CONCLUSION

7.1. Concluding Remarks

The genesis of this research was that investor, a decision maker, does not operate on the maximization principle as per the assumptions of rational choice models. Rather, he/she follows the cognitive heuristic principle of satisficing, that is, he/she chooses an alternative that satisfies minimum threshold required for accomplishing the pre-decided goal. Also, the decision maker functions under the assumptions of bounded rationality. The complexity of this not-so-rational approach in decision making is accentuated by the interplay of behavioural stimuli like mood, emotions and sentiments triggering investor’s cognitive biases and heuristics. This motivated the researcher to explore the role of few behavioural variables in financial decision making and accordingly, conceptualized three objectives.

Objective 1 –

The first objective intends to examine the role of investors’ intuitive abilities and cognitive capabilities on their professional competence. The findings of the study empirically validate the claim that efficacy of investment decision is dependent on decision maker’s cognition and intuition. Interestingly, investor’s personality is also established as a significant driver of his/her decision efficacy.

Objective 2 –

The second objective of this research proposes to identify antecedents of investor’s intuitive abilities and cognitive capabilities. Religiosity has been established as significant precursor of both intuition and cognition, while mindfulness and personality have been recognized as a significant driver of cognition, and consciousness has a significant causal relationship with intuitive ability, all the independent variables effecting the dependent variables positively.

Objective 3 –

The third objective of the study is meant to make recommendations, based on the findings of the first two, to the investors, in specific, and to other decision makers, at large, for improving their decision-making efficacy. Certainly, the study provides useful insights discussed in the previous
chapter. Additionally, managerial implications of the study for the investors and for other decision makers are also discussed in the next section, followed by contribution to management literature and recommendations for the practitioners. Scope of future research work is listed in the concluding section of the study.

7.2. Managerial Implications of the Study

Efficacy of decision making is an important aspect for estimating the performance of a person irrespective of the hierarchy, role or domain. The present study underlines the pertinent role of qualitative factors ignored in earlier decision-making models. This section outlines managerial implication of the study for investors, followed by other decision makers and organisations and finally, contribution to management literature.

For Investor –

The findings are particularly beneficial for decision makers in financial domain. The study documents that giving due credence to behavioural interplay in investment decisions improves cognitive and instinctive functioning style, which further enhances investor’s efficacy. Investors with higher consciousness quotient and religiosity are more intuitive, while investors with higher mindfulness possess superior analytical skills. Financial institutions like banks, asset management companies and other non-banking finance companies (NBFCs) have an active portfolio management or treasury banking departments. Employees in these departments are required to manage the portfolio of assets running into crores of rupees based on established fundamental and technical indicators. The selection of such employees can also include assessing them on known behavioural antecedents of intuition and cognition for achieving superior performance. Similar practices can be followed for selection of relationship managers of retail or wealth clients, at banks and NBFCs.

For Other Decision Makers and Organisations –

The benefits of this study are not limited to investors alone, but are extended to decision makers at large. Persons with higher mindfulness and religiosity will have higher cognitive skills. Benefits of having such employees in an organization are profound. The take-away for the human resource practitioners is to assess the qualitative characteristics of the applicant on these
constructs while hiring or conducting trainings after hiring to improve aggregate efficacy of the organization.

An important role of the manager involves efficacious succession planning. The manager may develop the prospective candidates on these behavioural constructs for career advancement. Further, strategic management involves visionary outlook in decision making. A strategic leader with higher cognition will decrypt the existing data scenario efficiently and extrapolate the trends in future. And, intuition will assist in plugging the missing data to correct the trend further. Hence, a strategic manager or head of the organization should possess a combination of both intuitive ability and cognitive capability for higher efficacy of decision making. The board of directors can accordingly assess the strategic manager on the behavioural constructs and make an intelligent choice of the candidate.

**Contribution to Management Literature –**

The present work enriches the existing behavioural finance literature. It is an attempt to integrate the behavioural variables in decision making framework. Though, there were various qualitative variables which had been studied earlier, yet the role of consciousness, religiosity and mindfulness as precursor to investor’s intuition and cognition is not conclusive. Studies investigating the contribution of investor’s intuition and cognition on efficacy of financial decision making were also lacking. The present work conceptualizes and validates behavioural antecedents of intuition and cognition, which further affect investor efficacy, and therefore this work has made significant contribution to build the theory of decision making.

**7.3. Signification Research Contribution**

This study gives significant theoretical and empirical research contributions.

**Theoretical Research Contributions –**

The study conceptualizes behavioural antecedents of investor’s intuitive ability and cognitive capability in an ambidextrous decision-making framework which eventually works to enhance investor’s performance.

**Empirical Research Contribution –**
The study identified key predictors of investor’s intuitive ability as mindfulness, religiosity and consciousness. These causal relationships are significant for retail investors and aid in decision making efficacy.

The study identified key predictors of a retail investor’s cognitive capability are personality type, mindfulness and religiosity. These behavioural factors influence investor’s cognition positively, which eventually improves decision making performance.

The role of gender has been identified as a key moderator which influences the causal relationship between personality and cognitive capability, and religiosity and cognitive capability.

Significant moderator role of experience is outlined for the causal relationship between intuitive ability and investor efficacy.

Time-period of investment has been identified as a significant moderator between cognitive capability and efficacy of stock market investor.

Personality of the investor has been identified as a significant predictor of efficacy.

These results reinforce strong interplay of behavioural variables in financial decision making and a need to explore other interactions to build an integrated decision-making model.

7.4. Recommendations for Practitioners

This study specifically explores interplay of behavioural factors in financial decision making of retail investors and accordingly makes some important recommendations to the investors, in particular, and to all practitioners, in general.

Ensuring consistent return in investments by choosing the right trading decision (buy, sell or hold) of the right asset class at the right time is pivotal for trading performance. It requires understanding of the market movement and share fluctuations and ability to predict the future changes. More importantly, it necessitates the investor to constrict the interaction of behavioural stimuli in hindering the decision process. We recommend that the investors should work towards developing their consciousness, mindfulness and religiosity to reduce interfering impediments and stress levels, to ultimately improve analytical and intuitive abilities.
Additionally, the study endorses that an investor should engage in mindfulness based stress reduction techniques like deep-thinking, insight meditation and alike to relax the brain. Such practices, when performed regularly, improves working memory capacity and the ability to do self-talk, think-before-you-act of the decision maker. It will be prudent for organisations to have such short stress-reduction sessions for employees everyday to enhance their individual work performance and eventually corporate performance.

Further, religiosity positively affects investor’s instinctive behaviour and analytical aptitude. The study advocates that engaging in religious activities or acts of devoutness, commitment and faith improves a person’s intuition as well as cognition. We support that religion improves judgment, evaluation and ability to restrain emotions of the decision maker. Hence, an investor or any decision maker should adhere to a religious tradition. Moreover, on an organizational level, a workplace adherent of the norms of religion-based-workplace-spirituality will display higher resilience against emotional turbulences and stressful situations.

### 7.5. Limitations of the Study

The limitations of the study are –

- It is difficult to find many active individual investors who are willing to participate in the survey. During the weekdays, the active investors avoid any calls during market timings and even after the market closes. Also, most of the equity investors are also engaged in commodity trading like gold. The market for commodity trading is open till late night which further reduces the willingness of the investors to fill the questionnaire.

- Further, it is even more difficult to find female investors. Most of the participants in Indian financial market are male, hence a balanced sample was difficult to capture. Also, it was identified that many female investor accounts were dummies, that is, it was operated by their male family member. Such female investors were not covered, as they were not the real investment decision makers. The sample gender composition is skewed towards higher male representation, as also the case with the population gender diversity.
• Many depository participants and brokers were approached to broadcast the survey to their clients; however, such coverage requires approvals from the head offices. Willingness to approach the head offices seemed missing and only personal contacts of RMs (relationship managers) and ROs (relationship officers) were covered to build the sample size.

• The sample covered investors residing in few tier-I cities of India and could not include semi-rural and rural India.

• The study considers only few behavioural variables identified through the process laid out by Van De Ven (2007). Other behavioural variables can be examined, or further sophistication in the variables considered can be built.

• Also, the study is cross-sectional in nature. A longitudinal analysis capturing changes in behavioural variables and market efficacy over a period can yield better analysis.

7.6. Future Research Direction

This section illustrates scope of future research in the domain of behavioural finance. Specifically, the gaps identified in the existing financial decision-making models are discussed as under:

Role of Other Behavioural Variables –

The present study explores the role of the following behavioural constructs – personality, mindfulness, consciousness and religiosity as precursor to decision maker’s intuition and rationality. The distinct demographic variables pertinent in financial decision-making framework have also been explored. Still, there are many more variables like spirituality, culture, emotional intelligence and others as discussed earlier, which were beyond the scope of the present study.

Revising Standardized Inventory as per Contextual Set-up –

The present study uses accepted items/factors as suggested by the original researchers in the standardized scales. An extended study can adapt the scales to Indian cultural context and perform confirmatory factor analysis to suggest revised version of the original scales.

Need for an Integrated and Comprehensive Decision-Making Model –

The existing decision-making models fail to integrate the meaningful role of behavioural constructs. There is a need to develop a composite decision-making framework which
incorporates the twin set of variables – qualitative and quantitative. The framework also needs to capture the relative hierarchy of the decision maker, possibly by exploring changing role of qualitative and quantitative factors for operational or strategic decisions.

**Using Modelling Techniques for Validation** –

The present study explores causal relationship amongst few behavioural variables. More such variables can be investigated and a comprehensive model based on the present framework, extending across multiple variables can be constructed and validated using structure equation modelling.

**Exploring for different investor categories** –

The present study documents the role of behavioural factors for retail investors. The study can be extended to include the institutional investors or high net-worth investors (HNIs). Apart from these, other retail investor sub-categories may exhibit dissimilar associations. Hence, examining a diverse sample will improve generalisations to suggest population parameters. These categories include active vs. passive investors, naïve vs. information investors, sophisticated vs noise investors, attentive vs inattentive investors and alike.

**Individual vs group thinking** –

The proposed framework includes innate characteristics, specific to an investor, which guide his/her individual decision making. Validity of the findings with respect to influence by peer group, influence by an expert/manager and group dynamics need to be explored further.

**Can companies be segregated under as intuitive or cognitive?** –

Another interesting research dimension can be segregating the listed companies as intuitive (those companies where investors have more intuitive approach towards decision making) or cognitive (those companies where investors have analytical approach towards trading decisions).

**Cultural and Cross-cultural Studies** –

The present study is limited to Indian retail investors representing a specific cultural background. The behavioural variable, religiosity is a socio-cultural phenomenon which is specific to the religious tradition and cultural set up of a nation. Hence, it would be prudent to conduct cross-
cultural studies to extend the present findings across multiple nations and build a sound financial decision-making theory.

**Demographic Studies** –
Though, the proposed research framework examines the moderating effect of age, gender, investment experience and investment horizon, yet there are other demographic variables like income, education, family size and background, affluence and others which can be explored for a better understanding.

**Multi-method Studies** –
A major limitation of survey technique adopted in this research is respondent bias manifesting as a tendency to report positive image about oneself. In order to overcome this limitation and suggest robust findings, it is prudent to engage multiple methodologies. These could include experimental approach to record the cause and effect relationship under control settings or qualitative techniques like focus group techniques to assimilate views of multiple stakeholders.

**Longitudinal Studies** –
Behavioural variables are not consistent across time and scenarios. Hence, a longitudinal study to capture the changes in behavioural constructs can provide better perspective.

7.7. **Closing Remarks**

Behavioural interplay in investment decision making is evident across financial markets, manifesting in the form of unpredictable and asymmetric market behaviour. Ability of an investor to decrypt the market phenomena within the bounds of rationality and perform in a stochastic and dynamically evolving environment is key to success. Herein lies the genesis of behavioural finance where understanding of subjective factors is viewed as important index in investment returns. This study identifies, both conceptually and empirically, the qualitative predictors of investor’s intuition and cognition which further influence his/her financial performance. Specifically, the study acknowledges that integration of behavioural factors in investment decision making framework could prove to be beneficial for a stock market investor. Generally, decision makers and organisations, at large can benefit by giving due credence to behavioural factors like personality, consciousness, mindfulness and religiosity in an individual.