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Constraints Affecting the Efficiency of Mutual Funds in the Saudi Financial Market

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Abstract

The aim of this study was to identify the constraints affecting the efficiency of mutual funds in the Saudi financial market. To this end, 24 fund managers working in the Saudi financial market were selected, at the end of September 2010. Of the (24) questionnaires distributed, 19 were returned and contained sufficient responses for analysis, a response rate of 79.17%. Several statistical methods were used to analyze the data, such as frequency distributions and averages and computational test (v) mono.

The study indicates the needs to keep pace with developments in the financial market, to study the surrounding environment, to determine ways in which it can make funds operate more efficiently, and to improve the scientific and practical training of managers of mutual funds. It is likewise important to broaden the base of people who are able to manage mutual funds to overcome the problem of scarcity of talent. Furthermore, different ways of investing in funds should be developed to meet the needs of all customers. Fund managers should pay attention to diversification and asset allocation, which help the fund to reduce its risks, and develop plans and strategies for marketing funds, including increasing their investor bases and entering new categories of investments. Future studies should characterize the constraints that affect the efficiency of finds and propose ways to overcome these constraints.

Keywords: Mutual funds, constraints, efficiency

Introduction

Mutual funds were first developed and offered in financial markets in the 1940s. It is necessary for the organization of the markets that mutual funds provide investors with detailed statements on their financial situation and investment policies.

Studies in Europe and the USA have shown that the establishment of such funds had a significant impact on the allocation of savings to investments. Countries have been able to take advantage of the long history of these experiences, which facilitate the investment process in many of these countries.

Despite the importance of mutual funds in the development and increased efficiency and effectiveness of financial markets, these funds face many obstacles that limit their own efficiency and effectiveness. The present study aims to shed light on the most important of these obstacles and propose some solutions to overcome them.

Importance of the Study

This study shows the importance of identifying task constraints affecting the efficiency of mutual funds in the Saudi financial market, which is especially important given the novelty of mutual funds in the Saudi stock market.

Objectives of the Study

The study aims are as follows:

1. Define mutual funds.
2. Describe how these funds are established.
3. Define the types of mutual funds.
4. Describe the mechanism for distributing the profits of mutual funds, and
5. Describe the major constraints faced by mutual funds.

Problem of the Study

The problem of the study lies mainly in the identification of the main obstacles that limit the efficiency of mutual funds in the Saudi financial market.

Study Questions

The present study will address the problem described above by answering the following questions:

1. Does the organizational structure of mutual funds affect the efficiency of mutual funds in the Saudi financial market?
2. Does the management style of mutual funds affect the efficiency of mutual funds in the Saudi financial market?
3. Does the lack of clear objectives and strategies for mutual funds affect the efficiency of mutual funds in the Saudi financial market?
4. Does it affect the scarcity of specialized talent in the field of mutual funds affect the efficiency of mutual funds in the Saudi financial market?
5. Does it affect the high nominal value of the units to invest in mutual funds alter the efficiency of mutual funds in the Saudi financial market?
6. Does the weakness of marketing affect the efficiency of mutual funds in the Saudi financial market?

Hypotheses of the Study

Based on these study questions, the following hypothesis were formulated:

The First Hypothesis

Ho: There is no statistically significant relationship between the organizational structure of mutual funds and the efficiency of mutual funds in the Saudi financial market.

The Second Hypothesis

Ho**:** There is no statistically significant relationship between the management style of mutual funds and the efficiency of mutual funds in the Saudi financial market.

The Third Hypothesis

Ho**:** There is no statistically significant relationship between the lack of clear objectives and strategies for mutual funds and the efficiency of mutual funds in the Saudi financial market.

Fourth Hypothesis

Ho: There is no statistically significant relationship between the scarcity of talent in the field of mutual fund management and the efficiency of mutual funds in the Saudi financial market.

Fifth Hypothesis

Ho: There is no statistically significant relationship between the high nominal value of the units to invest in mutual funds and the efficiency of mutual funds in the Saudi financial market.

Sixth Hypothesis

Ho: There is no statistically significant relationship between the weakening of marketing of mutual funds and the efficiency of mutual funds in the Saudi financial market.

Methodology of the Study

To achieve the objectives of the study and test the hypotheses, the researchers used descriptive and analytical methods as follows:

1. Secondary sources were consulted included books, articles and scientific research and official documents.
2. Data were collected using a questionnaire designed specially for the present study.

Statistical Methods

Several statistical methods were used to test the hypotheses. Frequency distributions and averages were calculated, and one-sample t-tests were performed.

Study Population

The study population consisted of managers of investment funds that were being sold in the Saudi financial market at the end of September 2010 (n=24). Questionnaires were distributed to one manager of each of these funds. Nineteen valid questionnaires were returned, corresponding to a response rate of 79.17% .

Literature Review

Arab Studies

1. (Maqabla, 2001) entitled "Investment Funds"

The purpose of this study is to describe the mechanisms of action of some investment funds in Jordan and to highlight the areas of investment of these funds, together with the Islamic legal judgment and economic development of all areas of investment. The findings of this study demonstrated that

Islamic and non-Islamic mutual funds are similar in that their objectives is to make a profit but there are differences in the mechanisms used to achieve this profit. Islamic funds require the use of legitimate methods that are not necessary for non-Islamic, for profit funds.

2. Anzi, 2004), "Islamic Investment Funds and Control"

The study addresses the issue of Islamic investment funds as new economic instruments, and reviews related jurisprudence. They study the adaptation of legitimate mutual funds, and the ability of Islam to find appropriate solutions to contemporary economic problems. The research focuses on the Shari'ah control (Islamic control) investment funds, and urges managers of these funds to adhere to the provisions of Islamic law. It also indicates the need to develop oversight bodies.

Foreign Studies

1. (Roos, 2005), "Measuring the True Cost of Active Management by Mutual Funds"

The purpose of this study was to measure the true cost of effective management of mutual funds. The findings of this study indicate the existence of a correlation between fund management fees and fund performance, which increased when the management of the fund was active compared to similar fund portfolio with the portfolio with lower costs that performed close to the market index.

Conceptual Framework

What are Mutual Funds

For the investor who has limited savings that is not invested in securities, because of the potential inadequacy of those savings to buy a combination of securities, what investment strategy would reduce the risks to which his savings may be exposed? According to the fundamentals of thought in the field of investment, rather than using the savings to buy a single financial instrument (e.g., stocks or bonds), an investor must purchase a variety of securities issued by a number of facilities to achieve diversification that will provide him with adequate protection against the volatility of the market value of any one security. Investment diversification can be implemented through Markowitz or simple diversification. (Siam, 2002).

In an investment fund, a number of small investors pool their money to invest in the securities markets to achieve the benefits of diversification that they could not achieve individually. Experienced fund managers can follow the changes in the financial markets to ensure higher returns than a part-time, non-expert investor could achieve by managing his money himself.

Such funds are given investment company status and supervised by specialized government agencies for the purposes of oversight and guidance. These funds collect contributions through the issuance of investment units of equal value.

It is not permissible for these funds to engage in any banking business and, in particular, guarantees or speculation in currencies or precious metals. Nor shall these funds deal in other areas of investment without a special license to do so within the limits of a predetermined ratio of investment. A fund seeking such a license will provide supporting research and include a statement of the securities and other financial instruments in which the fund's manager wishes to invest, along with a justification of the necessity of this investment and the results expected (Maroof, 2003).

Types of mutual funds (Al-Kilani, 2008), (Momani, 2002):

Many types of mutual funds exist that very according to the desires, goals and needs of their investors, but we will focus on four types. The first type funds according to a procurement policy and recovery: the second type divides the funds according to the relative compositions of the components: the third type divides funds according to the goals established: and the fourth type divides the funds using a security.

Funds can first be divided into two main types of funds based on policy purchase and redemption requirements, namely:

The second classification, in which the funds are divided by the lineup of their components yield the following groups:

1. Money Market Funds invest their assets in particular in the short-term assets of bank deposits, treasury bills and commercial paper and are traded in the money market through either financial institutions such as commercial banks or brokerage houses specializing in such securities. These funds are usually characterized by low risk and reward.
2. Bond Funds consist only of bonds. Some such funds consist of a variety of bonds issued by businesses and by the government, developed to meet the demands of a certain segment of investors. There are also funds consisting of high-quality bonds that generate relatively low returns but involve a low level of risk that maybe appropriate for risk-averse investors. Other bond funds consist only of bonds issued by local governments and are exempt from tax revenue, which allows the investor to receive his share of the revenue on a monthly basis.
3. Common Stock Funds differ among themselves depending on the characteristics of their ordinary shares. Some funds focus on the ordinary shares issued by companies with a high degree of growth, and others focus on stocks issued by the establishments operating in a particular industry and perhaps even in a specific geographic area.
4. Balanced Funds include a combination of ordinary shares and other securities with fixed income, such as bonds issued by the government and businesses and securities convertible into common stock and preferred stock. The proportion of ordinary shares varies according to the specific objectives of each fund . When the goals of achieving a relatively high return is combined with a desire to keep the risk at a relatively moderate level, the proportion of the fund that is invested in equities is expected to rise. On the other hand, when the goal is to minimize risk the percentage of securities with fixed incomes should be increased at the expense of investment in equities.

Funds can also be classified in terms of their goals as follows:

1. Growth Funds: Funds in this group aim for the development of the value of their invested capital and to achieve higher capital growth over the long term. This group usually includes those funds that buy ordinary shares of firms in industries characterized by a high degree of growth.
2. Income Funds: These funds are suitable for those investors who rely on the return of their investment to pay their living expenses. They usually include a combination of bonds and stocks of large and stable "blue-chip" institutions and distribute the bulk of the profits generated. Such investors are usually fall in a low tax bracket or are subject to no tax.
3. Growth and income Funds: These funds target growth investors who rely in part on the return of their investment to cover their costs of living but who also seek the rapid growth of their investments. Such funds usually consist of a variety of equities and fixed-income securities (balanced funds) and often include ordinary shares in a wide assortment of public service facilities (e.g.. water, electricity, and telephone providers) in areas characterized by a high rate of population growth.
4. Tax managed Funds: Funds in which the profits are reinvested in the same fund instead of being distributed to investors. Of course, there is no need for the investor to pay the tax as long as he did not receive distributions in cash. Taxes are collected only when the shares are sold, and the tax basis is the difference between the sale proceeds and the original amount invested. This type of fund may suit investors who wish to defer tax payment to future years. It may also suit the investor who is subject to a high tax on profit from revenue greater than on capitalist profit.

Finally, the funds can be divided on the basis of security as follows:

1. Investment Funds Capital Guaranteed: Those funds that provide an incentive for the investor to leave his or her capital in the fund or in which the management of the fund relative to the commission if it exceeds a certain return.

2. Investment Funds are not Guaranteed: Those funds where the risk for the investor is very large. The investor can not be exposed to loss of revenue, but may experience a loss of some or all of his capital.

Objectives of Mutual Funds

1. Maintain the original capital of extinction.
2. Diversify to that achieve a balance between asset funds to obtain the greatest returns and the least risk.
3. Convert assets to cash as quickly as possible without loss of capital.
4. Maintain a stable and continuous income level of a stable and continuous.
5. Growth the capital, where development of capital is the most important goal pursued by the investor and the fund manager (Al-Otaibi, 2007).

Advantages of Mutual Funds

Benefits at the level of individual investors:

1. The distribution of investment risk: The distribution of invested funds in more than one area of investment reduces the degree of risk, which is the principle on which most of the policies of investment funds are based.
2. Access to specialized investment management: A modern investment manager can optimize the investment of the funds through specialized competencies in the areas of investment to exceed the level of performance that could be attained by the inexperienced investors in the fund. The investment manager can invest their savings in the latest and best ways with minimal cost and effort on the part of investors.
3. Exemption from administrative burdens: The available investment assets can take advantage of economies of scale to find great bargains and low commissions, which are the source of many of the costs and burdens on the investor, and exempt investor from certain fees and administrative costs.
4. Liquidity: Any investor in the open-ended funds can request a refund of the value of his contribution from the fund manager at any time and receive the appropriate amount according to the agreement terms and conditions.
5. Regulation and supervision: The investment funds of the largest investment services are the most tightly regulated due to close surveillance by the relevant authorities. They provide investment funds for small investors to give them the opportunity to enter fields of investment that they could not enter alone.
6. Borrowing (leverage): The benefits of funds that are not available for individuals with little savings include borrowing money to increase the Fund's ability to make investments, which is called a crane. For example, an equity investment fund, creating additional profits for investors. An investor who contributed $1000 for example, will get a return on investment as if he had invested $1500. This is one of the features that is possible through the Fund's investment formula. It is known that such action is not permissible, but a legally acceptable alternative can be designed to achieve the same purpose.

Benefits at the Level of the National Economy

1. Investment funds represent one of the channels of transfer of funds from the savings of individuals who have little power in the economy to active funds, that contribute to raising the amount of investments made in the economy.

2. They can assist investors in rationalizing their investment decisions, including by raising the efficiency of national investments, thanks to portfolio managers' experience with financial and economic practices supported by extensive process know-how and market variables.
3. They contribute funds to support financial markets through increasing financial depth and revitalization by attracting small investors and provide protection for each of the markets and small investors.
4. Investment funds play an important role in supporting the privatization program; they also contribute to the recreation of the shares of privatized companies and absorb excess liquidity among individuals.
5. They encourage the establishment of new companies that manage these funds or that raise funds for their financial operations, which helps to expand the base of the financial market in general (Matar, 2005), (Kryosh, 1995).

Risks of Mutual Funds

Although investment funds have several advantages as mentioned above, but they may be exposed to many important risks, including the following (Siam, 2002):

1. Financial market risk resulting from fluctuations in stock prices in the stock market.
2. A drop in foreign currency-denominated assets in mutual funds at the high exchange rate of the local currency.
3. Interest rate risk, which can result from a decline in the value of fixed debt instruments such as bonds. Higher interest rates, in turn, influence the values of the shares and prevent companies from growing due to a shift from stock market investors to the bond market.

Management of Mutual Funds

The mutual Fund currency shall be managed by the Board of Directors. Fee policy and the election of the council of the shareholders shall take place at an annual meeting with one vote per share or investment unit. After the election of the Board of Directors, the investment manager who will manage the fund shall be elected under the supervision of the Board of Directors. The investment manager shall be appointed under a contract with the mutual fund. The conclusion of the contract is subject to the approval of the shareholders or investment unit holders and carries a fixed term of one year, renewable with the consent of the shareholders.

The investment manager's allies assist him in the promotion of the fund through their involvement with the Board of Directors. Some of these individuals may become members of the Board of Directors as long as the number of such members does not exceed 20% of the Governing Council

Whatever form the legal entity of the investment fund takes, and the fund founder is often a bank or investment firm, and an experienced and well-reputed fund investment manager who works efficiently to manage the fund's investments in accordance with its investment strategy to achieve the maximum benefit for the investors. The fund's custodian is responsible for several tasks, including monitoring the work of the investment manager. Each fund auditor or more is responsible for supervision and control of the investment manager under certain conditions. Fund auditors must inspect the financial statements of the fund, although supervision and control by central banks and securities commissions vary by country (Al-Kilani, 2008).

Fund management schemes can be divided into three main types:

1. Account manager conservation: The expenses of conservation are incurred because the customer opens a fund account with one of the institutional investors, which must keep the securities of the client and certificates of title in favor of the client. In addition, this entity is responsible for keeping the accounts of the fund, attending the General Assembly of the companies constituting the fund on behalf of the client and collecting annual profits

in return for management fees agreed upon beforehand with the client. The fund manager's role is limited to fund management in this type of conservation only and does not include the sale or purchase of components of the fund.

2. Management by the client: In this type of management structure, the customer opens a fund account with a specialized institution called the contractor (contract portfolio management of the client). The client intends that the sale or purchase orders of the components of the fund be made by competent customers and the fund manager only. The client executes orders, in addition to performing public services, such as keeping a certificate of ownership for the benefit of the client and keeping accounts of the fund, as is required by law, and collecting annual profits, in return for a percentage of the market value of the fund to be agreed upon in advance between the client and the fund manager.
3. Management by the company: In this type of management scheme, the role of the client is to open a fund account and transfer money into it. The execution of this action may end the client's role and begin the responsibilities of the fund manager, who has responsibility for managing the components of the fund, retaining certificates of title in favor of the client, and keeping accounts of the fund and issuing periodic reports. The fund manager has a right to dispose himself in full of buying and selling without recourse to the client; however, his action should not conflict with the client's goal and, therefore, reflect some of her direct management. The management power of the fund director is less restricted than in type II because the fund manager in this scheme has the right to dispose of holdings by sale or purchase according to what he deems necessary to achieve profitability of the fund. Management fees are calculated based on the proportion of a percentage of the market value of the fund and deducted quarterly, half -yearly or yearly, according to the agreement. Fixed incentives are added to this fee if the fund reaches a certain percentage profit, where the fund manager's commission is the basis. The specified share of the profit to which the fund manager would be entitled in the event of reaching a certain percentage return would be distributed according to the agreement.

Director of the Joint Investment Fund

Finding these specifications was difficult because many investors have sought experts to manage their money. The appointment of the investment manager by the Board of Directors of the fund is subject to the supervision, control and performance of the investments of the mutual fund and the following tasks (Al-Kilani, 2008):

1. Prepare the prospectus of the mutual fund and submit it to the Securities Commission.
2. Register the mutual fund shares or investment units with the Securities Commission.
3. Manage the investments of the mutual fund in accordance with the Fund's policies on investment.
4. Promote mutual fund shares or investment units.
5. Act as the operations manager by trading in the shares or investment units of the mutual fund.
6. Guard the fund against the vagaries of investment markets.
7. Adapt to frequent and violent fluctuations in investment markets.
8. Develop a holistic approach to the fund's management, which requires knowledge in all sectors and areas of investment to address problems that may arise.

The investment manager must have the consent of the Governing Council to register shares or investment unit of the fund convert and calculate assets and net worth, take custody of these assets, audit the fund's its accounts and control and supervise the administration according to the instructions issued by the Board of Commissioners of the Securities Commission.

Responsibilities of the Specifications Fund Manager (Al-Otaibi, 2007):

1. Must be decisive and courageous in making decisions regarding the liquidation of a losing investment.
2. Must be able to perform rapid evaluations of situations and make quick, rational decisions.
3. Must have a calm demeanor in the event of success and continue to make appropriate, well-reasoned decisions.

The investment manager, underwriter of the mutual fund, any person who promoted the f responsibility und or any ally of any of the parties listed may not do the following (Al-Kilani, 2008):

1. Sell securities or any other assets of their own to the mutual fund, only in cases where the securities issued are part of a public offer to holders of a class of securities.
2. Knowingly purchase any securities or other assets of the mutual fund with the exception of securities.
3. Borrow any funds from the mutual fund.
4. Buy or sell any securities owned by the mutual fund or intend to possess same, whether buying or selling, in contravention of the instructions generated by the Council of the Securities Commissioner.

Benchmarks for the performance of the fund manager:

Under the scientific principles used to create investment policies and make investment decisions, as well as ongoing assessment to support these processes and diagnosis of vulnerabilities to be treated and corrected, the assessment of a fund manager's performance must take the following principles into account (Matar, 2005) :

1. The value of net assets of the fund must be based on market value or the equation of the assets, and not on the basis of historical cost.
2. Actual and expected performance of investments must be compared according to the financial mechanism of the market after considering the sensitivity of the assets of the fund.
3. Return on investment should be adopted as a basis for evaluating the fund's management rather than total revenue, which includes income or investment income covered by the fund.
4. The process of assessment or measurement must take into account the elements of return and risk.
5. The longer the time period that elapsed between evaluation processes the more accurate and objective the result will be.

Field Study

The completed questionnaires were analyzed to obtain information from the managers of investment funds that were available in the Saudi financial market at the end of September 2010. One questionnaire was distributed to each of 24 such funds, of which 19 valid questionnaires were returned, a response rate of 79.17%. The following analyses were performed:

The researcher extracted the averages and standard deviations of the paragraphs of the study and areas, taking into account the fact that the arithmetic mean of the normative to the clauses of the study was (3) Thus, the paragraph with the arithmetic mean of at least (3) means that there is a low impact, and paragraph of the arithmetic average, which ranges between (3-4.0) means that there is the impact of a medium degree, and paragraph of the arithmetic average of the top (4.0) means that the effect is highly

One-sample t-test were used to test the hypotheses of the study as follows: the null hypothesis (Ho) was accepted if the value of t calculated was less than the value in the table and rejected if the t value is larger than the value in the table.

The following is a review of the results of the field study:

Statistical Analysis of the Results

I. Characteristics of the study sample

Table 1: Sample distribution according to demographic characteristics

		No.	Percentage
Education level	Secondary school	-	
	Diploma	-	
	Bachelor's degree	16	84.21%
	Postgraduate	3	15.79%
Experience	Less than 5 years	3	15.79%
	6-11 years	11	57.89%
	11-15 years	5	26.32%

The table above shows that our respondents were highly educated, and most had substantial experience in the field of mutual fund management.

The Study Outcomes

The following table shows the means and standard deviations (SDs) of the questionnaire responses:

No.	Question	Mean	SD	Degree
1	The process of developing the organizational structure has a substantial impact on the efficiency of investment funds	**4.72**	**16.1**	high
2	Appropriate regulation of the organizational structure is helpful for developing the efficiency of investment funds	**4.68**	**08.1**	high
3	The nature of the organizational structure of the investment funds is helpful in the development of the mechanism of the fund	**94.3**	**1.13**	**medium**
4	Style of management plays a role in the fund's efficiency	**08.4**	**07.1**	high
5	Lead management's style of investment helps to develop the skills of workers in the fund	**32.4**	**82.0**	high
6	The practice of good governance of the investment fund strengthens the bonds of efficiency in the fund	**4.24**	**92.0**	high
7	Good fund governance helps with reducing abuse	**12.4**	**10.1**	high
8	Lead management style in the fund increases management's predictive abilities	**44.3**	**07.1**	**medium**
9	There is an effect of clear targets on the efficiency of mutual funds	**16.4**	**15.1**	high
10	Lack of clarity of goals leads to reduced efficiency of investment funds	**77.3**	**03.1**	**medium**
11	Clear strategies for investment funds increase the efficiency of these funds	**68.3**	**98.0**	**medium**
12	Lack of clarity of strategies leads to a poor public image of the fund	**08.3**	**14.1**	**medium**
13	The scarcity of specialized competencies contributes negatively to the investment funds	**54.3**	**27.1**	**medium**
14	The lack of specialized skills has an impact on the quality of work by the staff of the funds	**71.4**	**81.1**	high
15	High nominal value of the contingent mutual influence on the efficiency of investment funds	**92.3**	**65.1**	**medium**
16	High nominal value of the investment units contributes to the increased ability to diversify the efficiency of investment funds	**1.0378**	**07.1**	low
17	There is a negative impact of poor marketing on the efficiency of mutual funds	**01.4**	**25.1**	high
18	A lack of marketing reduces the demand for investment in mutual funds	**32.4**	**69.1**	high
19	Weak marketing contributes to the lack of an appropriate mechanism of action	**78.4**	**18.1**	high
20	Scarcity of specialized talent has a negative impact on the future of mutual funds	**27.4**	**98.0**	high
Total degree		**3.94**	**1.1775**	**medium**

We note from the table above that the respondents on average answered question 16 negatively but responded positively to the rest of the questions.

Hypothesis Testing

One-sample t-test were used to test the hypotheses of the study as follows: the null hypothesis (Ho) was accepted if the value of t calculated was less than the value in the table and rejected if the t value is larger than the value in the table.

First Hypothesis

Ho: There is no statically significant relationship between the organizational structure of mutual funds and the efficiency of mutual funds in the Saudi financial market.

The value of t for this hypothesis exceeds the value indicating significance, so we reject the null hypothesis and accept the alternative hypothesis H1: a significant relationship exists between the organizational structure of mutual funds and the efficiency of mutual funds in the Saudi financial market.

t-computed	t-tabulated	p	Null hypothesis Ho result
13.803	2.0322	0.00	Rejected

Second Hypothesis

Ho: There is no statistically significant relationship between the management style of mutual funds and the efficiency of mutual funds in the Saudi financial market.

The value of t for this hypothesis exceed the value indicating significance, so we reject the null hypothesis and accept the alternative hypothesis H1: there is a relationship between the management style of mutual funds and the efficiency of mutual funds in the Saudi financial market.

t-computed	t-tabulated	p	Null hypothesis Ho result
6.751	2.0322	0.00	Refuse

Third Hypothesis

Ho: There is no statistically significant relationship between the lack of clear objectives and strategies for mutual funds and the efficiency of mutual funds in the Saudi financial market.

The value of t for this hypothesis exceeds the value indicating significance, so we reject the null hypothesis and accept the alternative hypothesis H1: there is a relationship between the ambiguity of goals and the efficiency of mutual funds.

t-computed	t-tabulated	p	Null hypothesis Ho result
7.476	2.0322	0.00	Rejected

Fourth Hypothesis

Ho: There is no statistically significant relationship between the scarcity of talent in the field of mutual fund management and the efficiency of mutual funds in the Saudi financial market.

The value of t for this hypothesis exceeds the value indicating significance, so we reject the null hypothesis and accept the alternative hypothesis H1: there is a relationship between the scarcity of talent in the field of mutual fund management and the efficiency of mutual funds in the Saudi financial market.

t-computed	t-tabulated	p	Null hypothesis Ho result
2.746	2.0322	0.00	Rejected

Fifth Hypothesis

Ho: There is no statistically significant relationship between the high nominal value of the units to invest in mutual funds and the efficiency of mutual funds in the Saudi financial market.

The value of t for this hypothesis exceeds the value indicating significance, so we reject the null hypothesis and accept the alternative hypothesis H1: there is a relationship between the high nominal value of the units and the efficiency of mutual funds.

t-computed	t-tabulated	p	Null hypothesis Ho result
2.847	2.0322	0.00	Rejected

Sixth Hypothesis

Ho: There is no statistically significant relationship between the weak marketing of mutual funds and the efficiency of mutual funds in the Saudi financial market.

The value of t for this hypothesis exceeds the value indicating significance, so we reject the null hypothesis and accept the alternative hypothesis H1: there is a relationship between the weak marketing of mutual funds and the efficiency of mutual funds.

t-computed	t-tabulated	p	Null hypothesis Ho result
6.473	2.0322	0.00	Rejected

Results

The main findings of this study can be summarized as follows:

1. The majority of the questionnaire respondents held a bachelor's degree (84.21%) and had at least six years of experience, which confirms that the sample had the necessary insight into mutual fund management.
2. Some of the obstacles affecting the efficiency of mutual funds in the Saudi market are as follows:
   - The weakness of the organizational structure.
   - Management style of mutual funds.
   - Lack of clear objectives, financial strategies and long-term investments.
   - The scarcity of specialized talent in the field of mutual fund management.
   - The increase in the nominal face value of mutual fund investment units.
   - Lack of marketing of mutual funds.

Recommendations

1. Keep pace with developments in the financial market and study the aspects of the surrounding environment that allow funds to perform more efficiently.
2. Work to increase the scientific and practical training for managers of mutual funds and enlarge the base of people who are able to manage mutual funds in order to overcome the problem of scarcity of talent.
3. Work to diversify the investments in the funds to meet the needs of all potential investors.
4. Work on fund diversification and asset allocation which will help to reduce risks.
5. Develop plans and strategies for marketing funds, including guidelines for the investments of these funds and help to enter new investment categories.
6. Design and conduct studies to detect the obstacles faced by the funds that affect their efficiency.

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