

## Measuring the Effecting Behaviors Finance Factors on Investment Decision Making/ analytical study at private universities at Kurdistan Region

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### ABSTRACT

The investment is the economy pillar in any country, so there are some factors the investors need to know about it to be courage for investment in any sector with the many existing risks in every investment.

In this paper we offer some finance behaviors factors that effect on decision making in investment and how that factors effect on the selective behavior to decide which investments are the best. We distributed about 100 questioners to the Cihan University and Knowledge University academic staff and we received 88, so the sample of the research is 88 individuals. The aim we look for its testing the hypothesis and give some theoretical framework and give the results of this paper

### 1. Introduction

behavioral finance is the learn about of the influence of psychology on the behavior of investors or financial analyst Pokharel (2020), Lourrine & Nairobi (2017) said the Investment decisions include the dedication of which security or asset to make investments in, how plenty to invest, when to make investments and the investment period. Different investment preferences differ in their risk and return profiles, and relying on the threat appetite of the investor, one can make investments in shares, bonds, marketable securities or different securities.

In this study the aim of it about to o discover which factors or behavioral factors are influencing the decisions of individual investors at Kurdistan region . It will be advantageous for investors to realize common behaviors, from which justify their reactions for better and higher return

## **2. Methodology**

### **2.1 Problem Research**

In this study, the main purpose was to find the impact factors that effect on the investment, so the problem is:

"How the impact factors effecting on decision investment "

### **2.2 The Important of Research:**

The aim of this research is as the following:

- 1- testing the hypothesis of this research to see the acceptability of the factors of the study.
- 2- give a theoretical framework about the subject and idea of this paper.
- 3- give the conclusions and some recommendation about the result of this study.
- 4- give the researchers with a view to understanding the factors used in this article.

### **2.3 Research Hypothesis:**

According to the (Shahid, et al.,2018) & (shah et al.,2020) the fallowing factors are:

H1: The Behaviors Factors effect on investment decision making.

H2: The Overconfidence effect on investment decision making.

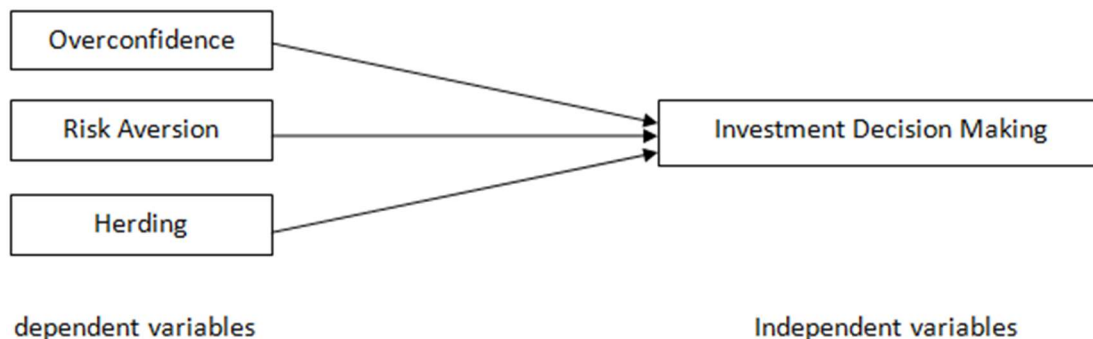
H3: The Risk Aversion factors effect on investment decision making.

H5: The Herding factors effect on investment decision making.

### **2.4 Methods and Tools:**

In this research we depend on primary and secondary data for analysis, the primary data from the questioner that distributed to the individual, the secondary data we take it from books, journal, conference and others available resources. we depend on (SPSS) program for data analysis.

### 2.5 Conceptual Framework:



### 3. Literature Review:

According to (Fieger,2017) the behavior factors is about the psychology influencing on the investors' behavior. (Qureshi et .al,2012) said that psychology influencing on behavior finance that effect on markets .these factors are so important on decision making (Waweru, et al., 2008) & (Wang, 2012). This factors making certified model for human behavior especially in decision making (Barberis & Thaler, 2005) & (Duxbury,2015) & ( Shah,et al.,2020) . Many research selected two elements: prospect theory started in and heuristics theory (Linde & Willich,2003). Kahneman and Tversky (1979 ) mention the first time the both theory prospect and heuristics which makes decision making easier (Javed & Marghoob,2017).the human behavior have four groups heuristic , prospect, herding , market and have direct effects in making investment decisions and performance (Kengatharan& Kengatharan, 2014).these four factors including : heuristic (anchoring, representative, overconfidence, availability bias and gamble’s fallacy) , prospect (loss aversion, regret aversion, and mental accounting) , market(Price Change ,Market Information, Past trend analysis, Fundamentals of Underlying stocks, Customer preferences , Over-reaction to price change) and herding (choice of trading stocks; buying and selling; volume of trading stocks, speed of herding) (Pokharel,2020) . while (Khan et al., 2021) and many studies (Javed & Marghoob,2017) , (Masomi & Ghayekhloo,2011), (Phung

,2016). depend heuristic, prospect and some time herding factors and achieve their effect on investment decision making. So, according to many studies, the most repetitive factors are as follows:

### **3.1 Overconfidence and Investment Decision:**

(Evans,2006) the excessive trading leads to overconfidence , and this lead people too much confidence in their experiences and abilities, and ignores the risk of investing (kahn et al.,2021). The using of overconfidence in investment decision saving time, cost and effort but sometime that would lead to errors and not the desired objectives (Farooq & Sajid, 2015). According to some studies like (Zaidi & Tauni ,2012) found that overconfidence has a positive and significant relationship with investors' type and their investment decision making process. Similarly (Mushinada & Veluri ,2020) pointed out that this behavior affects the bias towards certain investment decisions especially in stocks market.

### **3.2 Risk Aversion and Investment Decision:**

According to (Kahneman &Tversky, 1979) the prospect theory explains the behavior or thinking of any investor about the risk aversion, **when** the investors averse from risks they get the prize and when they take it, they loss. Many studies investigate that risk aversion have impact on investment decision making according to (Farooq & Sajid,2015). So according to (Shahid et al., 2018) When investors feel pain of loss, they may become risk seeker but when enjoy profit become risk averse.

### **3.3 Herding and Investment Decision:**

Hearding can be defined as a depiction of some individuals to keep track of the actions of others (Mahmood et al.,2016) and (Hirshleifer & Teoh,2003). This behavior or effecting often happen in the market during stress situations (Rahayu et al., 2020). According to (Humra ,2014) Hearing is happen when some investors make investment decision based on information from other investors and in the same time ignore the other information. So, the hearing is following and copy what

others doing, and influenced by emotion and sense rather than by their own analysis (Kartini& NAHDA,2021).

### 3.4 Investment Decision Making:

Investment is a cost make it now to get a profit in future (Avram et al. ,2009). The investor decision are influence by their behavioural preconception (Dangol& Manandhar,2020).According to (Kartini& NAHDA,2021) ther are two type of investor, first, rational investors who make a decision based on reasonable thinking and information and second, irrational investors who decide based on their psychological aspect. Finally, it is necessary to analysis the investment processes to understand the investment decision and investment behavior (Virlics, (2013).

## 4.Data Analysis

### 4.1 Demographical Data:

Finding of respondent’s profiles are illustrated in table (1) which shows the Demographical Data:

Table (1): Demographical Data

Factors	Factors	Percentage
Gender	Male	71%
	Female	29%
Age	Below 25	2%
	26 – 35	68 %
	36-46	21%
	Above 46	9%
Education	Diploma	2%
	Bachelor Degree	6%
	Master Degree	78%
	Doctorate Degree	14%

Source: by Researchers

#### 4.2 Analysis:

For checking the dependency of e Investment Decision Making on insight, multiple regression analysis was done. R2 are .608 this mean this rate (60%) of the difference factors can be indispensable. The significant value is 0.042. so, the first hypothesis is supported. It means 60% change occurring in dependent variable due to independent variable.

Table (2): Regression Analysis Result

R Square	0.608
Significant value	0.042

Table (3): Correlation Analysis Result

In depended Variable	Measuring Factors
Dependent	
Fast- Food Consuming	0. 569*

\*p < (0.05)

N=100

Table (3) Correlation Analysis Result

In depended Variable	Behaviors Finance Factors
Dependent	
Investment Decision Making	0.510*

\*p < (0.05)

N=88

Table (4) Coefficients (a)

Factors	Beta	P
Overconfidence	0.187	.032

Risk Aversion	0.015	.063*N.S
Herding	0.116	.042

\*P<0.05   \*N.S= Not Significant

#### **4.2.1 Dependent Variable:**

Overconfidence is indispensable and positive, that mean hypothesis 2 is acceptable. Risk Aversion is not indispensable and negative, that mean hypothesis 3 is not acceptable. Herding is indispensable and positive, that mean hypothesis 4 is acceptable.

### **5. Conclusion**

1- according to the result of this study, there are significant an acceptance in two factors (Overconfidence, Herding) and that mean H2 and H4 are accepted. while the H3 (Risk Aversion factor) haven't significant and not acceptances, so the H3 was not accepted.

2- the Overconfidence affects the nature of the investment decision, especially when there is a high level of experience with the experienced practice of most of the administrators responsible for investment decisions.

3- Herding depends on the knowledge of past experiences, the availability of information and the general situation of investment circumstances, but with the presence of experience among managers, this type of factors is adopted and the most influential among them.

4- Risk Aversion is the least influential or ineffective factor, and the reason is that most of the investment decision comes from high management experience and continuous practices in the field of investment, and those who do not have high experience are afraid to enter the investment field that has a high risk ratio.

5- The purpose of making an investment decision is future profit, so the full analysis of investment opportunities depends largely on the consensus of officials and an understanding of the available information about the investment opportunity and the level of risk, and not only on the degree of risk and the amount of profit or loss in making the investment decision.

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## پێوانه کردنی کاریگه‌ری فاکتوره‌ داراییه‌کان له‌سه‌ر په‌فتاری برپاری و به‌ره‌هێنان

### پوخته:

وه‌به‌ره‌هێنان پایه‌ی ئابوورییه‌ له‌ هه‌ر ولاتی‌کدا، بۆیه‌ هه‌ندیک هۆکار هه‌یه‌ که پێویسته‌ وه‌به‌ره‌هێنه‌ر بزانیته‌ بۆ ئه‌وه‌ی بویر بێت بۆ وه‌به‌ره‌هێنان له‌ هه‌ر که‌رتیکدا به‌و مه‌ترسییه‌ زۆرانه‌ی که له‌ هه‌موو وه‌به‌ره‌هێنانیکدا هه‌یه‌. له‌م توێژینه‌وه‌یه‌دا هه‌ندیک له‌ هۆکاره‌کانی په‌فتاری دارایی ده‌خه‌ینه‌روو که کاریگه‌رییان له‌سه‌ر برپاردانی وه‌به‌ره‌هێنان هه‌یه‌ و چون ئه‌م هۆکارانه‌ کاریگه‌رییان له‌سه‌ر په‌فتاری هه‌لبژێردراو هه‌یه‌ بۆ دیاریکردنی باشتترین وه‌به‌ره‌هێنانه‌کان. ئیمه‌ نزیکه‌ی ۱۰۰ لیکۆلینه‌وه‌مان به‌سه‌ر ئەندامانی فاکه‌لتی له‌ زانکۆی جیهان و زانکۆی نولج دابه‌شکرد، و ۸ لیکۆلینه‌وه‌مان وه‌رگرت، به‌جۆریک نمونه‌ی توێژینه‌وه‌که‌ ۸ کس بوو. ئامانج له‌م لیکۆلینه‌وه‌یه‌ بریتیه‌ له‌ تاقیکردنه‌وه‌ی گریمانانه‌کان و پیدانی هه‌ندیک چوارچێوه‌ی تیوری و پیدانی ئه‌نجام بۆ توێژینه‌وه‌که‌

## قياس تأثير العوامل المالية على سلوكيات اتخاذ قرارات الاستثمار

### الملخص

الاستثمار هو ركيزة الاقتصاد في أي بلد ، لذلك هناك بعض العوامل التي يحتاج المستثمر إلى معرفتها لتكون شجاعة للاستثمار في أي قطاع مع وجود العديد من المخاطر الموجودة في كل استثمار. نقدم في هذا البحث بعض عوامل السلوك المالي التي تؤثر على اتخاذ القرار في الاستثمار وكيف تؤثر هذه العوامل على السلوك الانتقائي لتحديد الاستثمارات الأفضل. ولقد وزعنا حوالي 100 استجواب على أعضاء هيئة التدريس في جامعة جيهان وجامعة نولج واستقبلنا 88 ، بحيث تكون عينة البحث 88 فرداً. الهدف من هذه الدراسة هو اختبار الفرضيات وإعطاء بعض الإطار النظري وإعطاء النتائج الخاصة بالبحث. الكلمات المفتاحية: عوامل السلوك ، الاستثمار ، الثقة الزائدة ، تجنب المخاطر ، طريقة الاختيار