findings also revealed the substantial influence of legal and regulatory requirements on investment strategy selection. Participants emphasized that transparency, disclosure standards, governance regulations, and compliance requirements shape both strategic flexibility and risk management practices. Investment professionals acknowledged that legal frameworks are essential for maintaining investor confidence and institutional legitimacy. These findings support the work of [14] and [3], both of whom highlighted the importance of governance structures and regulatory oversight in reducing inefficiency and improving financial performance. The study further demonstrates that investment strategy selection occurs within institutional boundaries that simultaneously constrain and guide organizational action.

The importance of contextual organizational conditions was another major finding. Corporate culture, organizational philosophy, business objectives, and structural characteristics were found to significantly affect strategic investment decisions. Companies with long-term investment philosophies and customer-oriented cultures were more likely to adopt sustainable and adaptive investment strategies. These findings support organizational perspectives emphasizing the role of institutional culture and managerial orientation in strategic decision-making

[1]. Additionally, the findings align with [18], who highlighted the importance of transparency and institutional accountability in shaping investment governance structures. The present study demonstrates that investment strategy selection is not solely determined by external market factors; rather, it is deeply embedded within organizational norms, historical experiences, and internal decision-making systems.

The findings regarding intervening conditions further illustrated the complexity of investment strategy selection. Economic trends, technological developments, leadership changes, industry transformations, and global events were identified as important moderating factors influencing strategic behavior. Participants explained that rapid technological innovation and changing industry structures continuously create new investment opportunities while simultaneously increasing uncertainty. These findings correspond with studies emphasizing the growing impact of digital finance, technological transformation, and industrial change on investment behavior [4, 15]. The findings also support the conclusions of [16] and [17], who demonstrated that strategic investment decisions in uncertain and innovative environments require adaptive thinking and continuous environmental monitoring. The present study therefore confirms that investment strategy selection is influenced by both internal organizational capabilities and rapidly evolving external environments.

Another significant finding concerned the strategic actions employed by investment professionals in response to environmental complexity. Portfolio diversification emerged as one of the most frequently emphasized strategies. Participants viewed diversification as an essential mechanism for reducing risk exposure and improving resilience during periods of uncertainty. This finding aligns with classical portfolio theory as well as contemporary studies on investment optimization and risk management [19]. Similarly, active portfolio management was identified as a critical strategic response to economic volatility and changing market conditions. Participants described continuous monitoring, tactical adjustment, and rapid decision-making as necessary components of successful investment management. These findings support the criticisms of overly passive investment approaches discussed by [9], who argued that adaptive and active strategies are increasingly necessary in volatile financial systems.

The study also identified contrarian investment approaches as an important strategic behavior among experienced investment professionals. Some participants indicated that successful investors occasionally move against dominant market trends when deep analysis suggests hidden opportunities or undervalued assets. This finding reflects behavioral and strategic perspectives emphasizing the importance of analytical independence and long-term value recognition in investment management [2]. The findings suggest that strategic flexibility and professional judgment are essential competencies in complex financial environments.

The consequences identified in the study further demonstrated the effectiveness of adaptive investment strategies. Participants reported that flexible and diversified strategies contributed to increased financial returns, improved customer satisfaction, reduced vulnerability to crises, enhanced organizational learning, and stronger regulatory compliance. These findings are consistent with studies indicating that sustainable and strategically adaptive investment systems improve both financial performance and institutional legitimacy [10, 20]. The findings also support the argument that organizational learning and strategic revision can transform negative investment experiences into opportunities for professional development and institutional improvement.

A particularly important contribution of the present study lies in its integration of multiple dimensions of investment strategy selection into a unified explanatory framework. While previous research has often examined behavioral factors, governance structures, ESG considerations, or macroeconomic conditions separately, the current study demonstrates that these dimensions interact dynamically within a broader adaptive strategic process. The

Grounded Theory approach enabled the development of a conceptual model that captures the interconnected nature of investor behavior, organizational conditions, environmental uncertainty, and strategic action. This holistic perspective contributes to the growing literature emphasizing the complexity and contextuality of financial decision-making in modern investment institutions.

Overall, the findings indicate that successful investment strategies are those capable of maintaining continuous alignment among investor objectives, organizational priorities, ethical expectations, market conditions, and regulatory requirements. Investment companies operating in volatile and uncertain environments must therefore adopt flexible, adaptive, and analytically integrated strategic frameworks. The core category identified in the study, namely adaptive strategies in selecting investment strategies under complex financial market conditions, reflects the necessity of balancing stability and flexibility within contemporary investment management systems.

One limitation of the present study is that the findings were derived from qualitative interviews with a relatively limited number of financial experts and investment professionals. Although theoretical saturation was achieved, the findings may not fully represent all investment companies or financial institutions operating in different economic or cultural contexts. Additionally, the study focused primarily on the perspectives of professionals within investment companies and did not directly examine the viewpoints of individual investors or regulatory authorities. Another limitation relates to the dynamic nature of financial markets, as rapid economic and technological changes may alter investment behaviors and strategic priorities over time.

Future research could expand the present model by examining investment strategy selection across different financial sectors, countries, and institutional environments. Comparative studies between public and private investment companies or between traditional and technology-driven financial institutions may provide additional insight into strategic differences. Future researchers may also employ mixed-method or quantitative approaches to test the relationships identified in the present conceptual model. Furthermore, investigating the role of artificial intelligence, algorithmic trading, and digital financial ecosystems in shaping adaptive investment strategies would represent an important direction for future inquiry.

From a practical perspective, the findings suggest that investment companies should design flexible and adaptive strategic frameworks capable of responding to environmental uncertainty and investor diversity. Managers should pay greater attention to investor risk tolerance, sustainability preferences, and long-term financial objectives when designing investment portfolios. Organizations should also strengthen governance systems, promote interdepartmental collaboration, and encourage continuous environmental analysis to improve strategic responsiveness. In addition, integrating ESG principles, technological innovation, and organizational learning into investment decision-making processes can enhance both financial performance and institutional resilience in increasingly complex financial markets.

Authors' Contributions

Authors equally contributed to this article.

Ethical Considerations

All procedures performed in this study were under the ethical standards.

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Conflict of Interest

The authors report no conflict of interest.

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