

Causal Attribution and Investment Decision-Making: A Cultural-Psychological Model from Ancient Indian Texts

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Abstract

This paper examines causal attribution in ancient Indian literature as an implicit framework for understanding personality and decision-making, with particular attention to financial and investment behavior. While contemporary psychology has extensively explored attribution through constructs such as Attribution Theory and locus of control, these models remain largely grounded in Western epistemological assumptions. In contrast, classical Indian texts offer a multi-layered understanding of causality that integrates individual agency, moral law, divine order, inherent disposition, and transcendental perspectives.

Drawing on textual analysis of the Bhagavad Gita, Mahabharata, and Ramayana, this study identifies five recurring attribution styles: karmic, agentic (purushartha-based), divine (daiva-based), dispositional (svabhava-based), and transcendental (maya-based). These are conceptualized within a proposed “Layered Attribution–Investment Model” (LAIM), which suggests that individuals do not rely on singular causal explanations but navigate across multiple levels of meaning depending on situational, psychological, and economic demands.

The paper argues that these attribution styles function as culturally embedded personality orientations that shape emotional regulation, moral reasoning, and financial decision-making. Specifically, karmic and dharmic orientations support long-term and ethical investment behavior; agentic attribution drives active financial engagement; divine attribution stabilizes responses under uncertainty; dispositional attribution informs heuristic judgments; and transcendental attribution regulates emotional reactivity to market fluctuations. By situating ancient Indian thought within contemporary attribution theory, this study extends existing frameworks beyond binary internal–external distinctions and highlights the importance of culturally grounded models in understanding both psychological processes and economic behavior.

Key Words: Causal attribution; Cultural psychology; Investment decision-making; Behavioral finance; Ancient Indian literature; Karma; Attribution styles

Introduction

Understanding how people explain the causes of events has long been central to psychological inquiry (Heider, 1958; Kelley, 1973). Within contemporary frameworks such as Attribution Theory, these explanations are typically organized along dimensions such as internal versus external, stable versus unstable, and controllable versus uncontrollable (Weiner, 1985; Graham, 2020). These patterns—commonly referred to as attribution styles—shape how individuals respond emotionally, how motivated they feel, and how they make decisions across contexts, including financial ones (Oliveira, 2007). Yet, despite their theoretical strength, these models largely emerge from Western cultural and philosophical traditions. This raises important questions about how well they capture ways of thinking in culturally embedded domains such as investment decision-making (Choi, Nisbett, & Norenzayan, 1999; Ge, 2025).

Ancient Indian literature, in contrast, offers a deeply layered engagement with questions of causality, responsibility, and human action. Texts such as the Bhagavad Gita, the Mahabharata, and the Ramayana are not merely narrative or

religious works; they repeatedly grapple with why events unfold as they do, how individuals should respond, and what constitutes appropriate action under uncertainty. Notably, these texts do not conceptualize personality through stable traits in the modern psychological sense. Instead, they emphasize patterns of explanation—ways of interpreting outcomes—that guide moral reasoning and behavior. These explanatory patterns also shape how individuals relate to uncertainty, risk, and long-term consequences, all of which are central to financial decision-making (Wasan, Singh, Sithipolvanichgul, & Cillo, 2025).

The moral dilemma faced by Arjuna in the Bhagavad Gita, for example, is not resolved by appealing to his personality traits, but by reframing causality itself—shifting the focus toward duty, action, and detachment from outcomes. In a similar vein, figures such as Yudhishtira interpret suffering through the lens of karmic causation, while Rama embodies a stance of acceptance grounded in a larger cosmic or divine order. These differing ways of explaining events point to distinct attribution styles embedded within these texts. Each reflects a particular orientation toward responsibility, uncertainty, and action, with implications for how decisions are made in complex situations (Jain, 2025).

This paper builds on these observations by arguing that such attribution styles can be systematically identified and understood as culturally grounded personality orientations that extend into economic behavior. Moving beyond the binary distinctions of contemporary attribution theory, it proposes a multi-layered framework—the Layered Attribution–Investment Model (LAIM)—which captures the coexistence of agentic, karmic, divine, dispositional, and transcendental modes of explanation within a single cultural system. Through the analysis of textual instances of causal reasoning, the study shows how these attribution styles shape not only emotional regulation and moral judgment but also investment-related behaviors, including how risk is perceived, how time is framed, and how financial decisions are approached (White & Willard, 2025; Taylor & Jaggi, 1974).

In doing so, the paper contributes to ongoing conversations in cultural psychology and behavioral finance by offering an indigenous framework for understanding personality, cognition, and economic behavior (Choi et al., 1999; Ge, 2025). Rather than treating ancient Indian thought as purely philosophical or spiritual, it approaches these texts as sources of psychological insight with clear relevance to contemporary decision-making. This perspective not only broadens the scope of attribution research but also highlights the importance of bringing culturally grounded ways of knowing into mainstream psychological and financial discourse.

Findings: Attribution Styles in Ancient Indian Texts and Investment Decision-Making

A thematic analysis of selected passages from the Bhagavad Gita, Mahabharata, and Ramayana revealed five recurring patterns of causal attribution. These patterns were identified through systematic coding of character dialogues and narrative explanations concerning the causes of events, moral outcomes, and behavioral choices. Each attribution style reflects a distinct orientation toward causality, responsibility, and action, with direct implications not only for psychological functioning but also for culturally embedded investment behavior.

1. Karmic Attribution: Temporal Extension of Causality

Karmic attribution emerged as a recurring explanatory framework in which present events are understood as consequences of past actions, often extending beyond immediate or observable causes. This attribution style situates causality within a temporally extended moral framework, emphasizing continuity between past deeds and present outcomes.

For instance, Yudhishtira frequently interprets adversity as a consequence of prior actions, framing outcomes as morally structured rather than random.

Psychologically, karmic attribution functions as a meaning-making system that reduces uncertainty and supports acceptance. However, its implications extend significantly into financial behavior. Research indicates that belief in karma is associated with a preference for ethical and impact-oriented investments, where financial decisions are evaluated not solely on returns but on moral consequences and long-term effects. Investors operating within this

attribution style are more likely to prioritize socially responsible investments and long-term value creation over speculative gains.

2. Agentic Attribution: Action-Oriented Causality

Agentic attribution emphasizes individual effort, responsibility, and intentional action as primary determinants of outcomes. This style foregrounds human agency and aligns closely with duty-based frameworks of action.

In the Bhagavad Gita, Krishna repeatedly directs Arjuna toward decisive action, emphasizing responsibility over passivity.

This attribution style is associated with high motivation and decisiveness. In investment contexts, it translates into active financial decision-making, including strategic planning, portfolio management, and calculated risk-taking. Individuals high in agentic attribution are more likely to engage in disciplined investing, aligning with long-term financial goals and systematic wealth accumulation strategies. This reflects parallels with internal locus of control and conscientiousness in modern personality frameworks.

3. Divine Attribution: Externalization to Cosmic Order

Divine attribution involves explaining events as manifestations of a higher will or cosmic order. This style does not imply randomness but rather a structured external causality governed by divine intentionality.

In the Ramayana, Rama accepts exile as aligned with a broader cosmic order, demonstrating acceptance rather than resistance.

Psychologically, this attribution supports emotional regulation under uncertainty. In financial contexts, divine attribution is associated with risk moderation and trust-based decision-making. Investors may exhibit patience during market volatility, reduced panic selling, and a tendency to rely on trusted institutions or traditional financial instruments. This aligns with observed tendencies among Indian households to favor stable, tangible assets such as gold and real estate, particularly under uncertainty.

4. Dispositional Attribution: Essentialist Explanations of Behavior

Dispositional attribution attributes behavior to inherent and stable characteristics of individuals. This reflects an essentialist view of human action, where behavior is seen as arising from enduring traits or nature (svabhava).

References in the Upanishads and narrative interpretations within the Mahabharata illustrate this attributional tendency.

In investment contexts, dispositional attribution manifests in heuristic-based financial judgments, such as categorizing investors, advisors, or assets as inherently “good” or “risky.” This can enhance decision efficiency but may also introduce bias, including overgeneralization or reliance on reputation rather than analytical evaluation.

5. Transcendental Attribution: Illusory Nature of Events

Transcendental attribution reframes events as ultimately transient or illusory, reducing their perceived significance. Rather than focusing on causal mechanisms, this style emphasizes detachment from outcomes.

Philosophical strands within the Upanishads conceptualize worldly events as impermanent (maya), encouraging cognitive distancing.

Psychologically, this supports emotional equanimity. In investment behavior, transcendental attribution may lead to reduced emotional reactivity to market fluctuations, minimizing impulsive decision-making. However, it may also decrease urgency in financial planning or active wealth management, potentially resulting in lower engagement with dynamic investment opportunities.

Integrated Layer: Attribution Styles and Investment Decision-Making

Across the five attribution styles, a clear pattern emerges in which causal beliefs systematically shape financial behavior. Investment decisions in culturally Indian contexts are not purely economic choices but are embedded within moral, temporal, and philosophical frameworks.

Cultural beliefs such as karma and dharma promote long-term orientation, ethical investment preferences, and goal-directed financial planning, particularly in relation to family and intergenerational security. These beliefs are associated with a reduced focus on short-term gains and a stronger emphasis on sustainable and socially responsible financial outcomes.

Karmic attribution supports impact-oriented investing and long-term value creation. Agentic attribution drives active financial engagement and disciplined planning. Divine attribution stabilizes behavior under uncertainty and reduces reactive decision-making. Dispositional attribution simplifies decision-making through heuristics but may introduce bias. Transcendental attribution regulates emotional responses to financial volatility but may reduce proactive engagement.

Proposed Model: Layered Attribution–Investment Model (LAIM)

Core Proposition

The **Layered Attribution–Investment Model (LAIM)** proposes that individuals operate across multiple, co-existing attribution layers, each influencing decision-making in distinct but interacting ways. Rather than selecting a single causal explanation, individuals dynamically shift between attribution styles depending on situational demands, uncertainty, and psychological needs.

Model Structure

Layer 1: Immediate Agency (Agentic Attribution)

- Focus: Effort, choice, action
- Psychological Function: Motivation, control
- Investment Outcome: Active investing, planning, risk-taking

Layer 2: Social–Dispositional (Svabhava Attribution)

- Focus: Traits, stable characteristics
- Psychological Function: Predictability, categorization
- Investment Outcome: Heuristic-based decisions, reliance on reputation

Layer 3: Moral–Temporal (Karmic Attribution)

- Focus: Past actions, ethical causation
- Psychological Function: Meaning-making, moral alignment
- Investment Outcome: Long-term orientation, ethical/impact investing

Layer 4: Cosmic Order (Divine Attribution)

- Focus: External higher-order control
- Psychological Function: Acceptance, emotional regulation
- Investment Outcome: Stability under uncertainty, reduced panic behavior

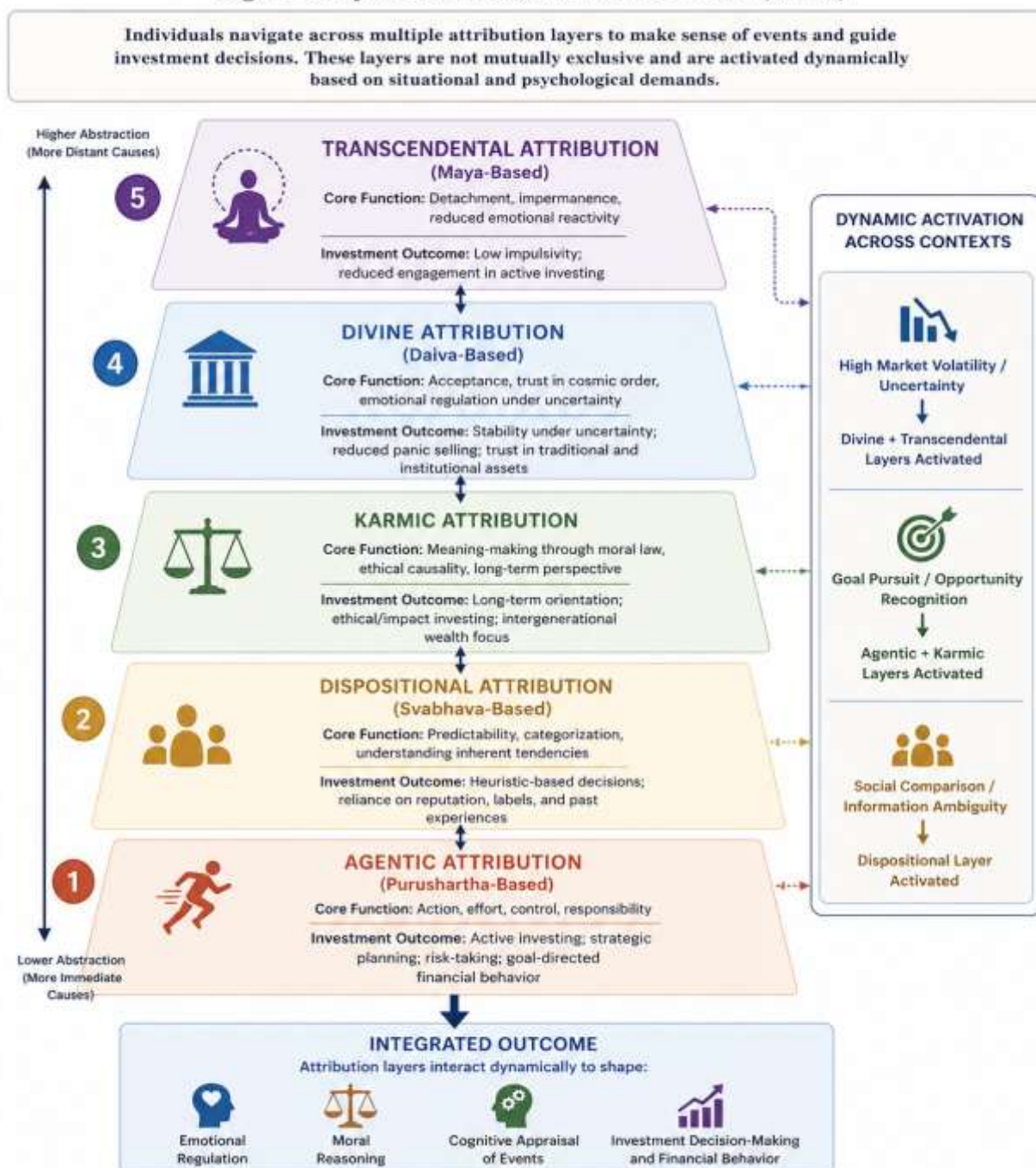
Layer 5: Transcendental (Maya Attribution)

- Focus: Impermanence, detachment
- Psychological Function: Reduced emotional reactivity
- Investment Outcome: Low impulsivity, but potentially reduced engagement

Dynamic Interaction Principle

- Individuals do not belong to a single attribution type
- Attribution styles are **contextually activated**, not fixed traits
- In high uncertainty (e.g., market volatility), **divine and transcendental layers** may dominate
- In goal-directed contexts, **agentic and karmic layers** become more salient

Figure 1. Layered Attribution–Investment Model (LAIM)



Note. LAIM proposes five co-existing attribution layers—agentic, dispositional, karmic, divine, and transcendental—that individuals draw upon dynamically depending on context. These layers influence not only psychological processes but also investment-related outcomes such as risk perception, time horizon, asset preference, and financial behavior.

Operationalization: Attribution Styles as Observable Financial Actions

To enhance analytical clarity, each attribution style identified in this study can be mapped onto observable financial behaviors. Prior work on Hindu ethics and causality (e.g., Frazier, 2021; White & Norenzayan, 2021; Pallathadka et al., 2025) suggests that concepts such as karma, dharma, and divine order are not merely philosophical constructs but actively guide decision-making in practical domains, including economic behavior.

1. Karmic Attribution → Ethical and Long-Term Investment Actions

- Preference for **ESG / impact investing**
- Avoidance of “harmful” sectors (e.g., gambling, alcohol, exploitative industries)
- Willingness to accept **lower short-term returns for moral alignment**
- Investment decisions framed as **intergenerational responsibility**

Supported by:

- Karma as moral causation shaping ethical action (Pallathadka et al., 2025)
- Karma as norm-enforcing belief influencing real-world decisions (White & Norenzayan, 2021)

2. Agentic Attribution → Active Financial Management

- Regular portfolio monitoring and rebalancing
- Strategic diversification and goal-based investing
- Higher engagement with financial literacy and planning tools
- Willingness to take **calculated risks for growth**

Supported by:

- Emphasis on agency and consequence in action (Frazier, 2021)
- Duty-driven action frameworks in the Bhagavad Gita

3. Divine Attribution → Stability-Oriented Investment Behavior

- Preference for **safe, traditional assets** (gold, real estate, fixed deposits)
- Lower frequency of trading during market volatility
- Reliance on **trusted advisors or institutions**
- Reduced panic selling during downturns

Supported by:

- Divine order as stabilizing explanatory system (Frazier, 2024)
- Convergence between belief in God and moral regulation (White et al., 2020)

4. Dispositional Attribution → Heuristic-Based Investment Choices

- Investing based on **reputation (“this company is trustworthy”)**
- Brand-based or family-influenced financial decisions
- Categorizing assets as inherently “safe” or “risky”
- Over-reliance on past experience or social proof

Supported by:

- Essentialist interpretations of human nature (Ghimire, 2025)
- Moral categorization in classical texts

5. Transcendental Attribution → Low-Reactivity Financial Behavior

- Reduced emotional response to market volatility
- Passive or low-engagement investing styles
- Limited participation in speculative trading
- Financial decisions deprioritized relative to existential or philosophical concerns

Supported by:

- Detachment and non-attachment frameworks (Pathania, 2025)
- Illusory nature of outcomes reducing urgency of action

These patterns demonstrate that attribution styles are not merely interpretive frameworks but are enacted through concrete financial behaviors. Consistent with prior work on Hindu ethical systems and causal reasoning (Frazier, 2021; Pallathadka et al., 2025), concepts such as karma, dharma, and divine order translate into actionable orientations that shape risk-taking, asset preference, and time horizon in investment decision-making. This strengthens the argument that attribution styles function as culturally embedded personality orientations with measurable behavioral outcomes.

Summary of Findings

The findings demonstrate that attribution styles in ancient Indian texts extend beyond explanatory frameworks into actionable orientations that shape decision-making across domains, including finance. These styles operate as culturally embedded cognitive schemas that guide not only interpretation but also behavior.

By integrating textual analysis with contemporary insights on investment behavior, this study positions attribution as a critical link between culture, personality, and financial decision-making. This layered understanding offers a contextually grounded extension to existing attribution models and highlights the importance of incorporating indigenous frameworks into psychological and economic research.

Conclusion

This study examined causal attribution in ancient Indian literature as a culturally embedded framework for understanding personality and decision-making. Through a thematic analysis of the Bhagavad Gita, Mahabharata, Ramayana, and Upanishadic thought, five recurring attribution styles were identified: karmic, agentic, divine, dispositional, and transcendental. These styles reflect systematic patterns in how individuals explain events, assign responsibility, and regulate action.

The findings suggest that attribution in these texts is neither singular nor dichotomous but layered, dynamic, and context-sensitive. Unlike contemporary models within Attribution Theory, which largely rely on internal–external distinctions, the present analysis demonstrates that causal explanations in Indian thought simultaneously operate across temporal (karma), volitional (agency), cosmic (divine order), dispositional (nature), and ontological (maya) dimensions. This multi-level structure provides a more comprehensive account of how individuals make sense of complex and uncertain situations.

Importantly, these attribution styles extend beyond interpretation into behavioral domains, particularly financial decision-making. Karmic and dharmic orientations encourage long-term, ethically aligned investment behavior; agentic attribution supports active and goal-directed financial engagement; divine attribution promotes stability under uncertainty; dispositional attribution informs heuristic judgments; and transcendental attribution regulates emotional responses to volatility. Together, these patterns indicate that investment behavior in culturally Indian contexts is not merely economic but deeply embedded in moral and philosophical systems of causality.

The study contributes to cultural psychology by proposing that attribution styles can function as implicit personality orientations shaped by indigenous knowledge systems. By integrating textual analysis with contemporary psychological constructs, it expands the scope of attribution research beyond Western frameworks and highlights the necessity of culturally grounded models in understanding both cognition and behavior.

Future research may empirically test these attribution styles using psychometric tools and examine their relationship with personality traits and financial behavior in contemporary populations. Such work would further establish the relevance of culturally embedded attribution frameworks in modern psychological and economic contexts.

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