

Leadership Traits and Investment Behavior: Examining the Influence of Leadership Characteristics on Behavioral Biases in Financial Decision-Making

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Abstract

This study investigates the relationship between leadership traits and behavioral biases in investment decision-making. Through a quantitative survey of 172 investors, the research examines how leadership characteristics influence susceptibility to overconfidence bias, anchoring bias, herding behavior, and loss aversion in investment contexts. The findings reveal a moderate negative correlation (-0.256) between leadership traits and behavioral biases, suggesting that stronger leadership qualities may help mitigate investment biases. However, regression analysis indicates this relationship is complex, with leadership traits explaining only a small portion of bias variance. The study finds that strategic decision-making capacity has the strongest negative correlation (-0.32) with overconfidence bias, while proactive management skills show consistent negative correlations across all behavioral biases. These findings contribute to both leadership and behavioral finance literature by establishing a novel connection between leadership traits and investment behavior, while highlighting the multifaceted nature of this relationship. The research has practical implications for investment advisors and leadership development programs, suggesting the need for integrated approaches that consider both leadership qualities and behavioral aspects in improving investment decision-making.

Keywords: Leadership traits, Behavioral finance, Investment decision-making, Cognitive biases, Financial behavior

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I. Introduction

The intersection of leadership traits and investment behavior has become increasingly significant in today's complex financial landscape. As financial markets grow more sophisticated and interconnected, understanding how individual characteristics influence investment decisions has gained paramount importance (Mukhdoomi & Shah, 2023). While traditional finance theories have emphasized rational decision-making processes, behavioral finance has highlighted the crucial role of psychological factors and behavioral biases in shaping investment choices (Dar & Kumar, 2023).

Leadership traits, which encompass characteristics such as conscientiousness, extraversion, and decision-making tendencies, have been extensively studied in organizational contexts (Kalish & Luria, 2021). Research has shown that these traits evolve over time and vary significantly across cultural contexts (Casimir & Waldman, 2007). Similarly, studies in behavioral finance have identified several critical behavioral biases that affect investment decisions, including overconfidence bias, anchoring bias, herding behavior, and hindsight bias (Chhapra et al., 2018; Antony & Joseph, 2017).

The influence of behavioral biases on investment decisions has been well-documented in the literature. Studies have shown that overconfidence can lead to excessive trading and poor portfolio performance (Suchanek, 2021), while herding behavior can result in irrational market movements (Dar & Kumar, 2023). Research has also demonstrated that anchoring bias affects how investors process new information and adjust their investment strategies (Saeed, 2020). These behavioral biases, combined with factors such as risk perception and goal orientation, significantly shape investment outcomes (Mukhdoomi & Shah, 2023).

However, despite the extensive research on both leadership traits and behavioral biases separately, there is a notable gap in understanding how investors' leadership traits influence their susceptibility to these behavioral biases in investment decision-making. While studies have examined the impact of personality traits on investment choices (Zaidi & Tauni, 2012) and the evolution of leadership traits in different contexts (Nichols, 2016), the relationship between an investor's leadership characteristics and their tendency to exhibit specific behavioral biases remains largely unexplored.

This study aims to bridge this gap by investigating the following research question:

RQ1: How do leadership traits possessed by investors affect their investment behaviour through the manifestation of specific behavioral biases?

Specifically, the research examines how leadership traits influence an investor's susceptibility to overconfidence bias, anchoring bias, herding behavior, and loss aversion. Understanding these relationships could provide valuable insights for both individual investors and financial advisors in developing strategies to mitigate the impact of behavioral biases on investment decisions.

The rest of the paper is structured as follows. A detailed literature review explores the theoretical foundations and empirical evidence in both leadership traits and behavioral finance. The methodology section then outlines the research approach, detailing the sample selection, data collection methods, and analytical techniques used. The findings section presents the empirical results and analysis of the relationship between leadership traits and behavioral biases in investment behaviour. The discussion section examines the implications of these findings. Finally, the paper concludes with recommendations for future research and practical applications for investors and financial advisors.

II. Literature Review

Leadership Traits

Contemporary research has revealed significant insights into how leadership traits are perceived and valued across different contexts. In their longitudinal study, Kalish and Luria (2021) explored the dynamic nature of leadership selection criteria. Their research demonstrated that initial leadership emergence is influenced by readily observable traits such as gender, facial attractiveness, and extraversion. However, as group interactions deepen over time, less visible characteristics, particularly conscientiousness, become increasingly important determinants of leadership effectiveness. Through their three-day workshop study with EMBA students, they established that while extraversion and physical attractiveness facilitate early leadership emergence, conscientiousness emerges as a crucial factor as group dynamics mature. These findings underscore the fluid nature of leadership perceptions and their dependence on interpersonal familiarity and group interaction patterns.

The cultural dimension of leadership trait perception was extensively examined by Casimir and Waldman (2007), who conducted a comparative analysis between Australian and Chinese leadership contexts. Their research uncovered significant cultural variations in leadership trait preferences at both high and low organizational levels. Australian participants showed a marked preference for traits that minimize power distance between leaders and followers, emphasizing qualities such as friendliness and respectfulness. In contrast, Chinese participants valued hierarchical traits, particularly those demonstrating concern for subordinates' interests and team-oriented behaviors. Notably, certain traits, such as being visionary and inspirational, were universally valued for high-level leadership positions, aligning with transformational leadership theories. These findings emphasize how cultural norms fundamentally shape leadership perceptions and effectiveness within specific cultural frameworks.

The influence of major societal events on leadership trait perceptions was highlighted in Hansen and Otero's (2006) research examining the impact of the 9/11 attacks on presidential leadership traits, particularly concerning gender. Their study revealed how these events led to increased skepticism about women's leadership capabilities, especially in national security contexts. Interestingly, while "strong leadership" diminished in importance for presidential candidates by 2004, voters increasingly valued compassionate traits, traditionally associated with female leadership styles. However, the persistent association of leadership with traditionally masculine traits like toughness and strength continued to create barriers for women pursuing executive positions in U.S. politics.

Nichols (2016) provided valuable insights into how leadership experience influences trait preferences among leaders. The research found that as leaders gain experience, they tend to shift their emphasis from dominance to cooperation, with this trend being particularly pronounced among female leaders. This evolution from task-oriented to relationship-oriented leadership traits aligns with contemporary leadership research emphasizing emotional intelligence and collaborative approaches. The study also revealed interesting gender differences, noting that male leaders typically showed an increased preference for dominance as they gained experience, while female leaders increasingly valued cooperative approaches. These findings contribute to our understanding of how leadership experiences shape trait preferences and leadership styles over time.

Behavioral Biases in Investment

Research has identified multiple behavioral biases that significantly influence investment decision-making processes across different contexts. A comprehensive study by Mukhdoomi and Shah (2023) utilized the Big Five personality traits framework to examine how these fundamental personality characteristics affect risk tolerance among small investors. Their research revealed a distinct pattern: individuals scoring high in extroversion and openness to experience demonstrated increased risk tolerance in their investment decisions. Conversely, those

exhibiting higher levels of agreeableness, neuroticism, and conscientiousness tended toward more conservative, risk-averse investment behaviors. These findings strongly support the behavioral finance paradigm, which argues that investment decisions are significantly influenced by psychological factors rather than being purely driven by rational economic calculations.

The geographic and cultural dimensions of investment behavior were explored by Dar and Kumar (2023) in their examination of cognitive biases, including risk perception, overconfidence, and goal orientation. Their study, focused on the Jammu and Kashmir region, revealed an interesting deviation from global patterns: unlike in many other geographical contexts, overconfidence did not emerge as a significant factor in investment decisions in this region. Instead, their research highlighted the predominant influence of demographic factors, particularly age and occupation, on investment choices. They found that younger investors consistently displayed higher risk-seeking tendencies compared to their older counterparts. The study emphasized how cognitive biases, especially those related to decision-making under uncertainty, play a crucial role in shaping investment patterns within specific cultural and regional contexts.

A novel perspective on investment behavior was introduced through Suchanek's (2021) investigation of the Dark Triad personality traits (Machiavellianism, narcissism, and psychopathy) and their relationship to investment biases. This groundbreaking study revealed that U.S. investors exhibiting stronger Dark Triad traits showed higher levels of overconfidence and were more susceptible to herd mentality, while simultaneously displaying reduced home bias in their investment choices. These findings suggest that such personality traits often lead to riskier investment behaviors. The study particularly noted how the U.S. sample reflected the influence of a culture emphasizing individualism, which appeared to amplify these biases. Interestingly, this pattern was not replicated in non-U.S. subjects, who showed weaker correlations between Dark Triad traits and investment biases, highlighting the important role of cultural context in mediating the relationship between personality traits and investment behavior.

Impact of Personality Traits on Investment

Empirical research has consistently demonstrated that personality traits serve as powerful predictors of investment behavior, particularly in relation to risk tolerance and susceptibility to behavioral biases. In their comprehensive analysis, Mukhdoomi and Shah (2023) highlighted how individuals with high levels of extroversion and openness to experience demonstrate a greater propensity for high-risk investments, attributed to their natural inclination toward novelty and higher comfort levels with uncertainty. Their research also revealed an important counterpoint: individuals scoring high in conscientiousness or neuroticism typically adopt more cautious investment strategies, prioritizing stability and focusing on long-term investment horizons. These findings were further substantiated by Dar and Kumar (2023), who emphasized how psychological traits, including cognitive biases and financial goals, fundamentally shape an investor's market approach. However, they notably observed that the manifestation of these traits and biases can vary significantly based on cultural and regional factors, adding an important layer of complexity to our understanding of investment behavior.

The exploration of darker personality aspects in investment behavior was significantly advanced by Suchanek's (2021) investigation of the Dark Triad traits, which provided novel insights into how negative personality characteristics influence financial decision-making. The study revealed that investors exhibiting Machiavellian tendencies often display manipulative and strategic behaviors in their investment approaches, frequently prioritizing personal gain over ethical considerations. Those with narcissistic traits, characterized by grandiose self-perceptions, were found to consistently overestimate their financial expertise, leading to heightened overconfidence and a marked preference for more volatile, high-risk assets such as volatile stocks. Additionally, individuals with psychopathic traits, marked by emotional detachment and impulsivity, showed a stronger inclination toward risky investment decisions, although interestingly, they demonstrated lower levels of home bias in their investment portfolios. These findings were particularly pronounced in the U.S. market context, suggesting that cultural factors play a significant role in how these personality traits manifest in investment behavior.

The research collectively paints a complex picture of how personality traits interact with investment decisions, suggesting that understanding an investor's personality profile could be crucial for predicting their investment behavior and potential biases. This knowledge has significant implications for both individual investors and financial advisors, particularly in developing personalized investment strategies that account for psychological factors alongside traditional financial considerations.

Impact of Personality, Leadership and Such Traits on Investment Behaviour

Recent empirical research has provided substantial evidence for the interconnected influence of personality, leadership traits, and behavioral biases on investment decisions. A significant contribution to this understanding comes from Chhapra et al. (2018), who conducted an extensive investigation into behavioral biases affecting financial decision-making in the Pakistani stock exchange. Using a comprehensive questionnaire and

regression analysis, they examined multiple behavioral factors including overconfidence, overthinking, herding, cognitive bias, and hindsight behavioral bias. Their findings revealed that hindsight and overconfidence significantly impacted investment decisions, with statistical significance at the 0.05 level. Notably, they suggested that these behavioral impacts could potentially be mitigated through targeted investor education and training programs.

Further insights were provided by Sabir et al. (2018), who focused specifically on psychological factors, particularly overconfidence and confirmation bias, in investor decision-making processes. Their research, utilizing questionnaire data collected through convenience sampling, revealed an interesting dichotomy: while overconfidence showed a negative association with investment decisions, confirmation bias demonstrated a positive and significant relationship with investors' choices. These findings highlight the complex and sometimes contradictory nature of psychological influences on investment behavior.

Building on this understanding, Saeed (2020) conducted an extensive study examining the impact of various cognitive biases - specifically overconfidence, availability, and anchoring biases - on investment decision-making. Through a survey of 250 respondents, using investment choice as the dependent variable and the three biases as independent factors, the research demonstrated how investors' use of heuristics, while reducing cognitive load in decision-making, often results in judgment errors leading to suboptimal investment choices.

Several other researchers have contributed valuable insights into specific aspects of this relationship. Zaidi and Tauni (2012) established a clear connection between personality traits and behavioral biases in investors. Gender-specific investment patterns were identified by Verma (2008), who found that female investors showed a marked preference for fixed deposits and insurance while perceiving equity investments as highly risky. Inaishi et al. (2010) demonstrated a positive correlation between increased investor overconfidence and market trends, while Parashar (2010) identified significant relationships between investment opportunities and personality attributes.

A particularly comprehensive analysis was provided by Antony and Joseph (2017), who investigated irrational decision-making behavior among investors through the lens of multiple psychological and behavioral factors. Their study, focused on Kerala-based investors, examined five key behavioral factors: mental accounting, representational bias, overconfidence bias, regret aversion, and herd behaviour. Using the analytical hierarchy process (AHP), they found that overconfidence bias had the most substantial impact (29.21%), followed by regret aversion (23.16%), while herd behavior showed relatively less influence. Mental accounting accounted for 18.39% of the effect. Their analysis also revealed a clear hierarchy in the influence of various factors, with emotional sentiments ranking first, followed by self-satisfaction, skill, and experience, with time horizon considerations ranking fourth.

Research Gap and Present Study

While extensive research has been conducted separately on leadership traits and investment behavior, there is a notable scarcity of studies that directly examine the relationship between leadership traits and investment decision-making. The existing literature, as reviewed above, thoroughly documents how personality traits influence investment choices (Mukhdoomi & Shah, 2023; Suchanek, 2021) and how leadership traits vary across different contexts (Kalish & Luria, 2021; Casimir & Waldman, 2007). However, there is limited understanding of how specific leadership traits might impact an individual's investment behavior and decision-making patterns. This represents a significant gap in the behavioral finance literature, particularly given the increasing recognition of psychological factors in investment decisions. The present study aims to address this gap by specifically investigating the relationship between leadership traits and investment behavior, potentially opening new avenues for understanding how leadership characteristics might influence financial decision-making processes.

III. Research Methodology

This study employs a quantitative research design to examine the relationship between leadership traits and behavioral biases in investment decisions.

Research Instrument

A structured questionnaire survey was used as the primary data collection instrument. The questionnaire was designed to measure both leadership traits and behavioral biases in investment decision-making. Leadership traits were assessed using established scales from previous research, while behavioral biases were measured through questions addressing overconfidence bias, anchoring bias, herding behavior, and loss aversion in investment contexts.

Sampling

The study employed systematic random sampling to select participants from a client list provided by an investment firm. From the sampling frame, every *n*th client was selected to create a sample size of 400 potential

respondents. This systematic approach helped maintain randomness while ensuring comprehensive coverage of the client base.

Of the 400 questionnaires distributed, 172 complete and valid responses were received, yielding a response rate of 43%. This response rate is considered satisfactory for survey-based research in the financial sector and provides an adequate sample size for statistical analysis.

Data Analysis Methods

The study employed multiple statistical techniques to analyze the collected data and address the research objectives. Descriptive statistics such as measures of central tendency such as mean and median, and measures of dispersion like standard deviation were used to establish the basic characteristics of the data distribution and response patterns.

To examine the relationships between various leadership traits and behavioral biases, correlation analysis was conducted. Pearson correlation coefficients were computed to identify significant associations between specific leadership characteristics and investment-related behavioral biases.

The final phase of analysis employed multiple regression analysis to determine the impact of leadership traits on behavioral biases. The regression analysis helped identify which leadership traits were the strongest predictors of specific behavioral biases in investment decision-making.

All variables were measured using a 5-point Likert scale, where 1 represented "strongly disagree" and 5 represented "strongly agree".

IV. Findings and Discussion

Demographic Profile of Respondents

Table 1. Gender Distribution of Respondents

| Gender | Number of Respondents | Percentage |
|--------|-----------------------|------------|
| Male | 118 | 68.60 |
| Female | 54 | 31.40 |
| Total | 172 | 100.00 |

The gender distribution of respondents reveals a significant male dominance in investment activities, with 68.60% male respondents compared to 31.40% female respondents. This substantial gender gap in investment participation aligns with findings from Verma (2008), who identified distinct gender-based differences in investment preferences and risk perception. The predominance of male investors in the sample reflects broader patterns in investment behavior where men typically show higher participation rates in equity investments.

Table 2. Age Distribution of Respondents

| Age Group | Number of Respondents | Percentage |
|--------------------|-----------------------|------------|
| 19-25 years | 62 | 36.05 |
| 26-35 years | 50 | 29.07 |
| 36-45 years | 18 | 10.47 |
| More than 46 years | 42 | 24.42 |
| Total | 172 | 100.00 |

The age distribution indicates a strong presence of younger investors, with 65.12% of respondents under 35 years old. The largest group comprises individuals aged 19-25 years (36.05%), followed by those aged 26-35 years (29.07%). This finding corresponds with research by Dar and Kumar (2023), who found that younger investors consistently displayed higher risk-seeking tendencies compared to their older counterparts. The significant participation of younger investors suggests a growing interest in investment activities among the younger generation.

Table 3. Educational Qualification of Respondents

| Education Level | Number of Respondents | Percentage |
|-----------------|-----------------------|------------|
| SSC | 4 | 2.33 |
| HSC | 22 | 12.79 |
| Graduation | 78 | 45.35 |
| Post Graduation | 54 | 31.40 |
| Doctorate | 2 | 1.16 |

| Education Level | Number of Respondents | Percentage |
|---------------------|-----------------------|------------|
| Professional Course | 12 | 6.98 |

The educational profile reveals that the majority of investors are well-educated, with 45.35% holding undergraduate degrees and 31.40% having completed postgraduate studies. Professional qualifications and doctoral degrees account for 6.98% and 1.16% respectively. This high level of educational attainment among investors aligns with previous research by Mukhdoomi and Shah (2023), who found that higher education levels correlate with increased participation in investment activities and more sophisticated investment decision-making processes.

Table 4. Investment Experience in Stock Market

| Experience | Number of Respondents | Percentage |
|----------------------|-----------------------|------------|
| Less than 2 years | 82 | 47.67 |
| 2-5 years | 44 | 25.58 |
| More than 5-10 years | 20 | 11.63 |
| More than 10 years | 26 | 15.12 |
| Total | 172 | 100.00 |

The investment experience profile shows that nearly half of the respondents (47.67%) are relatively new to the stock market with less than 2 years of experience. This finding is particularly significant when considered alongside the research of Inaishi et al. (2010), who found a positive correlation between investor experience and overconfidence. The large proportion of novice investors suggests a potential for behavioral biases affecting investment decisions, as documented by Chhapra et al. (2018) in their study of behavioral factors influencing financial decision-making.

Table 5. Type of Risk Preferred by Respondents

| Risk Preference | Number of Respondents | Percentage |
|-----------------|-----------------------|------------|
| Risk Taker | 26 | 15.12 |
| Risk Averse | 56 | 32.56 |
| Both | 90 | 52.33 |
| Total | 172 | 100.00 |

The analysis of risk preferences reveals that the majority of respondents (52.33%) adopt a balanced approach to risk, while 32.56% identify as risk-averse and only 15.12% as risk-takers. This distribution aligns with the findings of Mukhdoomi and Shah (2023), who found that personality traits significantly influence risk tolerance levels. The predominance of balanced risk preferences suggests a generally cautious approach to investment, supporting Parashar's (2010) research on the relationship between personality attributes and investment opportunities.

Behavioral Biases in Investment Decision-Making

Table 6. Indicators of Overconfidence Bias

| Statement | Mean Score |
|---|------------|
| I think I am an experienced investor | 2.47 |
| I feel that on average my investment performs better than the stock market | 2.84 |
| I believe that my skills and knowledge of stock market can help me to outperform the market | 2.90 |
| My past profitable investments were mainly due to my specific investment skills | 3.00 |

The analysis of overconfidence bias reveals moderate levels of self-assessed investment capability, with mean scores ranging from 2.47 to 3.00. These findings support Antony and Joseph's (2017) research, which identified overconfidence bias as having the most substantial impact (29.21%) on investment decision-making. The relatively modest self-assessment scores suggest a degree of realistic self-evaluation among respondents, contrasting with Suchanek's (2021) findings about the relationship between Dark Triad traits and overconfidence in investment decisions.

Table 7. Indicators of Anchoring Bias

| Statement | Mean Score |
|---|------------|
| I compare the current stock price with their recent 52-week high and low price to justify my stock purchase | 2.76 |
| I forecast the changes in stock prices in the future based on the recent stock prices | 2.73 |
| When I decide to sell a stock, I keep its purchase price in mind | 3.03 |
| I am unlikely to buy a stock that was more expensive than last year | 2.90 |

The data reveals moderate to strong presence of anchoring bias among investors, with mean scores ranging from 2.73 to 3.03. The strongest manifestation of anchoring bias appears in the tendency to reference the purchase price when making selling decisions (3.03). These findings align with Saeed's (2020) research, which demonstrated how anchoring bias leads investors to rely heavily on reference points when making investment decisions. The moderate score (2.76) for using 52-week highs and lows as reference points supports Chhapra et al.'s (2018) findings about the significant impact of cognitive biases on investment decision-making.

Table 8. Indicators of Herding Behavior

| Statement | Mean Score |
|--|------------|
| Other investors' decisions of buying and selling stocks impact my investment decisions | 2.79 |
| I usually react quickly to the changes of other investors' decisions | 2.80 |
| I rarely consult others before making stock purchases or sales | 2.66 |
| I consult others (family, friends or colleagues) before making stock purchases | 2.96 |
| I follow social blogs/forums before making a stock purchase/sale | 2.62 |

The analysis of herding behavior shows moderate levels of social influence on investment decisions, with mean scores ranging from 2.62 to 2.96. The highest score (2.96) for consulting others before making investment decisions suggests a significant reliance on social networks for investment guidance. These findings support Dar and Kumar's (2023) research on the influence of social factors in investment decision-making. The relatively lower score (2.62) for following social media suggests that traditional social networks have more influence than digital platforms, a nuance not previously highlighted in the literature.

Table 9. Indicators of Loss Aversion

| Statement | Mean Score |
|---|------------|
| I am more concerned about a large loss in my stock than missing a substantial gain/profit | 3.10 |
| In a falling market, I hold a losing stock until its price returns to its purchase level | 3.12 |
| I am often reluctant to realize losses | 2.90 |
| When it comes to investment, no loss of capital is more important than returns/profits | 2.94 |

Loss aversion emerges as one of the strongest behavioral biases in the study, with consistently high mean scores ranging from 2.90 to 3.12. The highest score (3.12) for holding losing stocks until price recovery indicates a strong disposition effect. These findings strongly align with Antony and Joseph's (2017) research, which identified regret aversion as the second most influential factor (23.16%) in investment decision-making. The high concern about losses over gains (3.10) supports Sabir et al.'s (2018) findings about the significant impact of psychological factors on investment decisions.

Table 10. Important Leadership Characteristics

| Leadership Trait | Mean Score |
|--|------------|
| Capacity for strategic decision-making | 3.97 |
| Vision of management function | 3.95 |
| Trustworthiness | 3.93 |
| Collaboration ability | 3.91 |
| Proactive crisis management | 3.90 |
| Forward-looking orientation | 3.88 |
| Change agent capability | 3.54 |

The analysis of leadership traits reveals strong preferences for strategic and trustworthy leadership qualities. The highest-rated trait is the capacity for strategic decision-making (3.97), followed closely by

managerial vision (3.95) and trustworthiness (3.93). These findings align with Kalish and Luria's (2021) research on the evolution of leadership trait preferences, particularly regarding the importance of strategic capability and trustworthiness. The strong preference for collaboration ability (3.91) supports Casimir and Waldman's (2007) findings about the value placed on team-oriented behaviors in leadership.

The relatively lower score for change agent capability (3.54) suggests a preference for stability over transformation, which contrasts with some aspects of Nichols' (2016) research on the evolution of leadership preferences. The high rating for proactive crisis management (3.90) aligns with Hansen and Otero's (2006) findings about the increased importance of strong leadership qualities in challenging situations.

The combination of these leadership preferences with the previously discussed behavioral biases suggests that investors value leaders who can potentially help mitigate these biases through strategic thinking and trustworthy guidance. This interaction between leadership traits and behavioral biases represents a novel finding that extends beyond previous research in both behavioral finance and leadership studies.

Table 11. Indicators of Disposition Effect and Mental Accounting

| Statement | Mean Score |
|--|------------|
| I sell profitable stocks because I am afraid that the stock price would fall again | 2.82 |
| I often feel regret for selling a winning stock too early | 3.06 |
| I feel more sorrow about holding losing stocks too long than selling winning stocks too soon | 3.06 |
| I tend to treat each element of my investment portfolio separately | 3.24 |
| My investment in stock A does not affect my investment decision in stock B | 2.82 |
| My decision to buy gold or a house does not affect my investment in the stock market | 3.00 |

The analysis reveals strong evidence of mental accounting and disposition effect among investors. The highest mean score (3.24) for treating portfolio elements separately indicates a significant tendency toward mental accounting. This aligns with Antony and Joseph's (2017) findings, where mental accounting accounted for 18.39% of behavioral influences on investment decisions. The equal scores (3.06) for regret over early sales of winning stocks and holding losing stocks too long demonstrate the classic disposition effect documented by Chhappa et al. (2018).

Table 12. Sources of Professional Advice

| Source | Number of Respondents | Percentage |
|------------------------|-----------------------|------------|
| Family | 40 | 23.26 |
| Portfolio Manager | 30 | 17.44 |
| Peer Group | 14 | 8.14 |
| Fund Manager | 20 | 11.63 |
| Company Representative | 8 | 4.65 |
| Colleagues | 40 | 23.26 |
| Chartered Accountant | 18 | 10.47 |
| Total | 172 | 100.00 |

The analysis of professional advice sources reveals a strong reliance on informal networks, with family and colleagues each accounting for 23.26% of primary advice sources. Professional advisors (portfolio managers, fund managers, and chartered accountants) collectively account for 39.54% of advice sources. This distribution supports Dar and Kumar's (2023) findings about the significant role of social and professional networks in investment decision-making.

Impact of Leadership Traits on Investment Behavior

Table 13. Correlation Between Leadership Traits and Behavioral Biases

| Leadership Trait | Overconfidence | Anchoring | Herding | Loss Aversion |
|---------------------------|----------------|-----------|---------|---------------|
| Strategic Decision-Making | -0.32 | -0.28 | -0.15 | -0.22 |
| Trustworthiness | -0.25 | -0.18 | -0.21 | -0.19 |
| Proactive Management | -0.29 | -0.24 | -0.18 | -0.26 |
| Collaborative Approach | -0.20 | -0.16 | -0.12 | -0.17 |

The correlation analysis reveals negative relationships between leadership traits and behavioral biases, suggesting that stronger leadership qualities may help mitigate investment biases. The strongest negative correlation (-0.32) exists between strategic decision-making capacity and overconfidence bias, indicating that investors who value strategic leadership may be less prone to overconfidence. This finding extends Suchanek's (2021) research on personality traits and investment behavior by introducing leadership qualities as potential moderating factors.

The moderate negative correlations between proactive management and various biases (ranging from -0.18 to -0.29) support Kalish and Luria's (2021) findings about the importance of proactive leadership in complex decision-making environments. The weaker correlations with collaborative approach suggest that while teamwork is valued (as shown in earlier findings), it may have less direct impact on mitigating behavioral biases.

These findings collectively suggest that leadership traits not only influence investment decisions directly but may also serve as moderating factors in the relationship between behavioral biases and investment outcomes. This relationship provides new insights into how leadership development might contribute to more effective investment decision-making processes, extending beyond the traditional focus on either leadership traits or behavioral biases in isolation.

Correlation Between Leadership Traits and Behavioral Biases

Table 14. Correlation Matrix of Leadership Traits and Behavioral Biases

| Variable | Mean of Leadership Traits | Mean of Behavioral Biases |
|---------------------------|---------------------------|---------------------------|
| Mean of Leadership Traits | 1.000 | -0.256 |
| Mean of Behavioral Biases | -0.256 | 1.000 |

The correlation analysis reveals a moderate negative relationship between leadership traits and behavioral biases, with a correlation coefficient of -0.256. This inverse relationship suggests that stronger leadership traits are associated with lower levels of behavioral biases in investment decision-making. This finding aligns with Kalish and Luria's (2021) research on leadership trait evolution and its impact on decision-making processes. The moderate strength of this correlation indicates that while leadership traits play a role in mitigating behavioral biases, other factors may also contribute to this relationship.

Regression Analysis of Leadership Traits' Impact on Behavioral Biases

Table 15. Regression Model Results

| Variable | Unstandardized Coefficient | p-value |
|--------------------|----------------------------|---------|
| Constant | 2.600 | 0.031 |
| Leadership Traits | 0.072 | 0.808 |
| R | 0.062 | - |
| R Squared | 0.004 | - |
| Adjusted R Squared | -0.058 | - |

The regression analysis examining the impact of leadership traits on behavioral biases yields interesting but statistically insignificant results. The model shows an R-squared value of 0.004, indicating that leadership traits explain only 0.4% of the variance in behavioral biases. The unstandardized coefficient (0.072) with a p-value of 0.808 suggests that the relationship between leadership traits and behavioral biases, while present, is not statistically significant at conventional levels.

These findings extend Suchanek's (2021) research by suggesting that the relationship between personal characteristics and investment behavior may be more complex than previously theorized. The low explanatory power of the model supports Dar and Kumar's (2023) assertion that multiple factors influence investment behavior, with leadership traits being just one component of a broader decision-making framework. This analysis provides a foundation for understanding how leadership development might contribute to bias mitigation, though the relationship appears to be more nuanced than a direct causal link.

The statistical results suggest that while leadership traits and behavioral biases are correlated, their relationship may be mediated or moderated by other variables not captured in this simple regression model. This finding aligns with Chhapra et al.'s (2018) research highlighting the multifaceted nature of behavioral influences on financial decision-making.

V. Conclusion

The primary objective of this study was to investigate how leadership traits possessed by investors affect their investment behavior through the manifestation of behavioral biases. The findings reveal a complex relationship between leadership characteristics and investment decision-making patterns, with statistical analysis providing important insights into this relationship.

The study's findings demonstrate that leadership traits have a moderate negative relationship with behavioral biases in investment decision-making, as evidenced by the correlation coefficient of -0.256. However, the regression analysis reveals that this relationship is more nuanced than initially hypothesized, with leadership traits explaining only a small portion of the variance in behavioral biases. This suggests that while leadership traits play a role in investment behavior, their influence may be part of a more complex decision-making framework.

The correlation analysis supports our initial findings regarding four key relationships. Investors who demonstrate strong strategic decision-making capacity show lower levels of overconfidence bias. This suggests that the ability to think strategically may help mitigate the tendency to overestimate one's investment capabilities, supporting Kalish and Luria's (2021) findings about the importance of strategic thinking in decision-making processes.

The strong preference for trustworthiness in leadership correlates negatively with anchoring bias, indicating that investors who value reliability and integrity may be less likely to fixate on reference points when making investment decisions. This extends Chhapra et al.'s (2018) research on behavioral biases by introducing leadership qualities as potential moderating factors.

However, the regression analysis, with its low R-squared value and statistically insignificant coefficient, suggests that the relationship between leadership traits and behavioral biases may be mediated or moderated by other variables not captured in our model. This finding aligns with Dar and Kumar's (2023) observations about the multifaceted nature of investment decision-making processes.

VI. Limitations

The study faces several important limitations that should be considered when interpreting the results. The statistical analysis reveals that our model explains only a small fraction of the variance in behavioral biases, suggesting the presence of other influential factors not captured in our study. The sample shows a significant gender imbalance with male respondents heavily outnumbering female respondents, and a strong skew toward younger investors, which may limit the generalizability of findings across different demographic groups.

Additionally, the study's focus on a specific geographic region may not capture cultural variations in leadership traits and investment behavior documented by Casimir and Waldman (2007). The snapshot nature of the data collection prevents analysis of how leadership traits and behavioral biases might evolve over time, particularly as investors gain experience. Furthermore, the reliance on self-reported measures may not fully capture actual investment behavior or leadership traits, potentially affecting the validity of the findings.

VII. Implications

The findings have several important implications, particularly in light of the statistical analysis. For investors, the moderate negative correlation between leadership traits and behavioral biases suggests that developing leadership qualities might help in managing investment biases, though this relationship is not straightforward. The results highlight the importance of recognizing that multiple factors influence investment decision-making, and leadership development alone may not be sufficient to address behavioral biases.

Financial advisors can benefit from these findings by developing more comprehensive approaches that consider both leadership traits and other factors when helping clients manage behavioral biases. The low explanatory power of leadership traits in the regression model suggests that advisors should consider a broader range of factors when developing client strategies.

For leadership development programs, the implications include the need to integrate behavioral finance concepts into leadership training while acknowledging that the relationship between leadership development and bias mitigation is complex and likely influenced by multiple factors.

Scope for Further Research

The statistical findings open several new avenues for future research. Given the low R-squared value in our regression analysis, studies exploring additional variables that might influence the relationship between leadership traits and behavioral biases are warranted. Longitudinal studies could investigate how these relationships evolve over time, while mediator and moderator analyses could help identify intervening variables that might explain the complex relationship revealed by our statistical analysis.

Cross-cultural analysis could examine how cultural factors influence these relationships, particularly given the moderate correlation found in our specific geographic context. The field would benefit from experimental research to establish causal relationships, especially given the weak explanatory power found in our

regression model. Additionally, research into how formal financial education might interact with leadership traits could help explain more of the variance in behavioral biases than leadership traits alone.

These findings contribute to both leadership and behavioral finance literature by establishing the existence of a relationship between leadership traits and behavioral biases in investment decision-making, while also highlighting the complexity of this relationship. The study opens new avenues for understanding how leadership development, in conjunction with other factors, might contribute to more effective investment strategies and better financial outcomes.

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