

# Evaluating The Connection of Behavioral Biases and Investment Decisions of Equity Market Investors Using SEM Approach

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**Objective:** The key objective of the paper is to study the magnitude of the disparity in actions between stock holders for short-term and long-term. **Methods:** Investor traits and how the judgement on investments and behavioral bias are interconnected are contrasted by using a systemic model, as well as to compare relative behavioral bias variations including Framing Bias, Endowment Bias, Representative Bias, Cognitive Dissonance Bias, Self-Control Bias and Overconfidence Bias. Distinguishing evidence of behavioral characteristics that are normally related to investment venture helps to provide assessments and confine trading techniques. **Results:** Between July 2020 and August 2020, the cognitive effect of investor decision-making is contrasted via test review of 300 substantive responders from deliberate Indian stock market investors. Taking into account the structural equation modelling (SEM), a route study is carried out of the manner in which stock investment and proposed behavioral inclinations are concomitant. **Conclusions:** Observational outcomes suggest that the systemic path model deliberately correlates with the survey content, demonstrating the influence of behavioral discrimination in decision-making for individual investments. Our results also indicate that short-term and long-term investors' behavioral patterns vary substantially.

**Keywords:** Behavior, Evaluation, Income, Information Seeking, Marketing, Short-term investment, Long-term investment, Endowment Bias, Representative Bias, Framing Bias, behavioral finance, Self-Control Bias, Cognitive Dissonance Bias, Overconfidence Bias

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## 1. INTRODUCTION

It is already established that the retail investors are crucial to ensuring share market profitability and financial scope. These financial experts, based on the economic conditions in place in relation to retail as well as professional shareholders, eventually and rapidly become involved in or exit from the markets. The key objective of this paper was to research the relationship shared among long as well as short-term Indian retail investors, investment decision-making as well as behavioral characteristic features, like Endowment, Representative, Framing, Cognitive Dissonance, Self-Control and Overconfidence.

Research into the conduct of individual investors from different nations has demonstrated that choices in trading are frequently one-sided. Maditinos, Šević & Theriou, (2007) reported that retail investors intensely rely on cardinal and specialized analysis, and less on portfolio investigation. The most significant methodology being fundamental analysis considered for long-term approach, yet technical review is a crucial short-term consideration (Menkhoff et al., 2005). Accordingly, the 3 mainstream trading schemes known in management of assets, e.g., sell, buy and momentum and antagonistic trading, are noteworthy for fund managers.

This research is of practical as well as academic importance. From the point of view of financial services establishments, it is promising to create modified products and services by considering the key qualities of investors conducting comparative study with their investment skyline. From a scholastic point of view, it offers an opportunity to test speculations on behavioral viewpoints that affect individual long-term and short-term investors' investment choices. Moreover, when the investment period turns out to be long, vacillations resulting from successive withdrawals are impressively reduced and market volatility appears to soften as a result.

Therefore, structural equation modelling is used for the study for providing valuable prospects of influence of usually imperceptible behavioral factors and stay passive in the decision making of investments. In SEM study, other than correlation, establishing scales that are critical for investment tenure and different behavioral aspects, just as investment experience, demographic profile proportions, as well as disposable income. These items of interest are distributed in five segments.

## 2. LONG AND SHORT – TERM INVESTORS

The present article compares two models of trading practice among investors: Short-term and Long-term investors. Bennett, Sias & Starks (2003) and Gompers and Metrick (2001) have shown that in their investment decision-making, financial investors are oriented towards certain firm attributes, like turnover, share price and size. Long and short-term investors show considerable preferences for bigger stocks as well as stocks with a better demand for the book-to-market, higher prices, greater turnover and low dividend yields. Short-term investors are more concerned with liquidity, possibly because they trade it all the more efficiently. Long-term investors are essentially negatively associated with returns achieved over one year, whereas short-term financial experts are not completely identified with returns achieved over one year.

In the paper, the balances of the two models are defined. In any random time, long-term traders need to exchange all the more intensely, the more risk-tolerant they are, while short-term dealers spread their exchange rehearsals all over the quarters in a year. Long-term financial specialists spread their net exchange force similarly between quarters with a constant progression of data, whereas short-term speculators depend on the production of price accuracies that shift after some time. A closed-form approach to the complex balance between short-term and long-term investors is calculated on the basis of behavioral predispositions. Gaspar, Massa & Matos (2005) argued that short-term investors indulge in less monitoring activities than their counterparts. Equities have historically been regarded as risky investments. Due to their high average returns, they may be enticing, but these profits talk to compensate for risk; equities should be viewed with warning by all except the most aggressive financial specialists in this way.

## Behavioral BIASES

The mental aspect of monetary decision-making is contemplated by behavioral finance and clarifies the mindlessness of financial experts in investment decision-making. As a rule, the action of the financial professional digresses from deciding on judicious or valid decisions and appears to be impacted by distinct behavioral inclinations. These inclinations influence the discernment of the financial expert in investment funds decision-making. Kahneman and Tversky (1979) introduced the principle of prospects and

explained that the judgement of the financial specialist is based on future increases and misfortunes rather than final outcomes. In view of the psychological predispositions that affect the judgement of these benefits and misfortunes, this marvel occurs. Speculators exhibit various kinds of social predispositions, and in the following parts, we have audited six inclinations. The hypothesis for each behavioral bias is surrounded by the differences found in current literature and is also focused on problems that have been overlooked on big opportunities or that remains undiscovered in the context of share markets of India.

### **Representative Bias**

Representativeness is "how much an event is comparative to its parent population in its basic qualities and mirrors the striking highlights of the mechanism that forms it" (Kahneman & Tversky, 1992). The representative heuristic can be characterised as a propensity to compose occasions based on merely observable or noticeable qualities in different portions. Representative bias is a psychological predisposition where an individual sorts a circumstance dependent on an example of past situational experiences or convictions. There are many forms of representative bias such as the Base Rate Fallacy, Conjunction Fallacy, and Gambler's Fallacy, among others (Ali, 2011). Representativeness predisposition influences decision-making by financial specialists and thus influences stock costs, an investor may attribute a solitary factor to the development stock of an organisation that subsequently disregards various components and may go overboard and choose unreasonably at that point (Antunovich and Laster 1998).

### **Endowment Bias**

The endowment effect involves the willingness of individuals to add additional benefits to the products or properties they own. When they sell, individuals always demand a far more exorbitant cost than they will pay to get it (Nofsinger, 2001), which is also true for the stock market, where stocks and, all in all, shares are priced higher than they are held by investors as opposed to when they are definitely not. Such conduct is predictable with effects on endowment. Kahneman, Knetsch, & Thaler (1990) set the endowme

nt effect as a symbol of a deeper behavioral predisposition to "loss aversion". The endowment effect is now and then deciphered as a sign of a more omnipresent business as normal inclination (Samuelson and Zeckhauser, 1988), whereby the protection of what is now asserted is either to purchase or to sell, amid opposite monetary contemplations. From a rationalist point of view, such economic inactivity is a market imperfection in itself.

### **Framing Bias**

One kind of bias which is supposed to be of expected concern in strategic decision-making is framing bias. A frame alludes to the psychological framework that individuals build in order to sort out and streamline the world (Russo and Schoemaker, 1989)—every single frame can just yield a fractional perspective on an issue. In different ways, the existence of framing impacts has emerged, including bargaining (Bazerman et al., 1985), betting (Levin et al., 1986), well-being (Meyerowitz and Chaiken, 1987), public supposition (Boettcher and Cobb, 2009) and social contrasts (Salter et al., 2013; Chow et al., 1997). In fact, positive framing of information leads to some degree of risk-opposed behaviour, with the ultimate objective of recognising misfortunes and forsaking a bombing venture by the decision-maker. Recognizing misfortunes decreases the vulnerability to future revenues, while negative framing leads to risk-seeking behaviour. An integral feature of the frame is the reference point used to measure future incidents occurring out of the decision – a standard reference may be the actual gain amount (Thaler, 1999) or the income target (Camerer et al., 1997). Changes to this point of reference will significantly affect the way a decision is viewed and therefore the strategy is formed.

### **Cognitive Dissonance Bias**

Festinger (1957) characterises cognitive dissonance in the seminal contribution, A Theory of Cognitive Dissonance, as an uncomfortable feeling brought on by having two conflicting ideas at the same time. These perceptions could be mentalities and convictions, or being familiar with one's own conduct. Festinger (1957) argues that through altering their mentalities, beliefs or habits, individuals have a persuasive drive to diminish discord. Subsequent research has shown that the dissonance is most intense

Evaluating The Connection of Behavioral Biases and Investment Decisions of Equity Market Investors Using SEM Approach when individuals act in ways that challenge their mental image of themselves (Aronson, 1969). De Bondt and Thaler (1985) claim that mean equity cost inversion is evidence of investor eruption where investors overemphasize ongoing firm performance in framing future desires. Shiller (1988) deciphered signs of exorbitant instability in asset returns as a reminiscent of investing "fads". A mutual fund's decision causes no less uncertainty than the decision of another vehicle or a purchase of a new stock; certainly, it seems more so. Therefore, dissonance in the fund-evaluation process may be a factor.

### Self – Control Bias

Regular self-control is seen as an ability to get out of poor conducts, to resist allurements and to try to overcome initial drives and impulses. One approach to characterizing self-regulation is that it includes future selves' ability to control present selves. At the stage where self-control failure arises, individuals behave in a non-ideal manner and can, for example, hesitate at work despite the fact that they know that they will be in an ideal situation after a while spreading the outstanding burden (Fudenberg and Levine, 2006; Ariely and Wertenbroch, 2002). In addition, Thoma et al. (2015) noted that skilled financial traders will typically engage to a more notable degree in deliberative reasoning than seen in non-financial traders, and in decision-making, often use less heuristics. Thus it is essential to analyse how much these self-controlled psychological mechanisms are linked to financial activity and fiscal profitability.

### Over Confidence Bias

Among various established psychological inclinations, behavioralists have come to view overconfidence as an important factor in financial markets. Abreu & Mendes, (2011) examined the consistency of the positive relationship among trading frequency and the self-confidence of investors, and their findings concluded that over-confident investors dealt in trading more often. DeBondt and Thaler (1995) convey that "perhaps the most important finding in judgmental psychology is that individuals are overconfident. In addition, overconfidence tends to justify trade and price trends, like excess volatility (Odean, 1998), long-term investments (Daniel, Hirshleifer, & Subrahmanyam, 1998), and excess trading

volume (Odean, 1999). Nevertheless, with endogenous data, the driving force of over-confident investors to procure information is a potential balanced impact which makes costs even without reasonable traders more useful and cost-effective. Rubinstein (2001) addressed this prospect in an argument for effective markets.

### 3. HYPOTHESIS

H1: Representative Bias is connected to both Short-term investors and Long-term.

H2: Endowment Bias is connected to both Short-term investors and Long-term.

H3: Framing Bias is connected to both Long-term and Short-term investors.

H4: Cognitive Dissonance Bias is connected to both Short-term and Long-term investors.

H5: Self Control Bias is connected to both Short-term and Long-term investors.

H6: Overconfidence Bias is connected to both Short-term and Long-term investors.

### 4. METHODOLOGY

#### Sample design, Questionnaire Development and Data Collection

The primary dataset for this study has been gathered as data details from an online study directed at the state level. The online review was open from July 2020 through August 2020. Financial experts and investors were approached who were keen to take an interest in the investigation to draw on a survey link. The link connected the respondents to the survey, which included large-scale socioeconomic investment inquiries, investment tenure, investment behaviour

Evaluating The Connection of Behavioral Biases and Investment Decisions of Equity Market Investors Using SEM Approach and experience in equity markets. The online survey had received 300 responses. behavioral and investment characteristics are measured by 5-point Likert scale with endpoints called "Strongly agree", "Agree", "Neutral", "Disagree" and "Strongly disagree". For the construction of the structural equation model (SEM), knowledge from an aggregate of 300 responses was thus used. The structural model comprises of eight constructs: 1) Short Term Investors

- 2) Long Term Investors
- 3) Framing Bias
- 4) Endowment Bias
- 5) Representative Bias
- 6) Cognitive Dissonance Bias
- 7) Self Control Bias and
- 8) Over Confidence Bias.

**Structural Equation Model (SEM)**

This study utilizes SEM model to estimate concurrently and inspect how short-term and long-term financial experts as well as behavioral biases link the investment decision-making process. The theoretical model is proposed and tested with the SPSS AMOS 26.0 version. The structural equation of the model is:

$$\eta_i = \beta_{ij} \eta_j + \gamma_{ij} \xi_j + \zeta_i \quad (i \& j = 1, 2, 3, \dots, n) \quad (1)$$

where  $\xi_j$  = exogenous latent variables, indicating short-term and long-term investors;  $\eta_i$  = endogenic potential variable, like Representative, Endowment, Framing, Cognitive Dissonance, Self-Control and Overconfidence Bias;  $\beta_{ij}$  = the regression coefficient of  $\eta_j$  on  $\eta_i$ ;  $\gamma_{ij}$  = the regression coefficient value of  $\xi_j$  on  $\eta_i$ ;  $\zeta_i$  indicates the error variance of structure model. The SEM model's measuring formula is given by:

$$X_i = \lambda_{xij} \xi_j + \delta_i \quad (2)$$

$$Y_i = \lambda_{yij} \eta_j + \varepsilon_i \quad (3)$$

Where;  $\lambda_{xij}$  denotes the regression coefficient of  $X_i$  on  $\xi_j$ ;  $\lambda_{yij}$

denotes the regression coefficient of  $Y_i$  on  $\eta_j$ ;  $\delta_i$ ,  $\varepsilon_i$  denote measurement errors of exogenous ( $\xi_j$ ) and endogenous ( $\eta_j$ ) latent variables, respectively.

**5. RESULTS**

**Quality, Validity, and Reliability of the Conception Model**

Table 1 provides the description of the sociodemographic profiles of the responders. All questionnaire elements are given in Table 2 with descriptive and inferential statistics. In order to determine the reliability of the measurement and fitness of the model, the internal consistency with respect to Cronbach's  $\alpha$  value is determined and the confirmatory factor analysis (CFA) using 300 samples is also evaluated using SPSS 26.0 software.

**Table 1 Socio demographic profiles of participant responders**

Demographic Profile	Type	Frequency	
		Number	Percentage
Age Group	18 – 25 years	56	18.7 %
	26 – 35 years	68	22.7 %
	36 – 45 years	66	22.0 %
	46 – 55 years	61	20.3 %
	Above 55 years	49	16.3 %
Gender	Female	99	33.0 %
	Male	201	67.0 %
Qualification	Student	78	26.0 %
	Graduate	85	28.3 %
	Professional	72	24.0 %
	Others	65	21.7 %
Duration of Investment in Equity Market	Below 2 years	56	18.7 %
	Between 2 – 5 years	58	19.3 %
	From 5 – 8 years	63	21.0 %
	Between 8 – 11 years	50	16.7 %
	Above 11 years	73	24.3 %
Occupation	Student	71	23.7 %
	Private Sector	85	28.3 %
	Public Sector	68	22.7 %
	Business	76	25.3 %
Annual Income	Below Rs. 2,00,000	67	22.3 %
	Rs. 2,00,001 – Rs. 5,00,000	89	29.7 %
	Rs. 5,00,001 – Rs. 10,00,000	84	28.0 %
	More than Rs. 10,00,000	60	20.0 %
Disposable Income	Below 1 lakh	81	27.0 %
	Rs. 1,00,000 –	61	20.3 %

Invested Savings Percentage	3,00,000		
	Rs. 3,00,001 – 5,00,000	87	29.0 %
	Above Rs. 5,00,000	71	23.7 %
	Less than 10%	29	19.3 %
	Between 10 % – 20 %	42	28.0 %
	21 % - 30 %	39	26.0 %
	More than 30 %	40	26.7 %

To measure the model 's validity, various fit indices allude to the theoretical hypothesis model's ability to closely correlate with the real information. In the following section the fit indices and their values are summarised and further presented in Table 2.

**Table 2: Items list with Descriptive Statistics**

Item	Mean	Std. Deviation	Skewness	Kurtosis
LT1	3.36	1.140	-0.365	-0.451
LT2	3.22	1.247	-0.271	-0.723
LT3	3.33	1.227	-0.269	-0.744
LT4	3.36	1.294	-0.333	-0.839
LT5	3.32	1.263	-0.304	-0.741
ST1	3.93	1.086	-0.876	0.128
ST2	3.90	1.083	-0.848	0.151
ST3	3.81	1.114	-0.797	-0.027
ST4	3.88	1.123	-0.967	0.252
RB1	3.35	1.278	-0.182	-1.002
RB2	3.42	1.269	-0.242	-0.985
RB3	3.33	1.230	-0.137	-0.968
RB4	3.31	1.200	-0.074	-1.018
EB1	3.33	1.229	-0.187	-0.895
EB2	3.33	1.219	-0.100	-0.978
EB3	3.38	1.246	-0.337	-0.822
EB4	3.29	1.245	-0.104	-1.007
FB1	3.26	1.181	-0.191	-0.832
FB2	3.35	1.270	-0.185	-1.032
FB3	3.32	1.272	-0.164	-1.071
FB4	3.34	1.213	-0.162	-0.877
CDB1	3.28	1.314	-0.184	-1.045
CDB2	3.28	1.233	-0.091	-0.956
CDB3	3.38	1.238	-0.193	-1.002
CDB4	3.36	1.236	-0.188	-0.981

SCB1	3.25	1.332	-0.133	-1.105
SCB2	3.37	1.251	-0.247	-0.956
SCB3	3.28	1.271	-0.142	-1.023
SCB4	3.25	1.213	-0.105	-0.933
OCB1	3.33	1.254	-0.204	-0.976
OCB2	3.28	1.224	-0.156	-0.937
OCB3	3.72	1.185	-0.797	-0.263
OCB4	3.82	1.057	-0.865	0.147

The descriptive analysis watches the pattern of the data. The table indicates the Mean values, Standard deviation, Skewness and Kurtosis. The estimations of skewness must be between the satisfactory scale, for example from -1 to +1 and estimations of kurtosis should go from +3 to -3. In the event that the information lies beyond the specified range, it means the data is abnormal.

The final calculation scales are calculated for each latent variable to test the reliability and health of the model. In comparison, the use of SPSS 26.0 for Windows to determine the internal accuracy of the values of Cronbach  $\alpha$  is determined. The validity of the build questionnaire is evaluated using a confirmative factor (CFA) of 300 confirmative samples. Table 3 and Table 4 discusses the following:

**Table 3 Measure of Quality for the Latent Variables**

Sr. No	Items	Cronbach's alpha	Factor loading	Squared Multiple Correlations
<b>Long term Investors</b>		0.863		
1	In order to increase wealth, investing in equities market is a better option.		0.816	0.282
2	Dividend income is seen when invested long time in equity market.		0.815	0.034
3	Self-decisive approach is taken while making important investment		0.809	0.081

	decision.				3	Representative bias sorts a circumstance dependent on an example of past situational experiences for individuals.		0.587	0.380
4	Long-time profit is obtained through investment in equity market.		0.801	0.084					
5	I always prefer fundamental analysis through portfolio management of my investment.		0.780	0.059	4	Representative bias mirrors the striking highlights of the mechanism by which it is formed like the media.		0.538	0.370
<b>Short time Investors</b>		0.889			<b>Endowment Bias</b>		0.766		
1	Taking risk for higher returns is good according to my opinion.		0.888	0.575	1	Endowment Bias is clearly influenced by the asymmetry among misfortunes and unambiguous gains.		0.654	0.390
2	Short term profit is attained in a minimal time period.		0.875	0.639					
3	Short term investment is good because business cycle is transforming year by year.		0.854	0.707	2	Endowment effect is a symbol of a deeper behavioral predisposition to loss aversion.		0.619	0.387
4	There is a satisfaction when an investment is made for a shorter duration.		0.849	0.611	3	Endowment effect takes place amid opposite monetary contemplations in buying and selling.		0.538	0.369
<b>Representative Bias</b>		0.763			4	Endowment effect is a sign of more omnipresent business.		0.503	0.358
1	Representativeness is how much an event is comparative to its parent study like technical analysis.		0.673	0.410	<b>Framing Bias</b>		0.754		
2	Representative bias is a psychological predisposition.		0.622	0.350	1	Framing bias involves strategic decision-making.		0.683	0.392
					2	Framing bias alludes to the psychological framework that individuals build in order to sort out an issue.		0.651	0.399

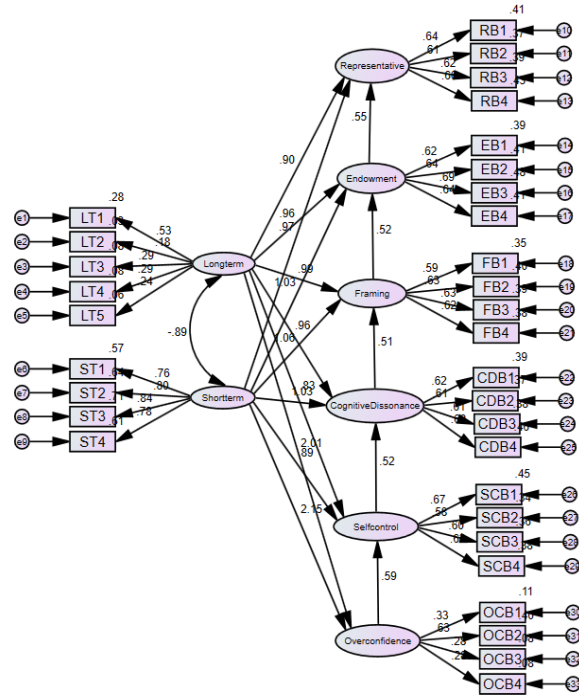
3	Reference point is utilized in framing bias which arises due to choice.		0.549	0.432	2	In self-control bias, failure arises and individuals behave in a non-ideal manner.		0.696	0.475
4	A decision is impacted due to change in the reference point of framing.		0.541	0.339	3	Through self-control bias skilled financial traders will typically engage to a more notable degree in deliberative reasoning.		0.556	0.378
<b>Cognitive Dissonance Bias</b>		0.750							
1	It is cognitive bias to purchase hot inventories as well as avoid stocks performed inefficiently in the past.		0.659	0.459	4	Self-control includes future selves' ability to control present selves.		0.517	0.411
					<b>Overconfidence Bias</b>		0.680		
2	When an investor believes in two contradictory things at the same time, cognitive dissonance occurs.		0.564	0.388	1	Overconfidence alludes profitable investments due to specific investment skills.		0.693	0.383
3	Irrational decision making is the reason for cognitive dissonance bias.		0.552	0.411	2	I am sure that I can make correct investment decision is the result of overconfidence.		0.652	0.397
4	Avoiding to sell value decreasing shares and selling stocks that have increased is cognitive technique.		0.504	0.110	3	The investment return is equal or greater than the market rate of return.		0.575	0.078
<b>Self-Control Bias</b>		0.741			4	I'm pleased with past investment decision is due to overconfidence.		0.547	0.077
1	Regular self-control is seen as the ability to get out of bad habits in stock investment.		0.714	0.447					

Table 4 gathers the different fit statistics analysts used to test their confirmatory factor analysis and structured equation model. The most conventional fit metrics used and suggested cut-offs that indicate a good fit are discussed.



**Table 4 Criteria for Several Fit Indices**

Indices	Value	Criterion for Goodness of Fit
$\chi^2/df$	3.470	< 5
RMSEA	0.091	< 0.10
GFI	0.701	$0.7 \leq x \leq 0.9$
PGFI	0.613	> 0.5
CFI	0.721	$0.7 \leq x \leq 0.9$
PNFI	0.609	> 0.5
TLI	0.702	$0.7 \leq x \leq 0.9$



**Figure 1 Structural Model Output**

**Relation between the mechanism of investment decision making and behavioral biasness**

Various behavioral factors have been projected in the ongoing behavioral finance literature. One of the commitments is to collectively look at altered behavioral variables and measuring how they identify with themselves as well as other behavioral characteristics of investors. Figure 1 displays the structural model's standardized yield. All of the Coefficients have statistically significant values.

A coefficient value of 0,97 for short term investors as well as 0,90 for long-term investors is given for the 1st covariant vario "representative." The arrangement itself reflects the desire to take preference shares of short-term investors and to observe the costs and returns of accelerated activity relative to long-term investors. on comparison, for short term investors as well as 0.96 for long-term investors, the 2nd covariant variance "Endowment" shows a coefficient value of 1,031. The construction reflects that short-term buyers appear to be more behavioural than long-term investors. The 3rd covariant "Framing" represents a short-term investor yield of 1.055 and long-term investors of 0.99. The design illustrates the use of framing by short-term buyers for quantifying activities that arise from option relative to long-term investments. The 4th covariant "Cognitive Dissonance" gives a coefficient output of 0.963 for long term investors and 1.030 for short term investors. Furthermore, the construct specifies that short term investors go for persuasive efforts to diminish discord compared to long term investors. The 5th covariant element "Self-control" produces a coefficient value of 0.889 for short term investors as well as 0.832 for long term investors. Here, the construct concludes that short term investors observe the self-control factor in deliberative decision making compared to long term investors. The 6th covariant element "Overtrust" is

priced at 2,011 for investors in the long run and 2,150 for investors in the short term. The framework reveals that as contrasted with long-term investors, trust as well as wishful thinking are strong for short-term investors. The findings of Abreu & Mendes(2011), which are most commonly exchanged by overconfident buyers, are close to those of overconfidence.

The hypothesised model of structural equations enables us to confirm the resemblance between long-term and short-term financial specialists' decision-making processes and behavioral predispositions. The point was to measure the degree to which behavioral components viz., representative, endowment, framing, cognitive dissonance, self-control and overconfidence components influence the investment decisions of the two classifications of financial specialists.

Long-term investors, however, will usually exhibit exceptionally low levels of over-confidence and frail crowding inclination. This can be an outcome of the continued exploration for data or even alternative solutions for long-term thinking by the long-term investors. This can be an outcome of the continued exploration for data or even alternative solutions for long-term thinking by the long-term investors of expanding their capital. Short term investors exhibit the modern theory of Collective behaviour. They contribute to all behavioral dispositions.

## 6. LIMITATIONS OF THE STUDY AND FUTURE RESEARCH

The study has the standard constraints of a survey-based hypothesis analysis. The approached participant responders were not, to start with, haphazardly selected. Although respondents are selected to coordinate all, in ways that restrict the generalizability of the findings, the individuals who join the study may be diagnostically extraordinary with regard to equity markets. It is also possible that the tendencies expressed in reviews can differ from genuine conduct. The results of the research are relevant. Although, enquiring participants of how long each financial assets has been owned was not deemed necessary, data were collected on their long-term / short-term gain intention, as it is exceptionally linked to decision-making in financial investments. It is to be noted that stock professionals who are focused on the appreciation of long-term capitals were most likely entirely different from the informal investors. Under the future works in investigative review the characteristics of

individuals who are inclined to invest in various types of securities in exchange markets should be analyzed. Additionally, the future researches should also examine the behavioral characteristics of individuals participating in risk-related trading in stock exchanges in Indian as well as foreign exchange markets.

## 7. CONCLUSION

In financial markets, particularly developing emerging markets like India, behavioral biases and possibilities are plentiful. This paper provides an additional clarification via an auxiliary inquiry into knowledge obtained from 300 individual Indian investors: Among short term financial specialists, there is a greater degree of representative, endowment, framing, cognitive dissonance, self-control and over-confidence conduct than those with a more extended investment skyline. Several sections of investor behaviour have been explored by behavioral finance, and we may apply this approach to consider the points of view of local investors. A few methodologies that investors can pursue when bringing money into financial markets can be triggered by considering behavioral characteristics. Examples of potential exploration are the cross-examination of what impacts other social views can have on investor inclinations.

## CONFLICTS OF INTEREST:

This manuscript has not been published and is not under consideration for publication elsewhere. We have no conflict-of-interest issues to reveal here to.

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