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EFFECT OF BEHAVIORAL BIASES ON INVESTMENT  
DECISIONS WITH MODERATING EFFECT OF LOCUS OF  
CONTROL: AN EMPIRICAL STUDY ON PAKISTANI  
INVESTORS



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## ABSTRACT

This study investigates the relationship between interrelated biases, locus of control and investment decision making in Pakistan. This study has considered self-attribution, overconfidence and over optimism as independent variables, locus of control as moderating variable, and investment decision making as dependent variable. However, investors of Pakistan has been the targeted audience chosen to investigate the relationship between variables mentioned above. Quantitative research method was used as primary data was collected through adoptive structured questionnaire based on 5 Likert scale. The responses were recorded from 180 respondents (investors of Pakistan) through convenience sampling technique. Responses recorded were analyzed through statistical tests such as correlation, regression and moderation analysis by using SPSS Software. The results indicate that self-attribution, overconfidence and over optimism negatively effects investment decision making in Pakistan. However, moderation analysis has revealed that locus of control significantly moderates the relationship between self-attribution, overconfidence and over optimism (independent variables) and investment decision making (dependent variable) in Pakistan.

**Key Words:** Interrelated Biases, Self-Attribution, Overconfidence, Over Optimism, Locus Of Control, Investment Decision Making, etc.

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