Abstract

Investment decision-making is an emerging field of enquiry for researchers. At one end, researchers find it interesting to decrypt investor’s unpredictable and asymmetric behaviour and cite qualitative expectation, aggregating into market phenomenon, as a plausible cause. On the other hand, operating environment of the stock market exemplifies decision making under uncertainty where the environment is understood as dynamic (where doing nothing is also seen as an action), stochastic, with multiple agents, having partial visibility and high computational issues; where the decision makers are usually expected utility maximizers or follow satisficing. To put things in perspective, investor’s subjective market expectation is an interplay of analytical analysis of financial/non-financial data and instinctive appeal. This corresponds to ambidextrous model of information processing where relative use of intuitive faculty in conjunction with analysis improves decision effectiveness. This is the crux of this behavioural finance research where predictor role of personality, consciousness, mindfulness and religiosity, is assessed on investor’s intuitive and cognitive capability, further influencing financial efficacy.

These behavioural constructs are identified through a two-stage process. First, existing literature is reviewed extensively and behavioural variables with limited or non-existent coverage in investment decision making enlisted. Next, participative research model (Van de Van, 2007) is adopted to select relevant variables through qualitative assessment of stakeholders. Efficacy is assessed using post-facto performance which is further correlated with self-efficacy. Standard inventories applicable for each construct are used to collate data from 222 stock market investors. A total of 20 hypotheses are drawn from the conceptual framework, out of which 10 hypotheses study moderator influence of demographic variables. Multiple regression analysis is used to test these hypotheses. Antecedents of investor’s intuition are consciousness, religiosity and mindfulness, while antecedents of investor’s cognition are personality, mindfulness and religiosity. Incidentally, it is found that an investor relies on cognitive ability to improve efficacy in trading decisions. Further, moderating role of gender, investment horizon and investor experience is also outlined for few causal relationships.