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Editorial Note

South Asian Journal of Management Research (SAJMR), is a scholarly journal that publishes scientific research on the theory and practice of management. All management, computer science, environmental science related issues relating to strategy, entrepreneurship, innovation, technology, and organizations are covered by the journal, along with all business-related functional areas like accounting, finance, information systems, marketing, and operations. The research presented in these articles contributes to our understanding of critical issues and offers valuable insights for policymakers, practitioners, and researchers. Authors are invited to publish novel, original, empirical, and high quality research work pertaining to the recent developments & practices in all areas and disciplined.

Cross-functional, multidisciplinary research that reflects the diversity of the management science professions is also encouraged, the articles are generally based on the core disciplines of computer science, economics, environmental science, mathematics, psychology, sociology, and statistics. The journal's focus includes managerial issues in a variety of organizational contexts, including for profit and nonprofit businesses, organizations from the public and private sectors, and formal and informal networks of people. Theoretical, experimental (in the field or the lab), and empirical contributions are all welcome. The journal will continue to disseminate knowledge and publish high-quality research so that we may all benefit from it.

Dr. Pooja M. Patil
Editor

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South Asian Journal of Management Research
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C O N T E N T S

To Study the Relation between the Big Five Model of Personality Traits and Behavioural Biases of Individual Mutual Fund Investors

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Abstract

Investment decision-making is increasingly influenced by psychological and behavioral factors. This study investigates the relationship between the Big Five personality traits—openness, conscientiousness, extraversion, agreeableness, and neuroticism—and behavioral biases among individual mutual fund investors. A structured survey was conducted with 667 participants to examine the influence of these personality traits on four key biases: disposition effect, herding behavior, overconfidence, and loss aversion. Findings reveal that agreeableness and openness significantly impact behavioral biases, while conscientiousness, extraversion, and neuroticism do not exhibit statistically significant effects. These insights contribute to behavioral finance by highlighting the psychological underpinnings of investment behavior. The study has practical implications for advisors and policymakers aiming to design personality-aware financial interventions and strategies.

Keywords: -

Introduction

Understanding financial decision-making requires delving into the psychological and behavioral drivers that influence how individuals perceive risks, evaluate opportunities, and ultimately make choices. Behavioral finance, as Sewell (2007) notes, provides a framework for examining how psychological factors such as biases and emotions impact investment decisions and market outcomes. These drivers are particularly crucial in the realm of mutual fund investments, where decisions often blend rational analysis with behavioral tendencies. Ahmad et al. (2017) argued that decision-making in investments is a dynamic interplay of psychological, sociological, and biological factors, offering a lens through which investor behavior can be better understood.

The mutual fund industry in India is a cornerstone of the nation's financial sector, playing a pivotal role in channeling household savings into productive investments. With the Indian economy poised to grow from a GDP of $2.87 trillion in 2019 to a projected $5 trillion by 2025, mutual funds have emerged as a significant investment vehicle. The industry has seen a significant increase in new investors, indicating rising financial awareness and broader access to investment opportunities. Investors who seek guidance from financial professionals, such as fund managers and advisors, require a more profound comprehension of the psychological and behavioral factors that shape decision-making processes. To promote market efficiency and investor satisfaction, it is crucial to comprehend the factors that influence investor behaviour, given that mutual funds significantly contribute to economic growth and wealth generation.

At the core of this investigation, the five fundamental personality traits—openness, conscientiousness, extraversion, agreeableness, and neuroticism—form a comprehensive framework for grasping the disparities in human behaviour. Studies have found a connection between these characteristics and behavioral tendencies such as overconfidence, the fear of losing, herd mentality, and disposition effects (Baker et al., 2019). These biases frequently result in departures from rational decision-making, which in turn impacts both portfolio performance and market dynamics. Most of the research has been conducted in Western settings, with limited information available on how these characteristics affect behavioral predispositions in culturally diverse markets such as India. This complexity is further complicated by cultural factors, as financial behavior is firmly rooted in social and cultural nuances. India's collectivist culture, which emphasizes familial and social networks, contrasts sharply with the individualism prevalent in Western societies (Hofstede, 1980; Chen et al., 2007). These cultural underpinnings shape risk tolerance, investment preferences, and susceptibility to biases. For instance, group-oriented decision-making and social conformity in India may amplify herding behavior among investors. Understanding these cultural influences is essential for tailoring strategies to Indian investors' unique psychological and social landscapes.

This study bridges these gaps by employing a novel methodological approach using primary data from Indian individual mutual fund investors. While prior studies often rely on secondary data or laboratory experiments, this research captures real-world insights through a structured survey. By examining the relationship between the Big Five personality traits and behavioral biases, this study contributes to both the theoretical and practical domains

of behavioral finance. The study's conclusions will provide practical information for financial advisors, policymakers, and investors, thereby enhancing the comprehension of the psychological and cultural influences on financial decision-making processes

Literature review

Personality

Psychology's core concept, personality, encompasses the unique combinations of thoughts, emotions, and actions that define a person. The entity plays a pivotal part in financial decision-making by moulding perceptions of risk, influencing investment choices and making individuals more prone to biases. The Big Five Personality Traits—consisting of openness, conscientiousness, extraversion, agreeableness, and neuroticism—provide a comprehensive framework for studying these dynamics (Lubis et al., 2015; Ahmad & Maochun, 2019). Investors with high openness tend to display innovative and risk-taking investment behaviors, in contrast to those who are conscientious, who often adopt cautious and methodical approaches (Kaur & Goel, 2022; Oehler et al., 2017). Individuals with neurotic tendencies, characterized by emotional instability, tend to prefer low-risk investments because they are more averse to potential losses (Brooks & Williams, 2021). Comprehending these characteristics allows financial advisors to develop targeted approaches, reducing the impact of biases and improving results (Yadav & Narayanan, 2021). This highlights the interdisciplinary significance of personality research in the field of behavioral finance.

Big 5 personality traits

Personality, defined by Allport (1961) as a dynamic organization of psychophysical systems influencing behavior and thought, is pivotal in financial decision-making. Variations in personality characteristics influence susceptibility to specific behavioral biases, such as risk tolerance and portfolio management (Mayfield et al., 2008; Pak & Mahmood, 2015). The five personality traits of neuroticism, extraversion, openness, agreeableness, and conscientiousness are typically assessed through tools such as the revised NEO Personality Inventory (Costa & McCrae, 1992) as well as the Big-Five Inventory (John & Srivastava, 1999). Neuroticism, characterized by emotional instability, often results in poor risk assessment, whereas extraversion promotes optimism and social interaction, which can influence high-risk investments (Camgoz et al., 2017). Openness, linked to creativity and flexibility, facilitates calculated risk-taking, whereas agreeableness encourages trust and collaboration in decision-making processes (Ozer & Mutlu, 2019). Conscientiousness, associated with discipline and dependability, is strongly linked to financial performance (Camgoz et al., 2017). Cross-cultural studies, including those conducted by Lin (2011) in Taiwan and Baker et al. (2019) in India, demonstrate the Big Five model's role in psychological biases across various markets. These findings underscore the significance of integrating personality traits in tailoring investment strategies, particularly for professionals like fund managers and advisors, whose traits also impact client behavior (Tauni et al., 2018).

Behavioral biases

Behavioral biases represent systematic deviations from rational thinking influenced by psychological and emotional factors. These biases significantly impact financial decision-making by altering how individuals perceive risks, evaluate outcomes, and make investment choices (Lubis et al., 2015; Yadav & Narayanan, 2021). Biases in decision-making can result in subpar choices, ultimately diminishing portfolio performance and worsening market instability (Ahmad & Maochun, 2019). These outcomes frequently arise from mental shortcuts or emotional reactions, causing biased judgment and obstructing objective examination (Brooks & Williams, 2021). It is crucial for investors and financial advisors to be aware of and understand the effects of these biases in order to create strategies that will upgrade their decision-making processes and result in better financial outcomes (Jahanzeb, Muneer, & Rehman, 2012). The comprehension of these factors has become a fundamental aspect of behavioral finance research, focusing on the interaction between human psychology and financial behavior.

Individuals prone to overconfidence bias tend to overestimate their knowledge, skills, or ability to control outcomes, resulting in decisions made based on their own private information, while underestimating or disregarding publicly available data. Frequently, this bias leads to uninformed or irrational investment choices. Investors who are overly confident are especially vulnerable when they have a history of significant past success, which tends to strengthen their misplaced faith in the market (Daniel et al., 1998; Odean, 1998a). Several measures are employed to gauge overconfidence, including a preference for private information (Daniel et al., 1998), self-attribution bias (Daniel et al., 1998), and miscalibration (Glaser & Weber, 2007). Additionally, factors such as the "better than average" phenomenon, where people rate themselves as more skilled than others, are also at play (Odean, 1998b; Glaser & Weber, 2007). This is accompanied by illusions of control and overconfident expectations (Glaser & Weber, 2007). Studies have found that an overabundance of confidence on the part of investors can result in increased trading, higher transaction costs, and possible underperformance (Menkhoff et al., 2006; Gloede & Menkhoff, 2014).

Investors often replicate the investment choices of others instead of basing their decisions on their own evaluations. Several factors contribute to this bias, including risk aversion, concerns about one's reputation, and the pressure to comply with established norms. Among financial experts, a tendency to follow the crowd may arise from a desire to conform to colleagues, sidestep criticism, or ensure job security (Scharfstein & Stein, 1990; Choi & Sias, 2009). Characteristics of herding behavior among managers involve mimicking the decisions made by other managers (Suto et al., 2005), consistency in the information presented in publications (Suto et al., 2005), and external influences from client demands and compensation systems (Choi & Sias, 2009). Herding can lower an investor's decision-making stress, but it frequently exaggerates market patterns, resulting in either market bubbles or crashes.

Investors often exhibit a disposition bias by prematurely disposing of profitable investments and holding onto unprofitable ones for an extended period. This behavior is driven by the psychological distress of acknowledging losses and the need to secure existing gains. Prematurely capping gains and compounding potential losses often result in suboptimal portfolio performance. Studies have identified a connection between this bias and emotional influences, including a tendency to avoid regret and an overemphasis on costs already incurred (Shefrin & Statman, 1985). An investor's disposition bias can impair their capacity for rational decision-making in investment, ultimately influencing long-term returns.

Loss aversion bias describes the strong preference to avoid losses rather than acquiring equivalent gains. Investors influenced by this bias are likely to hold onto underperforming assets in the hope of recovery, even when better opportunities exist. This bias can also cause excessive caution, leading to missed opportunities in higher-risk, higher-reward investments. Loss aversion is rooted in the psychological impact of losses, which are perceived as more emotionally significant than equivalent gains (Tversky & Kahneman, 1992). As a result, investors often prioritize short-term stability over long-term growth, adversely affecting portfolio performance.

Big Five model of personality traits and behavioral biases

Numerous studies have explored the interplay between the Big Five personality traits and behavioral biases in the financial domain, highlighting their influence on investment decisions. Disposition bias, where individuals sell winning assets prematurely, is often associated with high neuroticism due to emotional instability (Oehler et al., 2017). Herding, prevalent among agreeable and extraverted individuals, reflects a reliance on social conformity and external advice, as observed by Yadav and Narayanan (2021) in Indian mutual fund investors. Loss aversion bias, driven by a strong aversion to perceived financial losses, is closely tied to neuroticism, which amplifies fear and anxiety in decision-making (Ahmad & Maochun, 2019). Overconfidence bias, frequently linked with extraversion and openness, fosters excessive trading and risk-taking, leading to higher transaction costs and potential financial missteps (Lubis et al., 2015). These studies collectively underscore the significance of understanding personality traits in predicting and mitigating behavioral biases, thereby improving financial outcomes through tailored investment strategies (Brooks & Williams, 2021). Based on the above literature review, the following hypothesis is suggested:

H1: "Agreeableness trait of the investor significantly influences their behavioral Bias"

H2 "Extroversion trait of the investor significantly influence their behavioral Bias"

H3:" Conscientiousness trait of the personality significantly influences their behavioural Bias."

H4: "Neuroticism trait of the personality significantly influences their behavioural Bias"

H5: "Openness trait of the personality significantly influences their behavioural Bias"

While it is well-established that individuals with different personality traits exhibit varied financial risk tolerance and are prone to distinct behavioral biases, significant gaps remain in understanding these dynamics within specific contexts. Studies in diverse countries, such as Taiwan (Lin, 2011), Tehran (Sadi et al., 2011), Pakistan (Zaidi & Tauni, 2012), Malaysia (Nga & Ken Yien, 2013), Poland (Rzeszutek et al., 2015), Turkey (Ozer & Mutlu, 2019), and India (Baker et al., 2019), consistently highlight the relevance of the Big Five personality traits in shaping psychological biases among individual investors. However, these findings predominantly focus on individual investment behavior and largely overlook how these traits interact with behavioral biases in the Indian mutual fund sector. This research gap underscores the need for a deeper investigation into the unique interplay between personality traits and biases in the context of Indian mutual fund investors, considering their cultural, economic, and market-specific influences.

Research Methodology

To effectively understand perceptions, behaviors, and attitudes, collecting primary data is crucial (Lin, 2011). This study employed a structured questionnaire to gather data on the Big Five personality traits and behavioral biases. The Big Five personality traits are measured using the widely accepted NEO FFI Big Five personality traits inventory (Costa & McCrae, 1992, 2003; Mayfield et al., 2008). In contrast, measuring behavioral biases among mutual fund investors required adapting the scales from Baker et al. (2019) and Prosad et al. (2015). Additionally, several survey-based studies, including those by Menkhoff et al. (2006) and Broihanne et al. (2014), were used to develop supplementary items.

The questionnaire is divided into three sections. Section A captures the demographic details of mutual fund investors. Section B includes 20 items designed to evaluate four specific behavioral biases influencing investment decisions. Responses were recorded on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Section C assesses personality traits using 27 items, also based on the same five-point Likert scale. This comprehensive design ensures the collection of detailed insights into both personality traits and behavioral biases. A convenience sampling method was used to select mutual fund investors from various demographic backgrounds in Goa. The sample comprised 667 participants, chosen to ensure adequate representation and to facilitate insights into the population's investment behaviors and preferences. The hypothesis is examined with the help of the structural equation modeling method using SmartPLS software.

Analysis

Demographics of respondents

T**able 1 : Demographic Profile**

Demographics	**Sub Categories**	**Frequency (%)**	
Gender	Male	313	46.9 %
	Female	354	53.1 %
Marital Status	Single	243	36.4%
	Married	424	63.6%
Age Group	Less than 30 Years	216	32.4%
	30 to 45 Years	213	31.9%
	Above 45 Years	238	35.7%
Education	Graduation	285	42.7 %
	Post Graduation	213	31.9 %
	Professional	169	25.3 %
Annual Income	Less than 5 lakhs	252	37.8 %
	5 to 10 Lakhs	217	32.5 %
	Above 10 lakhs	198	29.7 %
Mode of Investment	Lumpsum	190	28.4 %
	SIP	477	71.6 %
Occupation	Professional	154	23.1 %
	Business	216	32.4 %
	Private Employee	185	27.7 %
	Govt Employee	112	16.8 %

The primary data is collected from mutual fund investors with different demographic profiles. The table 1 reported the frequency distribution of the selected demographic profiles (Gender, Marital Status, Age Group, Education, Annual Income, Mode of Investment and Occupation). The table reported that 313 (46.9 %) of the selected respondents in the sample are males whereas the remaining 354 (53.1 %) are women. The 243 (36.4%) of the respondents were unmarried, and 424 (63.6 %) of the respondents were married. The 216 (32.4 %) respondents belonged to the age group less than 30 years, 213 (31.9%) the respondents in the sample belonged to 30 to 45 years and the remaining 238 (35.7 %) were above 45 years of age. The 285 (42.7 %) of the respondents in the sample are graduate, whereas the 213 (31.9 %) are post-graduate, 169 (25.3 %) respondents having professional qualification. The 252 (37.8 %) respondents in the sample belong to the income group of income less than 5 lakhs per year, the 217 (32.5 %) respondents have income in the range of 5 lakhs to 10 lakhs and the remaining 198 (29.7 %) of the respondents have income more than 10 lakhs. The 190 (28.4%) of the respondents invest in Lump Sum amount in Mutual funds, 477 (71.6 %) of the respondents invest in SIP mode. The 154 (23.1 %) respondents work as Professionals, 216 (32.4%) the respondents the samples have a business, while 185 (27.7 %) respondents work as Private organizational and the remaining 112 (16.8 %) are work as Government servants.

Big Five personality traits and behavioral biases

The disposition bias of a mutual fund investor is measured with the help of four statements included in the questionnaire. Descriptive analysis was performed on the responses received against the statements measuring disposition bias, and the results are reported in table 2.

Table2: Descriptive statistics of the disposition bias

Name	Mean	Standard deviation	Excess kurtosis	Skewness
DP 1	4.641679	1.669979	-0.96825	-0.22691
DP 2	4.502249	1.75562	-0.9827	-0.28847
DP 3	4.578711	1.791127	-1.03933	-0.35454
DP 4	4.662669	1.672557	-0.91297	-0.25105
DP 5	4.58021	1.708686	-1.00792	-0.2469

Table 3: Descriptive statistics of the herding bias

Name	Mean	Standard deviation	Excess kurtosis	Skewness
HB 1	4.5682	1.80409	-.938	-.379
HB 2	4.5982	1.72698	-.825	-.431
HB 3	4.5847	1.80005	-1.005	-.369
HB 4	4.6732	1.76755	-.934	-.375
HB 5	4.2954	1.52694	-.591	-.044

The herding bias of a mutual fund investor is measured with the help of four statements included in the questionnaire. Descriptive analysis was performed on the responses received against the statements measuring herding bias, and the results are reported in table 3.

The loss aversion bias of a mutual fund investor is measured with the help of four statements included in the questionnaire. Descriptive analysis was performed on the responses received against the statements measuring loss aversion bias, and the results are reported in table 4.

Name	Mean	Standard deviation	Excess kurtosis	Skewness
LAB 1	4.5682	1.4225	-0.62	-0.138
LAB 2	4.5922	1.49126	-0.462	-0.147
LAB 3	4.6747	1.5818	-0.846	-0.167
LAB 4	4.7286	1.49969	-0.457	-0.495
LAB 5	4.7286	1.55282	-0.772	-0.297

The overconfidence bias of a mutual fund investor is measured with the help of four statements included in the questionnaire. Descriptive analysis was performed on the responses received against the statements measuring the loss overconfidence bias, and the results are reported in table 5.

Name	Mean	Standard deviation	Excess kurtosis	Skewness
OC 1	4.4078	1.54564	-.550	-.175
OC 2	4.3673	1.54172	-.677	-.045
OC 3	4.4648	1.50571	-.424	-.242
OC 4	4.4633	1.62093	-.769	-.169
OC 5	4.4633	1.55183	-.625	-.201

Reliability and validity analysis

The table 5 displays Cronbach's alpha coefficients for numerous psychological and behavioral constructs, indicating their reliability as assessment tools. The four biases—disposal bias, herding bias, loss aversion bias, and overconfidence bias—consistently demonstrate high reliability, with alpha values spanning a range of 0.841 to 0.877. Agreeableness exhibited the highest reliability of all personality traits, with a coefficient of 0.91, thereby highlighting its robust internal consistency. Extroversion (0.857) and Conscientiousness (0.864) demonstrated substantial reliability, underscoring the dependable nature of their measurement. Neuroticism (0.879) and

Openness (0.878) were shown to be highly reliable, with consistent results from items measuring these personality characteristics. The Cronbach's alpha values indicate that the instruments employed are statistically reliable for examining both biases and personality traits. Therefore, the study findings indicate a reliable internal consistency in the responses received.

Construct Validity

The construct validity of the measurement scale was assessed using confirmatory factor analysis (CFA), focusing on two key components: convergent validity and discriminant validity. The extent to which items measuring the same construct are correlated is assessed through the examination of construct loadings, composite reliability (CR), and average variance extracted (AVE). Factor loadings indicate the magnitude of the correlation between each item and its associated factor, whereas the Composite Reliability (CR) verifies the internal reliability, with satisfactory levels exceeding 0.7. A construct is deemed to have an adequate measure of variance when its AVE exceeds 0.5. In contrast, discriminant validity evaluates whether different constructs are unique and separable from one another. Evaluation was conducted using the Heterotrait-Monotrait (HTMT) ratio and the Fornell-Larcker criteria. The HTMT ratio determines the strength of the correlations between distinct constructs, with values below 0.8 suggesting sufficient discriminant validity. According to the Fornell-Larcker criteria, the square root of the average variance extracted (AVE) for each construct should be greater than its correlations with other constructs, thereby verifying that the measurement scale accurately represents its intended constructs and maintains a clear differentiation between them. The findings of these validity evaluations are summarized in tables for further analysis.

Convergent validity

The table 5 contains important statistics on the reliability and validity of various psychological and behavioral constructs, with data derived from Cronbach's alpha, Composite Reliability (CR), and Average Variance Extracted (AVE). The values of Cronbach's alpha, spanning 0.841 to 0.91, suggest robust internal consistency among the constructs. The composite reliability values show robust reliability, with each construct surpassing the minimum required threshold of 0.7. The AVE values, which assess the proportion of variance attributed to a construct as opposed to measurement error, all exceed or closely approach the minimum threshold of 0.5, thereby validating convergent validity. Agreeableness displays the highest Average Variance Extracted (AVE) value of 0.626, indicating strong convergent validity, whereas Overconfidence Bias has the lowest AVE value of 0.503, meeting the minimum requirement. The agreement between CR values and Cronbach's alpha coefficients reinforces the reliability of the scales. The collective results show that the measurement scales are both reliable and valid for evaluating the constructs examined in the study

Table 5: Composite reliability, AVE and Cronbach alpha coefficient

	Cronbach's alpha	Composite Reliability	Average variance extracted (AVE)
Disposition Bias	0.864	0.859	0.551
Herding Bias	0.877	0.875	0.584
Loss Aversion Bias	0.872	0.843	0.556
Overconfidence Bias	0.841	0.833	0.503
Agreeableness	0.91	0.909	0.626
Conscientiousness	0.864	0.861	0.555
Extroversion	0.857	0.854	0.595
Neuroticism	0.879	0.878	0.595
Openness	0.878	0.879	0.51

Discriminant validity

The Fornell-Larcker criteria are used to assess discriminant validity by comparing the square root of the AVE for each construct with its correlations with other constructs. For the measurement scale, the diagonal elements in the table represent the square root of the AVE values, while the off-diagonal elements represent the correlations between constructs.

The Fornell Larcker criteria

The results indicate that the square root of the AVE for each construct exceeds its correlations with other constructs, satisfying the Fornell-Larcker criteria for discriminant validity. For instance, Agreeableness (√AVE=0.791) is greater than its highest correlation with other constructs (0.415 with Openness). Similarly, Conscientiousness (√AVE=0.74) is greater than its highest correlation (0.643 with Extroversion). Other constructs such as Herding Bias (√AVE=0.764), Loss Aversion Bias (√AVE=0.762), and Neuroticism (√AVE=0.704) also satisfy the criteria. This demonstrates that the constructs are distinct from each other and the measurement scale effectively differentiates between the latent variables included in the study.

Table 6: Discriminant validity of constructs.

	Agreeableness	Behavioural Bias	Conscientiousness	Disposition Bias	Extroversion	Herding	Loss Aversion Bias	Neuroticism	Overconfidence Bias	Openness
Agreeableness	0.791									
Behavioural Bias	0.306	0.58								
Conscientiousness	0.355	0.137	0.74							
Disposition Bias	0.171	0.789	0.019	0.751						
Extroversion	0.241	0.109	0.643	-0.004	0.754					
Herding Bias	0.248	0.814	0.176	0.259	0.156	0.764				
Loss Aversion Bias	0.185	0.874	0.083	0.675	0.027	0.372	0.762			
Neuroticism	-0.464	-0.161	-0.539	-0.051	-0.473	-0.195	-0.065	0.704		
Overconfidence Bias	0.338	0.914	0.141	0.401	0.153	0.738	0.496	-0.184	0.725	
Openness	0.415	0.234	0.596	0.11	0.503	0.18	0.191	-0.467	0.237	0.70

Big Five model of personality traits and behavioural biases

This section discusses about the relation between the Big Five model of personality traits and behavioural biases of Indian individual mutual fund investors. The objective is fulfilled with the help of SEM applied using SmartPLS software.

The different selected factors namely personality traits (Agreeableness, Conscientiousness, Extroversion, Neuroticism, and Openness) are assumed to impact the Behavioural Intention of the investors to invest in the mutual funds. The personality traits of investors are measured with the help of five components namely agreeableness, conscientiousness, extroversion, neuroticism and openness. The included factors are measured with the help of different statements included in the questionnaire. The included factors are reflective in nature and assumed as independent variable in the structural model developed for the purpose of hypothesis testing. The behavioural biases (Disposition Bias, Herding Bias, Loss Aversion Bias and Overconfidence Bias) are assumed to be influenced by the personality traits of the investors. The four dimensions of the behavioural biases are reflective in nature, measured with the help of statements included in the questionnaire and assumed as dependent variable in the structural model developed for the purpose of hypothesis testing. The following hypotheses are examined with the help of structural equation modelling method using Smart PLS software.

H1: “Agreeableness trait of the investor significantly influence their behavioural Bias”

H2: “Extroversion trait of the investor significantly influence their behavioural Bias”

H3:” Conscientiousness trait of the personality significantly influences their behavioural Bias.”

H4: “Neuroticism trait of the personality significantly influences their behavioural Bias”

H5: “Openness trait of the personality significantly influences their behavioural Bias”

The structural model is shown below in figure and the results of hypothesis testing are reported in table.

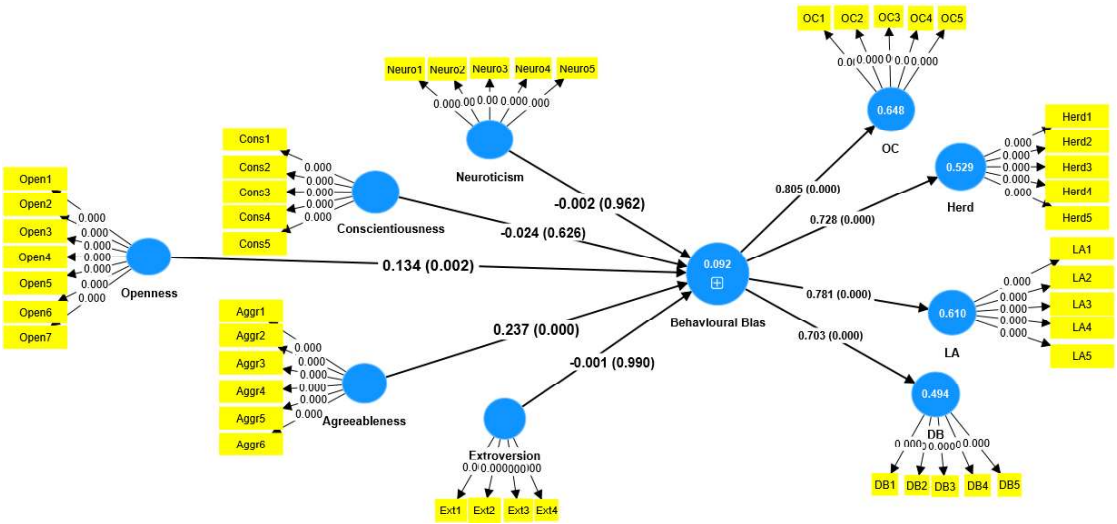

Table 7: Summary of test results for the structural model.

	Path coefficient	Standard Error	T stats	P values	R Square (Q Square)
Agreeableness -> Behavioural Bias	0.233	0.041	5.755**	0.000	10% (0.08)
Conscientiousness -> Behavioural Bias	-0.022	0.05	0.487	0.62	
Extroversion -> Behavioural Bias	0.009	0.044	0.012	0.99	
Neuroticism -> Behavioural Bias	-0.012	0.042	0.047	0.962	
Openness -> Behavioural Bias	0.132	0.043	3.124**	0.002	
Behavioural Bias -> DB	0.703	0.026	26.835	0.000	
Behavioural Bias -> Herd	0.728	0.025	29.626	0.000	
Behavioural Bias -> LA	0.781	0.021	37.566	0.000	
Behavioural Bias -> OC	0.806	0.014	56.792	0.000	

Conclusion (H_{2a}): The results of the SEM analysis found to support the hypothesis that *"Agreeableness trait of the investor significantly influence their Behavioural Bias"*. The path coefficient indicating the influence of agreeableness personality trait on the behavioural bias of the investors of the mutual fund is found to be positive and statistically significant (path coefficient=0.233, t-stats=5.755). Thus, it can be concluded that the agreeableness personality trait positively influences the behavioural bias of the investors of the mutual fund.

Conclusion (H_{2b}): The results of the SEM analysis failed to support the hypothesis that *"Conscientiousness trait of the investor significantly influences their Behavioural Bias"*. The path coefficient indicating the influence of Conscientiousness personality trait on the behavioural bias of the investors of the mutual fund is found to be statistically insignificant (path coefficient=-0.022, t-stats=0.487). Thus, it can be concluded that the *conscientiousness* personality trait do not influences the behavioural bias of the investors of the mutual fund.

Conclusion (H_{2c}): The results of the SEM analysis failed to support the hypothesis that *"Extroversion trait of the investor significantly influences their Behavioural Bias"*. The path coefficient indicating the influence of extroversion personality trait on the behavioural bias of the investors of the mutual fund is found to be statistically insignificant (path coefficient=0.009, t-stats=0.012). Thus, it can be concluded that the *extroversion* personality trait do not influences the behavioural bias of the investors of the mutual fund.

Conclusion (H_{2d}): The results of the SEM analysis failed to support the hypothesis that *"Neuroticism trait of the investor significantly influences their Behavioural Bias"*. The path coefficient indicating the influence of Neuroticism personality trait on the behavioural bias of the investors of the mutual fund is found to be statistically insignificant (path coefficient=-0.012, t-stats=0.047). Thus, it can be concluded that the *Neuroticism* personality trait do not influences the behavioural bias of the investors of the mutual fund.

Conclusion (H_{2e}): The results of the SEM analysis found to support the hypothesis that *"Openness trait of the investor significantly influences their Behavioural Bias"*. The path coefficient indicating the influence of openness personality trait on the behavioural bias of the investors of the mutual fund is found to be positive and statistically significant (path coefficient=0.132, t-stats=3.124). Thus, it can be concluded that the openness personality trait positively influences the behavioural bias of the investors of the mutual fund.

Conclusion

Results from the Structural Equation Modeling (SEM) analysis verify the hypothesis that agreeableness is a key trait that significantly impacts the behavioral biases of an investor. The statistically significant positive relationship indicated by the path coefficient (0.233, t-statistic = 5.755) suggests that investors with higher agreeableness tend to make mutual fund investment decisions influenced by behavioral biases. Previous research, as seen in Yadav and Narayanan (2021), indicates that agreeableness is linked to characteristics such as a reliance on external advice and herding behavior, which suggests a susceptibility to biases. According to Ozer and Mutlu (2019), individuals with agreeable traits, marked by trust and cooperation, tend to rely more heavily on social cues, which can lead to a herd mentality in making financial decisions. According to these findings, personality characteristics, especially agreeableness, have a significant impact on investor prejudices, underscoring the necessity for tailored approaches to counteract these inclinations in mutual fund investments.

The research findings demonstrate that openness as a personality trait has a substantial impact on the behavioral biases of mutual fund investors. A statistically significant path coefficient of 0.132 (t-statistic = 3.124) suggests that individuals with greater openness are more prone to exhibiting behavioral biases in their investment choices. Research supporting this discovery is consistent with the findings of Ahmad and Maochun (2019), which revealed that a trait marked by intellectual curiosity and a desire to explore is linked to risk-taking and innovative actions, typically resulting in a susceptibility to biases such as overconfidence. Research by Ozer and Mutlu (2019) revealed that people who are open-minded and driven by creativity and adaptability often rely on unusual sources of information, which can make them more susceptible to biased thinking. These findings highlight the vital impact of openness in influencing investment behavior, underscoring the need to consider personality characteristics when creating investor education and advisory approaches.

Limitations and Directions for Future Research

The research investigation recognizes several constraints that offer potential avenues for further study. The investigation is focused on a particular subset of personality characteristics and behavioral inclinations, thus allowing for further examination of other traits, predispositions, and the possible moderating influence of demographic factors like age, income, and educational level. Expanding the scope of the study could provide a more complete understanding of investor behavior. Although this study is based on primary data, supplementing it with secondary sources could improve the reliability and quality of its conclusions by cross-referencing. The narrow focus on Indian mutual fund investors restricts the broader applicability of the findings. Future studies may expand the analysis to include investors from other nations, facilitating comparisons across cultures. The use of survey-based self-reported data may lead to biases, including social desirability and non-response bias, which could compromise the accuracy of the research results. Using a combination of methodologies and objective behavioral data could help to address these limitations and enhance the reliability of future studies.

Theoretical Contribution

This study makes significant theoretical contributions by exploring the interplay between the Big Five personality traits and behavioral biases among Indian mutual fund investors, a context that has been under-researched. By integrating personality psychology and behavioral finance, it extends the understanding of how intrinsic traits influence irrational investment decisions. The findings validate theoretical frameworks that link agreeableness and openness to behavioral biases, contributing to the broader discourse on personality-driven financial behavior. Furthermore, the study enriches the literature by employing a robust methodology using Structural Equation Modeling (SEM), which provides empirical evidence for personality-behavior relationships, laying the groundwork for future cross-cultural and demographic-specific studies.

Practical Contribution

From a practical perspective, this research has implications for financial advisors, investment managers, and policymakers. By identifying the significant influence of agreeableness and openness on behavioral biases, the study provides actionable insights for tailoring investor education programs and advisory services. Financial advisors can use personality assessments to design customized strategies that mitigate the impact of biases, leading to improved investment outcomes. Additionally, the findings highlight the need for incorporating behavioral assessments into financial planning tools to foster better decision-making among investors. For policymakers, understanding these dynamics can inform the design of interventions aimed at enhancing market efficiency and protecting investors from the adverse effects of irrational behaviors.

Suggestions and Future Scope

This study highlights the need for incorporating personality assessments in investment advisory practices to better understand and address behavioral biases. Financial advisors and mutual fund companies should develop personalized investor education programs based on individual personality profiles, particularly focusing on traits like agreeableness and openness which significantly influence biases. For future research, scholars are encouraged to:

Extend this study across different cultural and economic contexts to improve generalizability.

Explore additional psychological constructs such as emotional intelligence, risk tolerance, or financial literacy alongside personality traits.

Employ mixed-method approaches, combining survey data with behavioral experiments or transactional data, to validate findings with real-world behaviors.

Investigate the potential mediating or moderating role of demographic factors like age, income, or investment experience in the relationship between personality and behavioral bias.

Such expanded research will deepen the understanding of behavioral finance and support the creation of more effective investor support systems.

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