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Effect of Investor's Psychology on Investment Decision

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Abstract

The study intends to investigate the effect of investor's psychology on investment decision. Data for the study was collected through convenience sampling technique from 392 investors of Nawalparasi-West district on five points likert scale through a pre tested questionnaire. Descriptive and casual comparative research design was used to conduct the research study using correlation. Independent sample t-tests revealed marital status based differences across various aspects of investor psychology, with married generally showing higher ratings. One-Way ANOVA identifies significant differences in investor's psychology across different age groups, level of education, and occupation. It was found strong positive relationship between self image/firm image co-incidences, accounting information, advocate recommendations, neutral information, and personal financial needs and investment decision. The study contributes to the existing literature by providing empirical evidence on the determinants of investor's psychology on investment decision. The insights derived from this research can inform marketers' strategic decision-making processes, guiding them in developing better investment decisions for attaining the beneficial returns.

Investment refers to the allocation of resources such as money, time, or effort into assets or ventures with the expectation of generating profitable returns or future benefits. Investing requires choosing where to allocate funds among different types of investment opportunities (Nalurita et al., 2020). The primary objective of an investor is to generate profit, as managing personal finances is a universal necessity. Different investors adopt varying strategies; some prioritize saving substantially, others prefer thorough research before investing, and there are those who rely on their intuition to guide their investment decisions (Shahid et al., 2018). Investors of various types aim to maximize returns while minimizing investment risks. Typically, individual investors make rational decisions by evaluating the risk-return tradeoff to determine the optimal portfolio allocation within a mean-variance boundary. Making investment choices relies on a combination of external and internal factors (Osagie &Chijuka, 2021).Investment choices depend on lots of things like how someone feels and what's happening in the investment world. Investment can be done usually on two forms: real investment, which includes physical assets like land and machinery, and financial investment, which involves stock market, bonds and debentures (Gyanwali & Neupane, 2021).

There has been a growing preference for financial investment among individuals. People usually look at things such as company's performance, market trends, and their own instincts to decide where to put their money. Investors have the ability to make decisions and can assess their decision-making skills by examining the results (Khan, 2021). They might also use tools to help them make decisions. Investors allocate their funds across various avenues with the aim of securing greater future returns compared to their current outcomes. They strive to cater to individual requirements while facing a constraint on decision-making time (Basana & Tarigan, 2022). The projected behavior of investors in making decisions about stock investments is tied to the intentions of individual investors when selecting stocks. These intentions are evident in how stock returns are estimated through the

utilization of diverse information sources (Pahlevi & Oktaviani, 2018). People are increasingly engaged in investment due to rising living standards and needs. The earnings from a traditional 9-5 jobs often aren't sufficient to meet these needs, making investment crucial for financial growth. However, successful investment requires rational decision-making and thorough market research to ensure wise choices. A good decision making involves the act of selecting from different options. Making decisions about investments is a complex process of selecting the most optimal choice from a range of alternatives (Moueed et al., 2015).

Understanding investor's psychology is crucial in knowing market behaviors. Making any investment choices relies significantly on a range of both internal and external factors. Internally, human behavior plays a crucial role, while externally, the various factors such as company performance and market information are critical in decision-making (Osagie & Chijuka, 2021). Investor's decisions are not solely based on rational analysis but are also influenced by emotions such as fear, greed, and herd mentality. Decision making in investment involves complex cognitive processes such as information processing, risk assessment, and pattern recognition. Understanding how these cognitive processes interact with psychological biases to shape investment decisions is essential for developing effective strategies to mitigate irrational behavior (Shefrin, 1984).

Various researches has examined the influence of risk aversion and behavioral factors on investment decision-making but have neglected to explore the impact of corporate governance at the firm level. This oversight is significant because investor behavior, which often deviates from rationality, contributes to stock market fluctuations and heightened volatility. Consequently, daily fluctuations in share prices are observed, rendering traditional financial tools insufficient for accurately assessing stock price movements (Farooq et al., 2015). The central problem to be addressed in this study is to explore and analyze the effects of investor psychology on investment decision-making processes and their implications for financial markets. Investor psychology encompasses a wide range of concepts, including cognitive biases, emotions, risk tolerance, and decision-making processes (Ezama et al., 2014). It was investigated on an investment decision, Fear and Social projection in which it is argued that people tend to rely on their own emotional state to predict other people's behavior, which in turn affects their own actions (Moueed et al., 2015).

Objectives of the study

The aim of the study is to analyze the effect of investor's psychology on investment decision. So, reach the aim we have the following objectives. The two objectives of this paper are to assess the significant difference in self image/firm image coincidence, accounting information, advocate recommendation, neutral information and personal financial needs on investment decision with regard to marital status and age, and third objective is to measure the relationship between self image/firm image coincidence, accounting information, advocate recommendation, neutral information and personal financial needs with investment decision. Last objective is to examine the effect of investor's perceived image and firm image co-incidence, accounting information, advocate recommendation, neutral information, and personal financial need with investment decision among Nepalese investors.

Theoretical Reviews

Prospect Theory and Investment Decision

Prospect theory says that people tend to be more sensitive to potential losses than gains. In other words, they'll take more risks to avoid losses than to achieve gains. This theory helps us understand why people make choices that might seem irrational from a purely logical standpoint. It's all about how we perceive gains and losses and how that affects our decision-making. Prospect theory can influence how companies manage their brand image. Just like individuals, firms are concerned with gains and losses. Firms strive to maintain a positive image to gain customer trust and loyalty. They are more likely to take risks to avoid damaging their image (loss aversion) rather than taking risks to enhance it (Kahneman & Tversky, 1979). Individuals may make decisions based on how they perceive their

self-image and how their actions align with it. Prospect theory suggests that individuals are more likely to take risks to avoid damaging their self-image than to enhance it (Thaler, 2021).

Mental Accounting Theory

Mental accounting theory, proposed by Richard Thaler in 1985, suggests that individuals mentally categorize their financial resources into separate "accounts" based on various criteria such as the source of income, intended use, or emotional significance. These mental accounts influence decision-making processes, leading individuals to make irrational choices that deviate from traditional economic models. When linking mental accounting theory with accounting information, we can observe how individuals assign different values and priorities to financial transactions based on how they mentally categorize them. For example, individuals may treat windfall gains differently from earned income, allocating windfall gains to discretionary spending while prioritizing savings from earned income. Similarly, individuals may segregate investment gains and losses into separate mental accounts, leading them to make different decisions based on the perceived gains or losses within each account (Thaler, 2021).

Theory of Overconfidence

Overconfidence theory states that individuals tend to overestimate their own abilities, knowledge, and the accuracy of their judgments. In the context of financial decision-making, overconfidence can lead investors to take excessive risks, trade too frequently, and ignore relevant information, resulting in suboptimal outcomes. This review explores the implications of overconfidence theory for advocates in the financial industry and provides recommendations for mitigating its effects. Additionally, advocates can encourage investors to seek feedback from independent advisors or peers to challenge their assumptions and counteract overconfidence (Heath & Tversky, 1991). By systematically evaluating the pros and cons of different options and considering a range of possible scenarios, investors can mitigate the effects of overconfidence and improve decision quality.

Regret Theory

Regret theory, proposed by Loomes and Sugden (1982), states that individuals anticipate feelings of regret when making decisions and evaluate choices based on potential regret. This theory has been widely applied in various domains, including economics, psychology, and consumer behavior. Personal financial needs encompass a range of requirements, including basic living expenses, savings, investments, and discretionary spending, which vary among individuals based on factors such as income, expenses, financial goals, and risk preferences. Linking regret theory with variable personal financial needs suggests that individuals may experience regret differently depending on their financial situation and goals. For example, someone with limited savings may regret not prioritizing emergency funds, while another individual with ample resources may regret missed investment opportunities. Variable personal financial needs arise from diverse factors, including income variability, life events (e.g., marriage, childbirth, job loss), and changing financial goals over time (Zeelenberg et al., 2000). For instance, young adults may prioritize saving for education or housing, while retirees focus on managing retirement income and healthcare expenses.

Empirical Reviews

A study of Bashir (2013) aimed to identify the factors influencing the investment behavior of individuals in Pakistan. As per the study, it was found that that all variables somewhat affect investor decision-making behavior, with accounting information being the most influential category and advocate recommendation the least influential. The frequency table of significantly influencing variables highlights six items, primarily related to self-image/firm image and accounting information, such as dividend payments, firm reputation, attitudes toward firm products and services, aspirations for quick wealth, firm involvement in community issues, and firm status in the industry. Conversely, factors found to have the least influence include recommendations from friends or coworkers, opinions

of the firm's majority stockholder, recent stock price movements, religious reasons, family member opinions, and broker recommendations in relation to other variable categories.

Likewise, the study of Ali and Tariq (2019) explored how economic and behavioral factors shape the investment behavior of individual equity investors specifically in Pakistan. The factors under scrutiny encompass classical wealth maximization, accounting information, self-image/firm-image alignment, neutral information, advocate recommendation, and personal financial needs. The findings reveal a robust influence of self-image/firm-image alignment, neutral information, and advocate recommendation on the decision-making of individual equity investors. Conversely, classical wealth maximization, accounting information, and personal financial needs do not appear to exert any significant influence on the decision-making processes of individual equity investors within the Pakistani context.

Similarly, the study of Raihan et al. (2021) investigated the role of economic and behavioral factors in shaping the investment choices of individual stock market investors in Pakistan. The factors considered include traditional wealth maximization, accounting data, alignment of self-image or perception with a firm's image, neutral information, recommendations from advocates, and personal financial needs. The study reveals that self-image/firm-image alignment, neutral information, and advocate recommendations strongly affect the decisions of individual investors in the stock market. However, factors such as traditional wealth maximization, accounting information, and personal financial needs do not seem to significantly impact the decision-making of individual investors in Pakistan.

A study of Ahmad (2017) was found that, the hierarchy of influential factors among Pakistani investors encompasses anticipated corporate earnings, dividend disbursements, stock market liquidity, financial statement reliability, expected dividends, prevailing economic indicators, historical stock performance, broker endorsements, and industry standing, with "get rich quick" notions also carrying weight. Conversely, factors such as religious beliefs, political affiliations, environmental track record, perceived ethical standards of firms, and familial opinions exhibit minimal influence, contrary to expectations. Notably, religious reasons and family input surprisingly exert less impact, while broker recommendations surprisingly wield substantial sway over investment decisions. Given Pakistan's developing market landscape and its inherent volatility, investors often lean on these discerned factors, aligning with previous research patterns, potentially fostering more informed investment choices and, consequently, advancing market efficiency. This study's novelty lies in its exploration of individual investor behavior in Pakistan's financial domain scrutinizing thirty variables across five distinct categories, including accounting data and firm image.

A study of Adib (2020) discovered that when analyzing investor psychology in investment decision-making, it became apparent that stock prices and composite indices in the capital market were not solely determined by rational processes such as fundamental or technical analysis. These factors encompassed emotions such as fear, ambition, greed, and panic, all of which played pivotal roles in shaping investors' behavior and decision-making patterns. Consequently, it emerged that investors did not exclusively rely on rational considerations but were also influenced by irrational impulses when making investment choices. Thus, the daily fluctuations in stock prices and the overall performance of the stock market composite index were influenced by a blend of rational analysis and psychological factor.

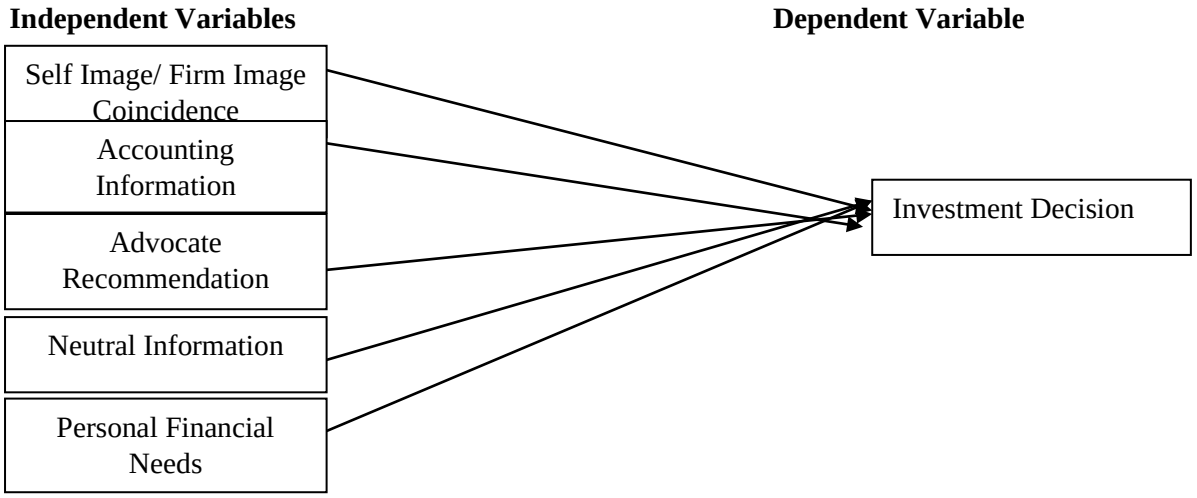
Research Framework

The following research model is guided by the literature review. The study categorized these factors into five groups: Self image/ Firm image Coincidence, Accounting Information, Advocate Recommendations, Neutral Information, and Personal Financial Needs. These independent variables represent different aspects of investor psychology that may influence investment decisions. Self image/Firm image Coincidence could relate to how investors perceive themselves or the companies they invest in. Accounting Information refers to financial data and reports that investors use to inform their decisions. Advocate Recommendations are recommendations or

endorsements from trusted sources. Neutral Information represents unbiased data or news that may impact decisions. Personal Financial Needs refer to individual financial goals, circumstances, or requirements that influence investment choices. The study aims to analyze how these various psychological factors affect investors' decisions regarding investments. Therefore, the dependent variable, investment decision, would be influenced by the independent variables, which encompass different psychological aspects and external influences on decision-making.

Figure 1

Research Framework



Note: Adapted from (Ali & Tariq, 2019)

Methodology

This study employed a descriptive and causal-comparative research design, utilizing a pre-tested questionnaire composed predominantly of quantitative questions to gather data from individual investors actively involved in making investment decisions. The questionnaire, distributed via email, social media, and in-person interactions, aimed to capture a broad range of responses across diverse demographics. Convenience sampling ensured representation based on factors such as age, gender, income, and investment experience, targeting a minimum sample size of 385, as calculated using Cochran's formula. Quantitative data was collected using a five-point Likert scale and demographic questions, with responses analyzed through SPSS, Microsoft Excel, and Smart PLS software. Descriptive statistics, Pearson correlation, ANOVA, and multiple regression analyses were conducted to interpret relationships between investor psychology and investment decisions. The findings were presented through tables, graphs, and charts, ensuring reliability and validity through measures of dispersion, central tendency, and Cronbach's Alpha.

Table 1
Construction of Reliability and Validity

Variables	Cronbach's alpha	CR (rho_a)	CR (rho_c)	AVE
Accounting Information	0.873	0.877	0.908	0.664
Advocate Recommendation	0.838	0.840	0.892	0.674
Investment Decision	0.921	0.922	0.936	0.678
Neutral Information	0.883	0.884	0.914	0.681
Personal Financial Needs	0.850	0.852	0.899	0.689
Self Image/ Firm Image	0.865	0.867	0.903	0.650

Source: Survey, 2024

Table 1 contains the internal reliability and validity of the constructs used in this study. The Cronbach's Alpha values of all constructs are above the standard threshold value of 0.705 (Bland & Altman, 1997), which indicates that the internal consistency of all constructs and validates the scale used for measuring each of the constructs is reliable. Further, Composite Reliability (CR) rho_a and CR rho_c values are above 0.70, indicating construct reliability and validity (Saari et al., 2021; Hair et al., 2022). The Average Variance Extracted (AVE) values are above 0.50 threshold values, suggesting that the convergent validity of all the constructs is established (Hair et al., 2022). Hence, the results of the above table qualify all the quality criteria measure**.**

Table 2
One-Sample Kolmogorov-Smirnov Test

	Self Image/ Firm Image coincidence	Accounting Information	Advocate Recommendation	Neutral Information	Personal Financial Needs	Investment Decision
Kolmogorov-Smirnov Z	0.315	0.296	0.334	0.305	0.332	0.305
Asymp. Sig. (2-tailed)	.000	.000	.000	.000	.000	.000

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
Source: Survey, 2024

As shown in Table 2, since the Z values for Self Image/Firm Image coincidence, Accounting Information, Advocate Recommendation, Neutral Information, Personal Financial Needs, and Investment Decision falls under -1.96 and +1.96, it can be inferred that these variables follow a normal distribution. Parametric tests are appropriate for normally distributed data, while non-parametric tests are suitable for non-normally distributed data.

Table 3

Measurement Items Assessment

Construct	Items	Mean	SD	Mean of construct	SD of construct
Self Image/Firm Image Coincidence	SIFIC 1	4.168	1.014	4.3209	0.70958
	SIFIC 2	4.446	0.935		
	SIFIC 3	4.245	0.757		
	SIFIC 4	4.52	0.851		
	SIFIC 5	4.224	0.833		
Accounting Information	AI 1	4.454	0.927	5.5274	0.87084
	AI 2	4.301	0.818		
	AI 3	4.472	0.883		
	AI 4	4.327	0.808		
	AI 5	4.556	0.828		
Advocate Recommendation	AR 1	4.296	0.823	4.389	0.71841
	AR 2	4.5	0.845		
	AR 3	4.288	0.907		
	AR 4	4.472	0.92		
Neutral Information	NI 1	4.281	0.841	4.398	0.6845
	NI 2	4.548	0.819		
	NI 3	4.327	0.789		
	NI 4	4.492	0.869		
	NI 5	4.342	0.824		
Personal Financial Needs	PFN 1	4.401	0.94	4.3916	0.73092
	PFN 2	4.319	0.856		
	PFN 3	4.548	0.787		
Investment Decision	ID 1	4.439	0.893	4.998	0.7805
	ID 2	4.375	0.872		
	ID 3	4.474	0.833		
	ID 4	4.349	0.876		
	ID 5	4.477	0.917		
	ID 6	4.367	0.888		
	ID 7	4.533	0.857		

Source: Survey, 2024

In the table 3 statistics provide insights into the central tendency and variability of responses for each construct. For instance, the Accounting Information construct has the highest mean score among all constructs, suggesting that respondents generally perceive accounting information more positively compared to other constructs. Meanwhile, the standard deviations indicate the degree of dispersion or variability around the mean for each construct. For example, Neutral Information has the lowest standard deviation, indicating relatively less variability in responses compared to other constructs**.**

Table 4

T Test for Marital Status with regard to Factors of Investors Psychology

Variables	Marital status	N	Mean	T value	P value
Self Image/ Firm Image Coincidence	Married	307	4.5173	12.231	0.000
	Unmarried	85	3.6118		
Accounting Information	Married	307	5.7541	11.258	0.000
	Unmarried	85	4.7088		
Advocate Recommendation	Married	307	4.5912	12.522	0.000
	Unmarried	85	3.6588		
Neutral Information	Married	307	4.5883	12.313	0.000
	Unmarried	85	3.7106		
Personal Financial Needs	Married	307	4.5945	12.284	0.000
	Unmarried	85	3.6588		
Investment Decision	Married	307	4.6356	12.657	0.000
	Unmarried	85	3.6908		

Source: Survey, 2024

Table 4 represents the analysis of several variables based on marital status, indicating significant differences between married and unmarried individuals. Across all variables, married participants consistently exhibit higher mean scores compared to unmarried individuals. The T values, all well above the critical threshold, and the associated P values (all below 0.05) confirm the statistical significance of these differences. Specifically, married individuals show greater alignment between self-image and firm image coincidence, higher reliance on accounting information, stronger advocacy recommendations, and more positive perceptions of neutral information, personal financial needs, and investment decisions. These findings suggest that marital status may influence individuals' attitudes and decision-making processes, underscoring the importance of considering demographic factors in understanding behaviors and preferences.

Table 5

Hypothesis Testing Result of Independent Sample T Test for Marital Status

Alternative Hypothesis	Result
H_1: There is a significant difference in self-image and the perceived image of firms on investment decisions among marital status of the respondents.	0.000<0.05, H_1 is accepted
H_2: There is a significant difference in accounting information on investment decisions among marital status of the respondents	0.000<0.05, H_2 is accepted
H_3: There is a significant difference in advocate recommendations on investment decisions among marital status of the respondents.	0.000<0.05, H_3 is accepted
H_4: There is a significant difference in neutral information on investment decisions among marital status of the respondents.	0.000<0.05, H_4 is accepted

H_5: There is a significant difference in personal financial needs on investment decisions among marital status of the respondents.	0.000<0.05, H_5 is accepted

Note. Survey 2024

Table 5 represents the results of hypothesis testing on the influence of various factors on investment decisions among respondents with different marital statuses. Each hypothesis (H1 to H5) posits a significant difference in investment decisions based on specific factors: self-image and perceived image of firms (H1), accounting information (H2), advocate recommendations (H3), neutral information (H4), and personal financial needs (H5). The p-value for all hypotheses is 0.000, which is less than the significance level of 0.05, leading to accept all hypotheses. This indicates that marital status significantly affects investment decisions concerning all these factors.

Table 6

One Way ANOVA for Age Group for Factors of Investor psychology

Variable	Age Group	N	Mean	SD	F value	P value
Self Image/ Firm Image Coincidence	Below 20	38	4.0579	0.96075		
	21 to 40	265	4.2725	0.68548		
	Above 40	89	4.5775	0.57953	9.439	0.000
	Total	392	4.3209	0.70958		
Accounting Information	Below 20	38	5.0592	1.29505		
	21 to 40	265	5.5151	0.81024		
	Above 40	89	5.764	0.73697	9.173	0.000
	Total	392	5.5274	0.87084		
Advocate Recommendation	Below 20	38	4.0855	1.12297		
	21 to 40	265	4.3236	0.68897		
	Above 40	89	4.7135	0.42398	14.505	0.000
	Total	392	4.389	0.71841		
Neutral Information	Below 20	38	4.2158	0.93622		
	21 to 40	265	4.3275	0.68857		
	Above 40	89	4.6854	0.42199	11.144	0.000
	Total	392	4.398	0.6845		
Personal Financial Needs	Below 20	38	4.2566	0.9051		
	21 to 40	265	4.3208	0.74553		
	Above 40	89	4.6601	0.51573	8.189	0.000
	Total	392	4.3916	0.73092		
Investment Decision	Below 20	38	4.2707	0.93989		
	21 to 40	265	4.3606	0.71882	9.087	0.000
	Above 40	89	4.7079	0.54266		
	Total	392	4.4308	0.72253		

Source: Survey, 2024

Table 6 represents that there are significant differences in perceptions across different age groups for each variable. For Self Image/Firm Image Coincidence, Accounting Information, Advocate Recommendation, Neutral Information, Personal Financial Needs, and Investment Decision, the F values are all statistically significant with associated p-values below 0.05. Specifically, participants above 40 years old consistently demonstrate higher mean scores compared to those in the younger age groups, indicating a trend towards more positive perceptions as age

increases. This suggests that older individuals may have more confidence in their self-image and firm image coincidence, rely more on accounting information, provide stronger advocate recommendations, perceive neutral information and personal financial needs more positively, and make investment decisions with greater assurance. These findings underline the importance of considering age demographics in understanding variations in perceptions and decision-making processes within organizational contexts.

Table 7

Hypothesis Testing Result of One Way ANOVA for age group

Alternative Hypothesis	Result
H_6: There is a significant difference in self-image and the perceived image of firms on investment decisions among age group of the respondents.	0.000<0.05, H_6 is accepted
H_7: There is a significant difference in accounting information on investment decisions among age group of the respondents	0.000<0.05, H_7 is accepted
H_8: There is a significant difference in advocate recommendations on investment decisions among age group of the respondents.	0.000<0.05, H_8 is accepted
H_9: There is a significant difference in neutral information on investment decisions among age group of the respondents.	0.000<0.05, H_9 is accepted
H_{10}: There is a significant difference in personal financial needs on investment decisions among age group of the respondents.	0.000<0.05, H_{10} is accepted

Note. Survey 2024

The above table 7 displays the outcomes of hypothesis testing regarding the impact of various factors on investment decisions across different age groups. Each alternative hypothesis (H6 to 10) suggests that there is a significant difference in how age groups perceive and act on these factors: self-image and perceived image of firms (H6), accounting information (H7), advocate recommendations (H8), neutral information (H9), and personal financial needs (H10). For all hypotheses, the p-value is 0.000, which is less than the significance threshold of 0.05, resulting in the acceptance of each hypothesis. This indicates that age significantly influences investment decisions related to all the examined factors.

Table 7

Correlation Analysis of the Variables

Variables	Self Image/ Firm Image Coincidence	Accounting Information	Advocate Recommendation	Neutral Information	Personal Financial Needs	Investment Decision
Self Image/ Firm Image Coincidence	1	.819**	.762**	.791**	.742**	.782**
Accounting Information		1	.768**	.775**	.731**	.756**
Advocate Recommendation			1	.806**	.768**	.812**
Neutral Information				1	.876**	.827**
Personal Financial Needs					1	.835**
Investment						1

Decision

**correlation is significant at the 0.01 level (2-tailed).

Source: Survey, 2024

Table 7 shows the correlation coefficients between the variables. The correlation analysis reveals significant relationships between Investment Decision and other variables. Starting with Self Image/Firm Image Coincidence, there is a strong positive correlation ($r = 0.782$, $p < 0.01$) between these two variables. This suggests that individuals who perceive a strong alignment between their self-image and the firm's image are more likely to make investment decisions confidently. Similarly, Accounting Information exhibits a strong positive correlation ($r = 0.756$, $p < 0.01$) with Investment Decision, indicating that individuals who rely heavily on accounting information are also likely to make informed investment decisions. Moving on to Advocate Recommendation, there is a significant positive correlation ($r = 0.812$, $p < 0.01$) with Investment Decision. This implies that individuals who receive strong advocacy recommendations are more inclined to make investment decisions, perhaps influenced by the endorsements or suggestions provided by advocates. Additionally, Neutral Information demonstrates a strong positive correlation ($r = 0.827$, $p < 0.01$) with Investment Decision, indicating that individuals who perceive neutral information positively are more likely to make investment decisions. Further, Personal Financial Needs exhibit a strong positive correlation ($r = 0.835$, $p < 0.01$) with Investment Decision, suggesting that individuals who prioritize their personal financial needs are more motivated to make investment decisions to meet those needs. Finally, there is no correlation between Investment Decision and Investment Decision ($r = 1$), as it represents a variable's correlation with itself.

In summary, the analysis indicates that several factors, including perceptions of self-image and firm alignment, reliance on accounting information, advocate recommendations, perceptions of neutral information, and personal financial needs, are all significantly associated with individuals' investment decisions within the organizational context.

Table 8

Hypothesis Testing (Direct Effect)

Variables	B	Mean	(STDEV)	T stat	P values	Decision
H_{11} :Self Image/ Firm Image -> Investment Decision	0.178	0.180	0.070	2.550	0.011	Accepted
H_{12}: Accounting Information -> Investment Decision	0.252	0.061	0.079	0.658	0.010	Accepted
H_{13}: Advocate recommendation -> Investment Decision	0.270	0.284	0.106	2.547	0.011	Accepted
H_{14}: Neutral Information -> Investment Decision	0.348	0.112	0.119	1.063	0.001	Accepted
H_{15}: Personal Financial Needs -> Investment Decision	0.126	0.339	0.109	3.185	0.288	Rejected

Source: Survey, 2024

Table 8 shows the boot-strapping results under 5000 subsamples and decisions on hypotheses. Hypotheses H11, H12, H13, and H14 are accepted at a 0.05 significance level. Hypotheses H15 is rejected at a significance level of 0.05. Hence, self image/firm image coincidence ($\beta=0.178$; $p<0.05$) significantly and positively impacts investment decision on the investors psychology. Similarly, advocate recommendation ($\beta=0.270$; $p<0.05$) significantly and positively impacts investment decision on the investors psychology. Accounting information ($\beta=0.252$; $p<0.05$) positively and significant impacts investment decision on the investors psychology Neutral information $\beta=0.348$; $p<0.05$) significantly and positively impacts investment decision on the investors psychology. But, personal financial needs ($\beta=0.126$; $p>0.05$) positively and insignificantly impacts investment decision on the investors psychology.

Conclusion

The research concludes that investor psychology significantly varies across marital status, age, gender, and occupation. Strong positive correlations were identified between self-image/firm image coincidence, accounting information, advocate recommendations, neutral information, personal financial needs, and investment decisions. The model demonstrated strong explanatory power, with a substantial R-square for investment decisions, indicating robust predictive capability. Hypotheses confirming the direct effects of self-image/firm image coincidence, accounting information, advocate recommendations, and neutral information on investment decisions were accepted, highlighting the critical role of these factors in shaping investor behavior. Overall, the study contributes to the existing literature by providing empirical evidences on the determinants of investor's psychology on investment decision. The insights derived from this research can inform marketers' strategic decision-making processes, guiding them in developing better investment decisions for attaining the beneficial returns.

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