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"EFFECT OF LOSS AVERSION BIAS AND HERD BEHAVIOR BIAS AMONGST SELECT PROFESSIONALS"

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Abstract: Behavioral finance seeks to clarify and enhance the comprehension of investors' reasoning patterns, taking into account the emotional aspects involved and how significantly they impact the decision-making process. Behavioral finance attempts to narrow the gap between cognitive psychology and neo classical finance. It evaluates the investor's behavior and decision-making process, enabling it to explain the observed variances from conventional finance theory. Behavioral finance adds behavioral aspects in standard theories of finance while making decision making. It combines the theory of both behavior and cognitive psychology with the conventional finance and economic which helps to explain why people make irrational decision related with the finance. Behavioral biases refer to the tendency that an individual would make some systematic error in a certain circumstance based on cognitive factors rather than evidence. The present study has been conducted by the researchers in order to know the effect of loss aversion and herd behavior bias on the investment decision of Chartered Accountants and Advocates of Tinsukia district of Assam. Proportional stratified random sampling has been employed in order to choose sample from the population. The data through the help of questionnaire were collected from 269 respondents. Simple linear regression was used to know the effect of independent variable (Loss aversion and herd behavior bias) on the dependent variable (investment decision making). The study found that chartered accountants in the study area are negatively affected by loss aversion bias and herd behavior bias. On the other hand advocates are positively affected by loss aversion bias and herd behavior bias.

Index Terms - **Behavioral finance, behavioral biases, loss aversion bias and Herd behavior bias.**

INTRODUCTION:

Investment process acts as a mechanism which acts as a bridge between the suppliers of funds and demanders of funds. Investing attracts people from every walk of life irrespective of their occupation, economic status, family background, occupation and education. Classical investment theories assumed that investors always act in a manner which maximizes their return. However, there are studies which show that human beings are not always rational while taking investment decision. Recent researches show that today's investor make their decision not only based on logic but emotional factor plays a major role. Psychological studies shown that pain of losing money from investment is really three times greater than the joy of earning money (Kahneman and Tversky, 1979).

Behavioral finance seeks to clarify and enhance the comprehension of investors' reasoning patterns, taking into account the emotional aspects involved and how significantly they impact the decision-making process. Behavioral finance attempts to narrow the gap between cognitive psychology and neo classical finance. It evaluates the investor's behavior and decision-making process, enabling it to explain the observed variances from conventional finance theory. Therefore, behavioral finance is the application of scientific studies on how market participants and price patterns are influenced by psychological, social and emotional factors (Shanmugasundaram, 2017). The behavioral finance school suggests that people may not always be

rational, but they are always normal. Normal people are often affected by cognitive errors and face the difficulty of self-control as they are very much influenced by their emotions.

Human decision-making process is as complex as human brain. Yet, people frequently think they are better decision-makers than they actually are. But in reality, smartest people also make judgement mistakes and have inclinations to deviate from rationality. Human minds always look for creating a balance between conflicting thoughts and the actual outcomes. No matter how much we try to explore it and for how long it remains perplexed and confound. This contradiction reflects the difference between perception and reality. Research in psychology shows that under particular situation human behavior shows deviations in the judgement, this deviation is especially shown when the situation is uncertain. These deviations coherent a range of decision-making behaviors which ultimately leads to divergence from rational thoughts and are commonly known as behavioral or psychological biases. Different authors explain the concept of behavioral biases differently. Some of them refer it as heuristics (rule of thumb), and some others authors regard biases as beliefs, judgments or preferences. On the other hand some scholars classify it along cognitive or emotional lines.

EMOTIONAL BIASES:

Emotion is linked to the influence of mood, temperament, personality, disposition and motivation in a certain specific pattern of physiological activity. When it comes to decision making emotional factors coincides with cognition and creates a distortion which ultimately paves the way for biases. These emotions drive the economic behavior and decision making. It is basically related to feelings, beliefs and perception of an individual which is occurs spontaneously at the time of decision making. It occurs due to the personal feelings of an individual at the time of making decision.

- **Loss aversion:**

The main belief of behavioral finance is that people are loss averse not risk averse. Loss aversion means that people are willing to take more risks so as to avoid losses, than for realization of gains. In other words, investors are found to be risk seekers when faced with the prospect of losses. However, when they are faced with the prospect of enjoying gains, they become risk averse. Loss aversion refers to a situation where the pain of losing is higher than the joy of earning the same amount. Impact of loss is 2.5 times more than the impact of gain of the same magnitude (Kahneman & Tversky, 1979).Thus, according to Behavioral finance, investors are not risk-averse but they are loss-averse. . According to them, "Loss aversion refers to the notion that investors suffer greater disutility from a wealth loss than the utility from an equivalent wealth gain in absolute terms. As a result of it, investors will increase their risk to avoid even the smallest probability of loss. Loss aversion explains why some investors do not prefer selling at a loss.

- **Herd behavior**

Herding implies to behavior of an individual to mimic the opinion and judgments of other people while making investment decision without judging the rationality of such an action. In simple terms it refers to the tendency of an individual to follow others while making decision. Individuals rather than making their own estimates, neglect the information they have and blindly opt to follow the crowd. Individuals distrust their own information, believing that it is of low quality and that others have higher quality information. Hence, they place less weight on their own opinions and more on the opinions of others (Sinha, 2015). Herding is the behavior of individual investors wherein even rational investors start behaving irrationally by following the judgments made by others in making investment decisions. We tend to take our decisions based on the decisions made by others in the society.

REVIEW OF LITERATURE:

Statman M. (2014), behavioral finance considers an individual normal people rather than rational people. behavioral finance provides alternative blocks for standard finance. Behavioral finance assumes that investors are normal, markets are efficient, portfolios are designed on the basis of behavioral finance theories, etc as against standard finance which is based on the assumption that investors are rational, and markets are efficient, etc. behavioral finance substitutes Mean-variance Portfolio theory of standard finance to behavioral portfolio theory. In behavioral finance expected return are not only based on the difference is risk but it is beyond that. **Desai M. & Soni K. (2019)** conduct a study among the respondents of Vadodara city in order to know the impact of most prominent behavioral biases and difference between demographics factors and various behavioral biases. Structured questionnaire was circulated among 101 samples and thus data were collected from them. SPSS 21 and MS Excel software along with various statistical tools like factor analysis, Independent Sample t-test, Normality testing, one way ANOVA were used for analysis the collected data. The study shows that except disposition bias all biases have significant difference between male and female. The study also finds that there is no difference among any age group, all income group, all occupation group and behavioral biases. **I**nvestors from Vietnamese Stock Market are selected on convenient basis by the

researcher **Quan V. & Phuc D. (2012)** in order to conduct the study to show how behavioral biases affect investor's decision. Data were collected through the help of questionnaire. With the help of SPSS, data were analysed and Chi-square test, Spearman Correlation coefficient were used. For concluding remark it can be said that Vietnamese investors are more overconfident than other country's investors but less loss averse than other country's investors. The result shows that there is no relationship between gender and illusion of control bias, trading frequency and ambiguity version bias. It shows the relationship between the mental accounting bias, framing bias, illusion of control bias and overconfidence bias. It also shows the new relationship between average value per trading times and investment experience, average value per trading times and loss aversion bias, investment experience and optimism bias, age and cognitive bias and monthly income.

With the intention to know the herding of individual investors both at stock and individual levels and studies the portfolio performance using machine learning algorithms with reference to herd v/s non-herd performance, the study has been carried on **Mavruk T. (2022).** The study depicts that at individual level determinants of herding are scarce as compare to stock level where herding seems to be greater. In small and rural firms herding is greater. It also shows that herd portfolios do not outperform market or non-herd portfolio. Through their study **Din et al (2021)** tries to know the impact of behavioral biases on herding behavior of investors in Islamic financial products. Data from the respondents were collected through the help of questionnaire. PLS-SEM method was used to analyse the data. The study shows that the respondents follow herd behavior due to low level of Shariah literacy and cognitive bias. The objective of the study is to know the effect of market condition on herd behavior of investors in Islamic stocks. Data for the study was taken from conventional stock, Islamic stocks and sample from whole market for a period of 21 years i.e., 1995-2016. The study shows that during upward market situation, herding behavior does not exist for whole market of Malaysia **Mand A.A., et.al (2021)**. On the other hand, for Shariah- Compliant stock, herding behavior appears more during upward market situation. In case of conventional stocks, herding does not exist. During financial crisis, for Shariah- compliant stock and whole market of Malaysian herding appears more during upward market situation. While for conventional stock, herd behavior exists when market is downward. Investors from Indonesian capital market were selected as the population for the study **Armansyah R. F. (2022)**. Through convenience sampling 205 individuals were selected as a sample with the aim to study the effect of herd bias, emotional bias and information processing bias while taking investment decision. PLS-SEM Model was employed to analyse the data. After going through the study, it has been found that except endowment bias, other biases such as overconfidence bias, herding bias, recency bias have a significant effect on investment decisions. The study tries to know the impact of herd behavior on the individual investors of China Stock market. This paper gives insight about the topic herd behavior and its positive and negative impact **Chen Z. (2021)**. The positive effect of herd behavior is that it avoids overvaluation or undervaluation of share prices in securities market. On the other hand, blind buying and selling leads to price fluctuations. It also causes market confusion. In case of internet finance, herd behavior has promoted rapid growth in Chinese market. Also, in case of real estate investment, herd behavior disturbs market due to increase in housing demand and price rises. This study was undertaken in order to know the impact of herding behavior in the stock market. **Rahayu A. D., et.al. (2020)** have used library research method and uses 80 international journals and 4 local journals for data collection. Result shows that in every market herding exist. Investors/ analyst uses herding behavior without conducting fundamental analysis. Various factors that cause herding behavior includes negative news towards the market, existing factors and career of the analyst, market uncertainty, financial crisis, rising interest rates, poor information, environment, etc. Convenience sampling was used to select sample from Islamabad stock exchange and business students. Both online and personal interview method was used to collect data from the respondents. Simple regression and correlation coefficient techniques were employed by the researcher in order to analyse the gathered data. After going through the study, it has been found that there is no difference between male and female regarding loss aversion bias. There is weak negative correlation between investor' investment decision and availability bias. It also shows that respondents were mainly affected by availability bias, familiarity bias and only few were affected by loss aversion bias **Khan M.Z.U. (2019)**. Researchers **Bouteska A. & Regaieg B. (2018)** try to know the impact of loss aversion and overconfidence bias on the performance of US stock markets. Two Panel fixed effects model was used to analyses the data. The performance in US Financial markets is measured by market and economic performance and it is observed that these are influenced by loss aversion and overconfidence bias. It also suggests that for the interest of US companies, the investors should be less pessimistic and protect themselves from over loss aversion. Though these both biases push aside the firm from normal situation, but this is not always beneficial. It has been also observed that loss aversion is dominated by overconfidence in both industrial and service sector. This study **Zhang X. (2023**) is based on literature review of related topic. The researcher review various papers related to loss aversion, endowment bias, framing, overconfidence and

illusion of control bias and try to draw conclusion out of it. The researcher found that loss aversion, endowment bias, framing bias, overconfidence bias, and illusion of control bias can have a significant impact on investor's decision making. The author also suggest rule based approach for investing which involves setting of pre determined criteria for making investment decision. To reduce the impact of loss aversion and overconfidence bias, diversification can be helpful. The author **Pandey A. (2024)** through his study tries to know the most influencing behavioral biases that can affect the investment decisions of the investors of Nepalese Stock Exchange. Convenience sampling was used for selection of sample size from the population. Data from the respondents were collected through the help of structured questionnaire. Various statistical tools and techniques like Cronbach Alpha, correlation, regression analysis through the help of SPSS is used to analyse the gathered data. The study shows that overconfidence bias, representative bias, loss aversion bias, disposition bias have positive correlation with investment decision. It also shows that market factors have major impact on the decision to invest.

RESEARCH GAP:

It has been also observed from the past work reviewed that most of the research has been conducted on the investment decisions of institutional investors as compare to the individual investors. Though extensive survey was conducted about investment decision, factors affecting investment decision and attitude towards various investment avenues, very few studies have investigated the impact of behavioral biases on the investment decision. Very few researches have thrown light on behavioral biases like loss aversion bias, anchoring bias, herd behavior bias etc. particularly in India. Chartered Accountants and Advocates as a population for research study are also very scant. Thus, it can be concluded that though various researchers were conducted on the behavioral finances but the field of behavioral finance is so rich that still various dimensions of it can be explored by the researchers in various mode. After considering all these observations, it is felt that it would be fruitful to conduct research on behavioral biases like emotional bias with the help of primary data in North-eastern state of India.

OBJECTIVES OF THE STUDY:

The objectives of the present research work are as follows:-

1) To determine whether investment decisions of Chartered Accountants of Tinsukia district of Assam are affected by Loss aversion bias.
2) To determine whether investment decisions of Chartered Accountants of Tinsukia district of Assam are affected by Herd behavior bias.
3) To determine whether investment decisions of Advocates of Tinsukia district of Assam are affected by Loss aversion bias.
4) To determine whether investment decisions of Advocates of Tinsukia district of Assam are affected by Herd behavior bias.

SIGNIFICANCE OF THE STUDY:

Although from a very long time, it was considered that the investors are very rational in making their investment decisions, it is far from the truth, now a new theory of finance is developed called as the behavioral finance theory, which clearly states that the investors are not very rational and there are several behavioral biases which are influencing investor's decision making process. By studying these behavioral factors, one can provide more insight into the understanding of investor decision making psychology. The study is relevant since there is an urging need for the investors to understand the biases affecting their investment decisions and to take steps to overcome these biases, thereby leading to rational investment decisions. This proposed study tries to know the impact of emotional biases such as loss aversion bias and herd behavior bias while taking investment decisions by the investors. It tries to highlight the impact of behavioral biases on the investment decisions. It will help the investment managers to formulate strategies that will minimize the negative impact of such behavioral biases.

HYPOTHESIS OF THE STUDY:

Based on the objectives of the study four broad sets of research hypotheses have been framed:

I. Ho: Loss aversion bias does not have a significant effect on the investment decisions of Chartered Accountants in Tinsukia district of Assam.
   H_1: Loss aversion bias does have a significant effect on the investment decisions of Chartered Accountants in Tinsukia district of Assam.
II. Ho: Herd behavior bias does not have a significant effect on the investment decisions of Chartered Accountants in Tinsukia district of Assam.

H_1: Herd behavior bias does have a significant effect on the investment decisions of Chartered Accountants in Tinsukia district of Assam.

III. Ho: Loss aversion bias does not have a significant effect on the investment decisions of Advocates in Tinsukia district of Assam.
H_1: Loss aversion bias does have a significant effect on the investment decisions of Advocates in Tinsukia district of Assam.

IV. Ho: Herd behavior bias does not have a significant effect on the investment decisions of Advocates in Tinsukia district of Assam.
H_1: Herd behavior bias does have a significant effect on the investment decisions of Advocates in Tinsukia district of Assam.

RESEARCH METHODOLOGY:

Area of the study:

Tinsukia district of Assam has been selected by the researcher as area of the study. Tinsukia is one of the industrially and commercially significant districts of Assam, primarily known for its tea industry, oil fields, coal, and plywood industries. These industries provide fertile ground for studying investment behavior because they involve frequent financial decision-making at both individual and corporate levels. There are plenty of professionals with business acumen who are directly involved in the management or advice concerning investment in the same industries. The sample is, therefore, very rich in financially active respondents as the CAs, advocates, and businessmen of Tinsukia are many in numbers.

Scope of the study:

The study is conducted among the Chartered Accountants and Advocates of Tinsukia district of Assam. Reviewed studies shows that there are plenty numbers of behavioral biases as mentioned by different authors. The detail analysis of every behavioral bias is beyond the scope of any meaningful future research. Therefore, the present study is confined to only 2 (Two) behavioral biases namely; Loss Aversion bias & Herd Behavior bias.

Population of the study:

For conducting the study, the researcher has selected Chartered Accountants and Advocates of Tinsukia district of Assam. The total population would be the Chartered Accountants registered under EIRC of ICAI, Tinsukia branch and Advocates of Tinsukia district bar association.

The Advocates under Bar Association were selected for the study. According to the Tinsukia Judiciary website there are two Bar Associations in Tinsukia district. They are namely- 1) Tinsukia Bar Association & 2) Margherita Bar Association. The data regarding Advocates of these Bar Associations are mentioned in the Vakalatnama which is published by the respective Bar Association from time to time.

Table1: Table showing the number of Advocates in Bar Association of Tinsukia district.

SL No.	Name of Bar	No of Lawyers
1	Tinsukia Bar Association	556
2	Margherita Bar Association	152
Total		708

(Source: Data collected from Vakalatnama)

Chartered Accountants of Tinsukia district were also selected for conducting the study. The information related to total number of Chartered Accountants in the selected area gathered from the Tinsukia Branch of Eastern Indian Regional council (EIRC) of ICAI. The total numbers of Chartered Accountants in Tinsukia district are 146 according to the data provided by the EIRC.

Sample Size:

An adequate sample size is the prerequisite for any research study. In order to determine the sample size, Krejcie & Morgan Table has been used. The population size of the current study has been 708 for advocates and 146 for Chartered Accountants. Thus, the total population for the current is 854. At 95% level of confidence with margin of error 5 %, if the population is 900, then sample size will be 269 (Krejcie & Morgan, 1970) [Annexure I]. Thus, data for the study has been collected from total 269 respondents.

Sampling Technique:

Proportional Stratified random sampling (Thompson S.K., 2012) has been used by the researcher in order to collect data from the sample size. First of all, the total population has been divided into 2(two) strata i.e., Chartered Accountants and Advocates on the basis of profession regulated by the professional bodies dealing with investment.

In order to calculate sample from each strata, the following formula will be use by the researcher.

Sample size for strata= Sample Size X Stratum size
Population size

	CHARTERED ACCOUNTANTS	ADVOCATES	TOTAL
NO. OF PEOPLE IN STRATUM	**146**	**708**	**854**
STRATA SAMPLE SIZE	**46**	**223**	**269**

(Source: Researcher's own calculation)

Sources of Data & Methods of data collection:

For the proposed current study, primary data is the most significant part and results are mainly based on the data directly collected from the respondents through the help of survey methods. The researcher uses secondary data as additional reference material in order to develop a holistic framework and gaining in-depth knowledge about the problem under study. Various books related to behavioral finance, research papers, research articles published in national as well as international journals, published and unpublished thesis, internet sources, periodicals, etc has been used by the researcher in order to get the secondary sources of data.

The proposed research work will be based on the primary data collected from the respondents. Primary data from the respondents will be collected through the help of questionnaire and personal interview.

TOOLS OF ANALYSIS:

Reliability, Normality and Multicollinearity Check:

In this research, the value of Cronbach alpha (α) is calculated using Statistical Package for the Social Sciences (SPSS 16.0) software. The Cronbach alpha (α) score for the items are above 0.70 which reflects the better value of the instrument used for the study (Arof K. Z. M., Ismail S. & Saleh L. A., 2018).The Shapiro-Wilk Test is more appropriate for small sample sizes (< 50 samples), but can also handle sample sizes as large as 2000. Due to this consideration, Shapiro-Wilk test is used to assessment of normality as numerical means of assessing normality is done in this study Shapiro S.S. & Wilk M.B. (1965). For graphical methods, the normal probability plot (Q-Q plot), as well as Histograms depicting normality curve, have been produced for all the metric variables used in the study. The study shows that the value of Shapiro- Wilk Test is more than 0.05, which shows that the data is normally distributed. Multicollinearity is an important pre-testing requirement to check the high colinearity among the explanatory variables. This study employs two techniques i.e. Pearson Correlation Coefficients and Variance Inflation Factor to deal with the assumption of multicollinearity. The study shows that VIF value for each element is below 5 and tolerance level is more than 0.2. So it can be concluded that the data is free from multicollinearity issue. The correlation value for all the independent variables is less than 0.90, so it can be concluded that the data is free from multicollinearity.

Regression analysis:

Regression estimates are used to describe data and to explain the relationship between one dependent variable and one or more independent variables. Linear regression was done to explore the impact of independent variable (Loss aversion bias and Herd behavior bias) on the dependent variable (investment decision making) of the chartered accountants and advocates in the selected area of the study. SPSS software has been used for performing the linear regression analysis.

The following is the linear regression:

$$yi = \beta^{\circ} + \beta i x i + \varepsilon i$$

Here, $yi = dependent\ variable\ (i.e. investment\ decision\ making)$

$\beta^{\circ} = regression\ constant$

$\beta i = beta\ coefficient$

$xi = independent\ variable*$

$\varepsilon i = error\ term$

(* Herd Bias, Loss Aversion Bias)

FINDINGS OF THE STUDY:

The following are the some of the observation which are collected after conducting the study.

A. MAJOR FINDINGS FROM OBJECTIVE 1: To determine whether investment decisions of Chartered Accountants and Advocates of Tinsukia district of Assam are affected by Emotional bias.

To achieve this objective certain hypothesis were formulated and tested through the help of simple regression analysis in order to draw conclusion out of it.

H1o: Loss aversion bias does not have a significant effect on the investment decisions of Chartered Accountants in Tinsukia district of Assam.

$H1_1$: Loss aversion bias does have a significant effect on the investment decisions of Chartered Accountants in Tinsukia district of Assam.

Table : Model Summary for Linear Regression between Loss Aversion Bias (LA) and Investment Decision Making (IDM)

Hypothesis	Regression Weighs	Beta Coefficient	R^2	F	p-value	Hypothesis Supported
$H1_0$	LA-IDM	-.454	0.328	21.479	0.000	Rejected

Note *p<0.05

The hypothesis tests if loss aversion bias carries a significant impact on investment decision of the respondents. The dependent variable investment decision making was regressed on predicting variable loss aversion bias to test the hypothesis H1o. Loss aversion bias significantly predicted Investment decision making, F(1,44)=21.479, p=0.000, p<0.05, which indicates that the loss aversion bias can play a significant role in shaping investment decision making (b=-.454,p<0.05). The results clearly direct the negative effect of the loss aversion bias. Moreover, the R^2 =.328 depicts that the model explains 32.8% of the variance in investment decision making. As the p-value of the independent variable is 0.000 which is less than 0.05 and t value is -4.634, we reject the null hypothesis. In other words we can infer that the independent variable is negatively related to dependent variable.

MAJOR FINDINGS FROM OBJECTIVE 2: To achieve this objective following hypothesis was formulated and tested through the help of regression analysis in order to draw conclusion out of it.

H2o: Herd Behavior bias does not have a significant effect on the investment decisions of Chartered Accountants in Tinsukia district of Assam.

$H2_1$: Herd Behavior bias does have a significant effect on the investment decisions of Chartered Accountants in Tinsukia district of Assam.

Table : Model Summary for Linear Regression between Herd Behavior Bias (LA) and Investment Decision Making (IDM)

Hypothesis	Regression Weighs	Beta Coefficient	R^2	F	p-value	Hypothesis Supported
$H2_0$	HB-IDM	-.318	0.139	7.098	0.011	Rejected

Note *p<0.05

The hypothesis tests if herd behavior bias carries a significant impact on investment decision of the respondents. The dependent variable investment decision making was regressed on predicting variable herd behavior bias to test the hypothesis H2o. Herd behavior bias significantly predicted Investment decision making, F (1, 44) =7.098, p=0.011,p<0.05, which indicates that the herd behavior bias have a significant role in shaping investment decision making (b=-.318,p<0.05). The results clearly direct the negative effect of the herd behavior bias. Moreover, the R^2 =.139 depicts that the model explains 13.9% of the variance in investment decision making. As the p-value of the independent variable is 0.011 which is less than 0.05 and t value is -2.664, we reject the null hypothesis. In other words we can infer that the independent variable is negatively related to dependent variable.

MAJOR FINDINGS FROM OBJECTIVE 3: To achieve this objective following hypothesis was formulated and tested through the help of regression analysis in order to draw conclusion out of it.

H3o: Loss aversion bias does not have a significant effect on the investment decisions of Advocates in Tinsukia district of Assam.

$H3_1$: Loss aversion bias does have a significant effect on the investment decisions of Advocates in Tinsukia district of Assam.

Table : Model Summary for Linear Regression between Loss Aversion Bias (LA) and Investment Decision Making (IDM)

Hypothesis	Regression Weighs	Beta Coefficient	R^2	F	p-value	Hypothesis Supported
$H3_0$	LA-IDM	.924	0.830	107.83	0.000	Rejected

Note *p<0.05

The hypothesis tests if loss aversion bias carries a significant impact on investment decision of the respondents. The dependent variable investment decision making was regressed on predicting variable loss aversion bias to test the hypothesis Ho. Loss aversion bias significantly predicted Investment decision making, F(1,221)=1.078, p=0.000,p<0.05, which indicates that the loss aversion bias can play a significant role in shaping investment decision making (b=.924,p<0.05). The results clearly direct the positive effect of the loss aversion bias. Moreover, the R^2 =.830 depicts that the model explains 83.0% of the variance in investment decision making. As the p-value of the independent variable is 0.000 which is less than 0.05 and t value is 32.836, we reject the null hypothesis. In other words we can infer that the independent variable is positively related to dependent variable.

MAJOR FINDINGS FROM OBJECTIVE 4: To achieve this objective following hypothesis was formulated and tested through the help of regression analysis in order to draw conclusion out of it.

H4o: Herd Behavior bias does not have a significant effect on the investment decisions of Advocates in Tinsukia district of Assam.

$H4_1$: Herd Behavior bias does have a significant effect on the investment decisions of Advocates in Tinsukia district of Assam.

Table : Model Summary for Linear Regression between Herd Behavior Bias (LA) and Investment Decision Making (IDM)

Hypothesis	Regression Weighs	Beta Coefficient	R^2	F	p-value	Hypothesis Supported
$H4_0$	HB-IDM	.691	0.647	404.846	0.000	Rejected

Note *p<0.05

The hypothesis tests if herd behavior bias carries a significant impact on investment decision of the respondents. The dependent variable investment decision making was regressed on predicting variable herd behavior bias to test the hypothesis H4o. Herd behavior bias significantly predicted Investment decision making, F (1,221) =404.846, p=0.000, p<0.05, which indicates that the herd behavior bias can play a significant role in shaping investment decision making (b=.691,p<0.05). The results clearly direct the positive effect of the herd behavior bias. Moreover, the R^2 =.647 depicts that the model explains 64.70% of the variance in investment decision making. As the p-value of the independent variable is 0.000 which is less than 0.05 and t value is 20.121, we reject the null hypothesis. In other words we can infer that the independent variable is positively related to dependent variable.

CONCLUSION:

The study found that herd behavior bias and loss aversion bias has negative effect on the investment decision of chartered accountants. It means that they are not affected by the decision of herd instead they follow their own decisions and are ready to take risk while making decision. In case of advocates, it has been found that their investment decisions are affected by herd behavior bias and loss aversion bias. The analysis and their findings have confirmed the presence of behavioral bias into the investment decision of the respondents. Hence it is concluded from the study that there is significant impact of emotional biases on the investment decision making of the respondents.

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