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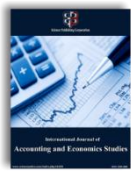

Decoding The Mind: How Psychological Factors Shape Investment Decisions Among Employees in India

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Abstract

Behavioural biases highlight the impact of psychological factors in shaping investment choices. This study consists of six key psychological factors, such as overconfidence, herding, availability bias, loss aversion, anchoring, and mental accounting, which influence the investment decision of salaried employees while considering demographic variables as moderators. Primary data were collected from 300 salaried em-employees working across banking, educational, and healthcare sectors. Data were analyzed using regression analysis, an independent t-test, and one-way ANOVA. The result shows that herding behaviour, availability bias, and mental accounting significantly influence the invest-ment decision, while overconfidence, loss aversion, and anchoring bias do not exhibit substantial effects. Furthermore, only gender differences were found in herding tendencies, with males displaying higher susceptibility than females. These findings show that salaried em-employees' investment decisions are shaped less by rational considerations and more by social influence, easily available information, and mental categorization of money. By decoding the psychological tendencies of employee investment decisions, the research helps policymakers-ers, financial advisors, and institutions seeking to promote more informed and rational investment practices.

Keywords: *Behavioural Finance; Demographics; Investment Behaviour; Investment Decisions; Psychological Factors; Salaried Employees.*

1. Introduction

In countries like India, where the economy is growing, salaried employees comprise a significant portion of the investing population. However, investment decisions are often influenced by psychological biases rather than financial analysis, which makes this group particularly important for psychological finance or behavioural research. The idea behind behavioural finance is that investors typically don't respond logically. They differ from the best investment choices due to several biases. Behavioural finance studies how psychology, economics, and finance interact to show how investors behave in various financial market environments (Shiller, 2003). Financial market empirical research has demonstrated that investors' irrational thinking affects their investment behaviour. Shares are undervalued and overvalued as a result of this irrational conduct. Investor psychology influences the market price, which may not be accurately predicted based on fundamental study (Shefrin, 2000).

Unlike traditional financial theories that assume investors act rationally to maximise utility, behavioural finance says that emotions, biases, and cognition often obstruct optimal decision-making. Several studies have been conducted in recent years to examine the influence of psychological biases on investment pattern decisions. Bias is a tendency or bias to

create choices that are already impacted by a guiding principle. Errors are caused by biases, and psychologists have researched the different mistakes people frequently make when making decisions (Shefrin, 2007). Because of psychological biases, investors are more likely to make irrational choices than ones that maximise wealth (Forbes, 2009). According to studies, investors typically hold losing equities and sell winning ones (Barber & Odean, 2000).

Salaried employees face different challenges while managing their investments. They might depend more on psychological patterns and mental heuristics when making investment choices, since they have little exposure to professional investment training. (Pompian, 2006). These psychological tendencies include overconfidence, herding behaviour, availability bias, loss aversion, anchoring, and mental accounting—each of which can significantly distort perceptions of risk, return, and diversification (Shefrin, 2002; Statman, 2008). Understanding how these psychological variables influence investment decisions is crucial, especially in Assam. (Sinha, 2012). Figuring out the psychological tendencies of investment behaviour becomes even more important when comparing diverse groups of salaried individuals, such as those in government versus private sectors, whose risk preferences and financial goals may differ due to organisational culture and job security.

This study does not examine causality; rather, it focuses on the relationship between variables, such as investor biases and demographic characteristics. The research

could aid in the logical decision-making process for financial advisors and investors. Financial advisors might utilise the findings to make recommendations based on their demographics. Knowing how their clients make decisions can help financial advisors and instructors

become more effective. This study consists of six psychological factors, such as overconfidence, availability bias, herding bias, loss aversion, anchoring bias, and mental accounting. As a result, a behavioural decision-making model for investors can be proposed. Furthermore, based on the findings, this study offers strategic recommendations that could assist both investors and financial institutions in their investment decisions and marketing efforts, respectively.

Employees do not usually make rational decisions. Their actions are always the result of careful consideration, which makes sense as an investment choice. Employees are motivated by several factors to make judgments in an uncertain environment, which can lead to irrational decisions (Kahneman & Tversky, 1979). The findings showed that employees' investment decisions are significantly and favourably influenced by availability bias. This suggests that investors' long-term perspective diminishes the effect of availability bias on investment choices. However, Khan et al. (2021) found no noticeable moderating effect for availability bias.

2. Significance of The Study

This study will add to a better understanding of the impact of behavioural biases on investment decisions by examining their presence among salaried employees. Examining the role of socio-demographic variables in predicting behavioural biases will offer valuable insights into how these factors shape investor behaviour. The results of this study will enable financial professionals, investment houses, etc., to comprehend investors' behaviour, analyse future trends in the investment market when designing investment products, and provide advice that is tailored to meet the investors' requirements. This knowledge will aid financial advisors, educators, and policymakers in designing interventions and educational programs tailored to meet the specific requirements of different investor groups. The study will have practical implications for both salaried employees and financial professionals. It will help salaried employees to be aware of and understand how behavioural biases influence their investment decisions and may therefore enable them to overcome such biases. By learning how behavioural biases impact investment decisions, investors will be guided to make more informed choices, and financial professionals will be able to offer better support and advice. Overall, this study will not only lead to advancement in the academic knowledge of behavioural finance but can also offer practical insights that can be beneficial for retail investors, financial professionals, and policymakers.

3. Literature Review and Hypotheses Development

Much of the existing research has assumed that many investors made choices rationally based on the risk-return factor to maximize the return within an efficient market (Osagie et al.,2021). However, the field of behavioural finance has emerged, claiming that human beings often do not behave as rationally as traditional economic models suggest, because psychological tendencies and biases influence their decisions. Numerous studies have investigated the impact of psychological factors and behavioural biases on the decision-making and financial risk-taking behaviour of investors. Factors such as demographics, socio-economic status, behaviour, and psychological tendencies have been shown to influence financial risk-taking. (Kuhnen and Chiao, 2009) (Lubis et al., 2015). Any investment decision is a financial behaviour undertaken by individuals, requiring the inclusion of behavioural and attitudinal components in research models.

3.1. Behavioural biases

Pompian (2006) defined overconfidence as "unwanted faith in one's intuitive reasoning, judgments, and cognitive abilities". Overconfident investors believe their actions to be less risky than they actually are (Barber & Odean, 1999; Almansour et al., 2023). Such investors take excessive risks (Metawa et al., 2018). They are too certain of their own opinions (Barber & Odean, 1999; Baker & Nolsinger, 2002; Nofsinger, 2018) and do not give much weight to the opinions of others (Barber & Odean, 1999). Hence, they indulge in excessive trading (Barber & Odean, 1999; Baker & Nofsinger, 2002; Pikulina et al., 2017; Almansour et al., 2023). According to Nofsinger (2018), the availability bias is a mental shortcut or rule of thumb that enables "people to estimate the probability of an outcome based on how prevalent or familiar that outcome appears in their lives." It refers to the propensity of investors to consider information that is easily accessible while making decisions rather than depending on other alternate options (Khan et al., 2017). According to Jain et al. (2022), "the investors' tendency to rely more on the easily available information than the complete scenario or the information that can be easily recalled is termed availability bias." Financial market players often overlook the information they possess and follow the rational or irrational actions of other investors due to a phenomenon known as herding (Kumar & Jarwal, 2022). According to Jain et al. (2022), "herding is a prominent term used to define a mechanism in streams of finance and economies whereby economic agents influenced each other's actions." In India, investors are mostly influenced by their family members, colleagues, or friends to invest in the stock market (Raut, 2020). Herd theory states that a person takes a particular action based on the similar actions of other people. Higher levels of uncertainty give rise to herd mentality (Olsen, 2008). According to Almansour et al. (2023), investors who are prone to herding perceive the risk associated with a specific investment trend or strategy to be low if it is followed by a significant number of investors. The principle of loss aversion states that people tend to stick to losing investments in the hopes of recovering losses because they experience the pain of losses more intensely than the joy of gains (Ahn, 2022). People try to avoid doing things that will make them feel bad about themselves and instead seek to act in ways that will make them proud (Baker & Nofsinger, 2002). Shefrin & Statman (1985) discuss that those who experience regret at greater levels find it difficult to sell stocks following a decline in price (Hermann et al., 2019). Due to the greater strength of regret than pride, investors prefer inaction over action (Shefrin & Statman, 1985). According to Jain et al. (2022), "anchoring bias relates to assigning undue weight to one piece of information, assuming it to be a benchmark for future investment decision-making." Moosa & Ramiah (2017) define anchoring as t he propensity to make use of reference points while making decisions, and such reference points are not logically relevant to the decision being made. When investors make decisions on the basis of insignificant figures and statistics, they are known to suffer from anchoring bias. The theory of mental accounting was developed by Thaler (1980). Investors exhibiting mental accounting bias have a tendency to consider the different components of their portfolio separately (Xia & Madni, 2024). According to Moosa & Ramiah (2017), the tendency of people to maintain separate accounts to which they allocate their money for distinct purposes, such as one for bills, one for the upcoming vacation, and another for a new car, is known as mental accounting. In this case, an account that is maintained for meeting a particular purpose cannot be utilised for financing another purpose, and hence this results in financing the latter purpose by means of borrowing. Another facet of mental accounting bias is that money obtained from different sources is handled differently. The following hypotheses are thus proposed to perceive the psychological factors:

Ho_1: Overconfidence bias does not influence the investment decisions of salaried employees.

Ho_2: Herding behavior has no significant influence on the investment decisions of salaried employees.

Ho_3: Availability bias has no significant relationship with the investment decisions of salaried employees.

Ho_4: Loss aversion has no significant impact on the investment decisions of salaried employees.
Ho_5: Anchoring bias has no significant effect on the investment decisions of salaried employees.
Ho_6: Mental accounting has no significant influence on the investment decisions of salaried employees.

3.2. Behavioural biases and socio-demographic variables

According to Hossain & Siddiqua (2022), individuals differ from one another due to differences in their demographic characteristics, such as gender, age, education, and social and economic context. The same conditions hold with regard to the investment decisions of individual investors, which are influenced by behavioural biases that may differ based on their demographic characteristics. Lin (2011) strongly supports the influence of demographic variables of investors on behavioural biases. Prosad et al. (2015) find that investors' exposure to behavioural biases depends on their demographics and trading sophistication variables. Age, trading frequency, and profession are among the variables having the strongest influence. Income earned by investors is one of the significant demographic variables because it has an impact on the portion of income that can be saved or invested (R & P, 2019). Gender affects anchoring, overconfidence, and disposition effect (Saivasan & Lokhande, 2022). Age influences overconfidence (Banerjee et al., 2018; Saxena, 2020; Saivasan & Lokhande, 2022), anchoring, disposition, and herding biases (Saivasan & Lokhande, 2022). Investment experience and profession influence anchoring bias (Saivasan & Lokhande, 2022). Bondt (1998) says that the amount of errors in investment committed by investors is not determined by their investment experience. In contrast, Aren & Hamamci (2023) could not determine any serious relationship between behavioural biases and demographic variables. Thus, we hypothesize that:
Ho_7: There is no significant difference in the level of psychological biases based on the age of salaried employees.
Ho_8: Gender does not significantly moderate the relationship between psychological biases and investment decisions.
Ho_9: Income level has no significant effect on the intensity of psychological biases influencing investment behaviour.

3.3. Impact of behavioural biases on investment decisions

Das & Panja (2022) found self-attribution to be the second most influential bias, having a significant impact on investment decisions. Shah et al. (2018), Ahmad & Shah (2022), and Rashid et al. (2022) found that overconfidence is negatively related to investment decisions. This implies that higher levels of overconfidence bias lower the quality of investment decisions (Shah et al., 2018). The effectiveness of investment decisions declines as overconfidence rises (Ahmad & Shah, 2022). Therefore, an increase in levels of overconfidence causes investors to make poor investment decisions (Singh, 2020). The findings of Shah et al. (2018) and Ahmad & Shah (2022) are in contrast with the findings of Adil et al. (2022) that overconfidence has a positive and significant impact on the investment decisions of male investors. Bakar & Yi (2016), Qasim et al. (2019), Raut et al. (2020), Yadav & Chaudhary (2022), Almansour et al. (2023), and Mahmood et al. (2024) found that overconfidence has a significant and positive impact on investors' decisions. Sim (2020), Pania (2021), and Das & Panja (2022) reported a significant impact of overconfidence on investment decisions. However, Dassani (2021) found that overconfidence has a considerable relationship with investment decision-making.
Research Gap
A limited number of studies on behavioural biases have been undertaken in India. The impact of psychological biases on the investment decisions of salaried employees has been examined in very few studies in the Indian context. While existing studies have extensively explored the influence of behavioural biases such as overconfidence, herding, availability bias, loss aversion, mental accounting, and anchoring on employees' investment decision-making, much of the research has been either generalized across investor populations or focused primarily on individual or retail investors without distinguishing between different employment categories. The conclusion drawn from the existing literature is conflicting in regard to the influence of socio-demographic variables on behavioural biases. And although the impact of behavioural biases on investment decisions has been examined in the existing literature, the results vary widely across studies. The association between behavioural biases and the investment decisions of salaried employees is inconclusive in the existing literature. The results in the existing literature are conflicting (Gavrilakis & Floros, 2022). Review that the research focus of the existing publications on non-professional investors is less. Therefore, the research on non-professional individual investors' behavioural biases requires adequate attention in financial models. Hence, these provide the research gap that will be examined by the present study. This study will be a step towards developing models linking behavioural biases and investment decisions with socio-demographic variables as moderators. Thus, a clear research gap exists in understanding: What psychological factors collectively influence investment decisions among employees? And how demographic variables moderate these effects. Therefore, the objectives of the study are as follows-
1) To examine the influence of key psychological factors on the investment decisions of employees.
2) To investigate how demographic variables affect the intensity of psychological biases in influencing investment decisions.

4. Research Methodology

This study employs a quantitative and explorative research design to investigate the impact of psychological factors on investment decisions among employees. The target population consists of employees working in the banking, education, and healthcare sectors in Assam, India. A total of 300 respondents were selected using stratified random sampling, ensuring proportional representation from the sectors to facilitate the diversity of each sector. Primary data was collected through a structured questionnaire cum schedule. A 5-point Likert scale ranging from strongly disagree (1) to strongly agree (5) was employed in this study.

4.1. Tools for analysis

To test the hypotheses, descriptive statistics and correlation coefficients were used. Regression analysis was used to draw a better conclusion for objective 1, including a reliability test to verify the internal consistency of the questionnaire. Furthermore, ANOVA and Independent Sample t-test are used to explore whether demographics or sector moderate the relationship between psychological factors and investment decisions. The related regression model is shown as follows to examine the influence of key psychological factors on the investment decisions of employees.

$$ID=\alpha+\beta1\cdot OC+\beta2\cdot HB+\beta3\cdot AB+\beta4\cdot LA+\beta5\cdot AN+\beta6\cdot MA+\varepsilon$$

ID = Investment decision score, α = Constant term (intercept), β_1–β_6 = Coefficients of the psychological factors, ε = Error term (residual).

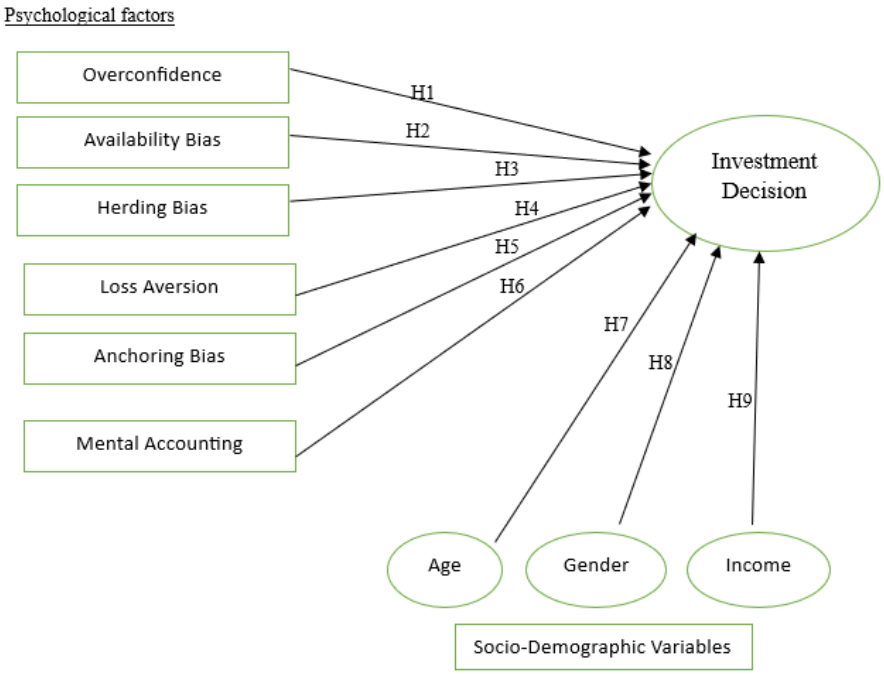

Fig. 1: Conceptual Model for Measuring Psychological Factors on Investment Decision of Salaried Employees.

Based on the conceptual framework, Hypotheses are categorised into two parts:
1) Hypotheses 1 to 6 are related to the effect of psychological factors on investment decisions.
2) Hypotheses 7, 8, and 9 are related to the effect of demographic variables on investment decisions.

5. Data Analysis and Discussion

Objective 1: To examine the influence of key psychological factors on the investment decisions of employees.

Table 1: Scale Reliability Statistics

Mean	Cronbach's Alpha	No. of items
3.92	.836	29

Source: Research Data.

It is observed that the Cronbach's alpha value of all the constructs is higher than the acceptable benchmark of 0.5. Thus, it indicates that the constructs possess internal consistency and that the items measuring the constructs are trustworthy.

Table 2: Harman's Single Factor Test Analysis

Total Variance Explained						
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.762	12.973	12.973	3.032	10.454	10.454
2	3.332	11.491	24.463			
3	2.230	7.689	32.152			
4	1.875	6.464	38.616			
5	1.549	5.343	43.959			
6	1.419	4.894	48.853			
7	1.297	4.472	53.325			
8	1.238	4.271	57.595			
9	1.113	3.839	61.434			
10	1.065	3.673	65.108			
11	0.993	3.425	68.533			
12	0.932	3.214	71.747			
13	0.845	2.914	74.661			
14	0.748	2.579	77.239			
15	0.670	2.311	79.550			
16	0.650	2.241	81.791			
17	0.616	2.123	83.915			
18	0.551	1.902	85.816			
19	0.513	1.768	87.585			
20	0.464	1.599	89.183			
21	0.462	1.594	90.778			
22	0.427	1.473	92.251			
23	0.407	1.403	93.654			
24	0.386	1.330	94.985			
25	0.344	1.185	96.169			

26	0.329	1.135	97.304
27	0.309	1.064	98.368
28	0.253	0.871	99.239
29	0.221	0.761	100.000

Extraction Method: Principal Axis Factoring.

Source: Author's Calculation.

To examine the possibility of common method bias, Harman's single-factor test was conducted using exploratory factor analysis. The results show that no single factor accounted for a majority of the total variance. The first factor explained 12.97% of the total variance, which is below the commonly accepted threshold of 50%. It suggested that common method bias is not a serious concern in this study. Therefore, the observed relationships among variables are unlikely to be significantly influenced by common method variance.

Table 3: Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.409[a]	0.167	0.150	0.50613

a. Predictors: (Constant), OC, HB, AB, LA, AN, MA

Source: Author's Calculation.

The model explains 16.7% of the variance in investment decisions, which means that six psychological factors are responsible for 16.7% of the variability in employees' investment choices. Although this has modest explanatory power, this is a very common occurrence in behavioural studies, since other factors such as financial literacy, income, risk tolerance capacity, and the objective of investing may also influence investment decisions of employees. Although the regression model explains 16.7% of the variance in investment decisions, such explanatory power is consistent with earlier psychological finance studies, where individual psychological bias represents only one component among economic and institutional factors influencing investor behaviour.

Table 4: Overall Significance

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.040	6	2.507	9.785	.000[b]
	Residual	75.058	293	0.256		
	Total	90.097	299			

a. Dependent Variable: Investment Decision

b. Predictors: (Constant), OC, HB, AB, LA, AN, MA

Source: Author's Calculation.

The ANOVA examines whether the model as a whole is statistically significant or not. The above table shows that the regression model is statistically significant, as the F-value of 9.785 with a p-value of 0.000 ($p < .05$). This indicates that investment decisions are highly anticipated by at least one of the psychological dimensions.

Table 5: Individual Significance

Model	Unstandardized Coefficients			Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.815	0.389		4.662	0.000
	OC	0.043	0.053	0.050	0.812	0.417
	HB	0.158	0.052	0.192	3.034	0.003
	AB	0.197	0.057	0.208	3.433	0.001
	LA	-0.041	0.048	-0.052	-0.854	0.394
	AN	-0.042	0.054	-0.044	-0.787	0.432
	MA	0.214	0.053	0.221	4.063	0.000

a. Dependent Variable: Investment Decision

Source: Author's Calculation.

For the regression Equation,

$$\text{Investment Decision} = \alpha+\beta1OC+\beta2HB+\beta3AB+\beta4LA+\beta5AN+\beta6MA+\varepsilon$$

$$1.815 = \alpha+0.043OC + 0.158HB + 0.197AB – 0.041LA – 0.042 + 0.214MA + \varepsilon$$

Using the specified regression equation and keeping all independent variables equal at zero, the investment decision is 1.815.

H1: Overconfidence bias does not influence the investment decisions of salaried employees.

Overconfidence does not significantly influence investment decisions of employees in this model ($p = 0.417 > 0.05$). Although it is not statistically significant, the relatively small positive coefficient reveals a weak inclination for overconfident employees to make specific investment decisions. H1 is supported. Employees are more likely to be inclined to overconfidence, or it might be challenging to measure accurately using surveys. Overconfidence can be controlled by cultural factors in India, such as risk-aversion and inclinations.

H2: Herding behaviour has no significant influence on the investment decisions of salaried employees.

Investment decisions of salaried employees are positively influenced by herding biases. For a one-unit increase in HB, investment decisions increase by 0.158 units (or 0.192 standard deviations, per Beta). This implies employees are more likely to invest in particular investment avenues, such as popular assets. H2 is not supported. Social influences like peers, employees, or societal trends may encourage investing in popular assets like stocks and mutual funds during market booms.

H3: Availability bias has no significant relationship with the investment decisions of salaried employees.

The analysis shows that the availability bias has a significant relationship with the investment decisions of salaried employees. Hence, H3 is not supported. A one-unit increase in AB increases ID by 0.197 units (or 0.208 standard deviations). Employees are more likely to invest in selective investment avenues, which are impacted by easily accessible information, such as social media, recent news, etc. Investment

decisions may be significantly influenced by the media or workplace discussions, particularly in this digital era, where financial news is easily available.

H4: Loss aversion has no significant impact on the investment decisions of salaried employees.

Loss aversion has no significant influence on the investment decisions of employees in India. (p = .394 > .05). Hence, H4 is supported. Even though it is not statistically significant, the negative coefficient suggests a small inclination for loss-averse employees. Likely, employees do not think that investments are high enough to account for, or the measurement scale does not adequately reflect loss aversion.

H5: Anchoring bias has no significant effect on the investment decisions of salaried employees.

Anchoring bias does not significantly (p = 0.432> 0.05) affect investment decisions of employees. The negative coefficient indicates that those who are dependent on initial information to make conservative decisions. The effect may be reduced by other factors, indicating it may only be relevant for specific asset types or market conditions. H5 is supported.

H6: Mental accounting has no significant influence on the investment decisions of salaried employees.

Mental accounting has the strongest significant influence on the investment decisions among the predictors. A one-unit increase in MA increases ID by 0.214 units (or 0.221 standard deviations). Employees are more likely to make specific investment decisions when they treat money differently, for example, salary vs. bonuses. Its substantial effect indicates that employees in India prioritise various investment techniques according to their income sources, such as salary, bonuses, and savings. This might be a result of cultural or economic factors like dependence on a steady income. H6 is not supported.

From the regression analysis, it has been found that the investment decisions of the salaried employees are more driven by social influence, recent available information, and mental accounting tendencies rather than classical or traditional biases like anchoring and loss aversion.

Objective 2: To investigate how demographic variables affect the intensity of psychological biases in influencing investment decisions.

H7: There is no significant difference in the level of psychological biases based on the age of salaried employees.

Table 6: One-Way ANOVA and Empirical Results across Age Groups

Biases	F-value	P-value
Overconfidence	1.024	0.395
Herding Bias	0.661	0.619
Availability of Bias	0.325	0.861
Loss Aversion	0.252	0.909
Anchoring Bias	1.014	0.400
Mental Accounting	0.473	0.756

Source: Author's Calculation.

Table VI exhibits the results of ANOVA showing that psychological biases, such as overconfidence, herding, availability, loss aversion, anchoring, and mental accounting, do not significantly vary across different age groups of salaried professionals (all p>0.05). This means that age does not influence the level of biases among them, and these biases in investment decision-making are relatively consistent, irrespective of the age of the employees. Thus, H7 is accepted.

H8: Gender does not significantly moderate the relationship between psychological biases and investment decisions.

Table 7: Summary of Independent T-Test Results across Gender of Investors

Biases	Gender	Mean	P value	Decision Result
Overconfidence	Male Female	3.8810 4.0819	1.000	No significant difference
Herding Bias	Male Female	3.9881 3.9224	0.041	Significant difference
Availability of Bias	Male Female	3.8968 3.8276	0.656	No significant difference
Loss Aversion	Male Female	3.9484 4.0474	0.835	No significant difference
Anchoring Bias	Male Female	3.9603 3.8793	0.619	No significant difference
Mental Accounting	Male Female	3.9325 3.9052	0.980	No significant difference

Source: Author's Calculation.

Table VII presents the result of the independent t-test, and it shows that the p-value is less than 5% (0.041), and it shows that there is a significant difference between the level of herding biases in male and female employees. Males are more prone to herding bias than females. But there is no significant difference across gender with reference to overconfidence, anchoring, availability bias, loss aversion, and mental accounting bias, as it has a P-value greater than 5%.

H9: Income level has no significant effect on the intensity of psychological biases influencing investment behaviour.

Table 8: One-Way ANOVA And Empirical Results Across Annual Income

Biases	F-value	P-value	Decision rules
Overconfidence	0.364	0.834	No Significant Difference
Herding Bias	0.957	0.432	No Significant Difference
Availability of Bias	2.228	0.066	No Significant Difference
Loss Aversion	0.984	0.416	No Significant Difference
Anchoring Bias	0.568	0.686	No Significant Difference
Mental Accounting	0.976	0.421	No Significant Difference

Source: Author's Calculation.

Table VIII exhibits the results of ANOVA showing an association between the income levels of investors and behavioural biases. The p-value is greater than 5 % in the case of all six psychological biases. Therefore, H9 is supported. It means there are no statistically significant differences across income groups. But, the availability of bias has p = 0.066, which is close to significance at the 0.05 threshold. This suggests a weak trend where income level might influence reliance on available information, but it's not strong enough to conclude significance

6. Conclusion

This study aims to investigate how psychological factors such as overconfidence, herding, availability bias, loss aversion, anchoring, and mental accounting influence the investment decisions of salaried employees in India with socio-demographic variables as moderators. The analysis revealed that herding behaviour, availability bias, and mental accounting significantly shape the investment decision, while overconfidence, loss aversion, and anchoring bias do not exhibit a notable influence. These results suggest that salaried employees are more likely to rely on readily available information, social cues, and mental categorisation of money rather than on traditional heuristics when making investment decisions. Additionally, the analysis of an independent t-test revealed that there is no significant difference in the intensity of psychological biases between age and income level. However, male salaried employees were showing stronger herding behaviour than female employees. In conclusion, we can say that differences in socio-demographic variables must be taken into consideration when examining psychological investment decisions. The overall findings of this study demonstrate that only by studying economic and rational frameworks can the investment choices of employees be understood properly; one should also consider psychological aspects, too. Future researchers may employ a longitudinal design to capture changes in psychological biases and investment behavior over time and establish causal relationships. Also, advanced methods such as interaction-based regression or structural equation modelling can be used to examine moderating and mediating effects of demographic variables and financial literacy. Further research may also incorporate additional behavioral biases, including regret aversion, self-control, and overreaction, to develop a more comprehensive behavioral framework. Expanding the study across different regions, occupational groups, or countries would improve generalizability and highlight cultural influences.

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