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Personality Traits, Financial Risk Attitude, and Long Term Investment Intentions : Study examining moderating effect of Gender

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Abstract

The choice of investment avenues is directly associated with the time horizon of investment, risk-bearing capacity of investor and return expectations. The present study tries to test the relationship between 1. Personality type and long term investment intention and 2. Risk aversion level and long term investment intention. Additionally, the study is also aimed at checking the moderating effect of gender on the above-said relationship. It was found that three personality traits namely Agreeableness, Contentiousness, and Openness to Experience were found significant and having a positive impact on long-term investment intention whereas risk aversion was found to be having a negative impact on long term investment intention. Furthermore, it was observed that openness to experience personality trait influences the long-term investment intention of male investors only.

I. Introduction

AS PER CLASSICAL theories of economics and finance, investors are considered to be rational decision makers who carefully investigate and figure out all the facts and evidence before executing any type of investment decisions that intend at maximizing outcome for a given level of input. For decades, the rationality of investors has been the prime assumption in most finance and economics research. Therefore, it was believed that all fluctuations in asset prices were largely determined by the desires and reactions of these rational investors, which therefore affect demand and supply and, as a result, are reflected in the price. Rational investment decision-making process is based on selecting the investment avenues or the mix of investment avenues

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