Factors Affecting Investment Decisions of Employees Working on Financial and Non-Financial Sectors: A Case of Pokhara Metropolitan City, Nepal

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ABSTRACT

The emergence of the financial market favorably influences the economy. The choices of an individual engaging in the financial market have a crucial part in setting the market trend, which subsequently affects the economy. This research seeks to examine the variables impacting the investment choices of people functioning in financial and non-financial sectors. The research employs a social survey design, based on 280 samples obtained by a structured questionnaire employing a convenience sampling approach. The study was restricted to the Pokhara metropolitan city of Nepal. Descriptive Statistics, Chi-square test, t-test, ANOVAs, Confirmatory Factor Analysis and Structural Equation Modeling were utilized to fulfill the study goals. The study demonstrates that there is no substantial difference between personnel working in the financial and non-finance industries on herding, market, heuristic and demographic component. However, people working in the financial industry examine more economic aspects and the total investment performance is greater for employees working in the financial sector. Further, the research reveals that self-confidence, market information, the recommendation of professionals, minimization through portfolio diversification and high-income level increases in interest in investment were the significant influential factors affecting investment decisions of an employee working in financial and non-financial institutions. The CFA establishes a significant link between observable variables and their fundamental constructs. The path analysis demonstrates

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that Market, Herding, Knowledge and Economic factors has a favorable influence on investment choices. The regulatory authority and related institutions should equip investors in respect of both economic and behavioral elements to make a smart investment choice.

Keywords: Behavioral factors, economic factors, investment decisions

1. INTRODUCTION

A solid financial system has a crucial impact on the economic prosperity of the country (Farouq et al., 2020; Levine, 1997). Financial institutions assist to gather dispersed capital and stimulate investment by recognizing and funding profitable company prospects (Demirgüç-Kunt & Levine, 2009). Dhungana (2019) explores the short-run and long-run causal link between financial institutions and the economic development of Nepal. The research demonstrates a long-run link between financial institutions and the economic progress of Nepal. A well-developed financial system enables the economic prosperity of the country in long term (Salami &Oluseyi, 2013; Dhungana, 2019). The regulatory authority should expedite financial efficiency which may allow for boosting enough capital creation and investment in productive sectors.

Investment is often referred to as the deployment of saved money to the available alternatives with an anticipated greater return in the future (Busby, & Pitts,1997). Due to the evolution of the press and corporate world, today's people are increasingly aware and better aware of the accessibility of investment possibilities, but they are short of the necessary information to handle them properly. Investment possibilities are growing every day with both physical assets and financial assets. Newer forms of products and securities are emerging to the market that suits the different risk-return criteria of the investors that will allow them to invest their funds profitably (Jones, 2007). Having inactive assets in hand is only an unproductive waste since they would lose their monetary worth owing to inflationary increases in time. The main purpose of a rational investor is to reduce risk and maximize the profit from his investment (Fatima et al., 2015).

Investment choices are made by investors and investment managers. Investors typically do investment analysis by making use of fundamental analysis, technical analysis, and judgment Hoffmann, A. O., & Individual investing behaviour is concerned with decisions (Hoffmann, & Shefrin, 2014) concerning purchases of modest quantities of assets for his or her account (Nofsinger & Richard, 2002). Investment choices are typically helped by decision tools. It is thought that information structure and the circumstances in the market systematically impact people's investment choices as well as market results (Zeckhauser &Pound, 1990). Investor market behaviour relies on psychological principles of decision-making to explain why individuals purchase or sell stocks Thaler, 1999). The study results by Nagy and Obenberger (1994) analyzed elements affecting investor behaviour and concluded that traditional wealth–maximization criteria are significant to investors, even though individuals apply varied criteria when picking companies.

The major purpose of the research is to discover the factor determining the investment choices of individuals working in financial and non-financial industries. Specific aims are to establish how the demographic market, herding, knowledge, and economic variables impact the

investment choices of workers and to determine the distinction between employees employed in the financial and non-financial industries.

2. LITERATURE REVIEW

The neoclassical approach of trading assumes that agents can calculate possibilities in terms of quantities and thus predict the probability distribution of anticipated returns. This design requires the judgment riskless by presuming that the long-lived capital assets have a robust secondary market (Simshauser, P., 2014). The difference between a corporation owning its capital and renting it is insignificant. The firm may always liquidate the capital assets and then reinvest the revenues (Crotty, 1992). Imran and Rautiainen (2022) discovered that intensive strategy in decision-making (SIDMs), including acquisitions, mergers, and new product lines, generally entails significant risk and has a long-term influence on the firm's performance. The results indicate four main SIDM approaches: managerial power, financial analysis, upper executives, and strategy-based investment. A financial analysis-based investment approach is the only one connected with perceived high profitability (Avkiran, 2011).

The investors questioned by Quaicoe and Eleke-Aboagye (2021) indicated some behavioural biases. Herding was rated as the most critical issue determining respondents' investment decisions. Again, biases like regret aversion, the gambler's fallacy, mental accounting, overconfidence, and anchoring (Parveen & Siddiqui,2018) were all revealed to have a substantial influence on investors' assessments. On the decision-making of investors and the volume of stock market trading, Parveen et al. (2020) identified a high influence of overconfidence and representational heuristic. Baker et al. (2019) studied the occurrence of numerous behavioral biases including overconfidence and self-attribution, the disposition effect, anchoring bias, representativeness, mental accounting, emotional biases and herding(Shukla et al., 2020) among Indian investors. Hence, the data support the assumption that individual investors do not always behave rationally. The data also demonstrate that financial literacy has a negative link with behavioural biases and herding biases, positive relation with mental accounting bias, but no significant relation with overconfidence and emotional biases. Regarding gender, men are more overconfident than females regarding their expertise in the stock market (Barber & Odean, 2001).

Mettawa et al. (2019) studied that investor emotion, overreaction and under reaction, overconfidence, and herd behaviour greatly impact investing choices. Also, age, gender and level of education have a considerable favourable influence on investment choices by investors(Agnew & Szykman, 2011). Expertise does not have a big impact on investment choices (Fachrudin & Fachrudin, 2016, but as investors acquire experience, they tend to neglect the emotional components. Boda and Sunitha (2018) explored by structural model that indian retail investors are suffered by herding, prospect, heuristic biases. Demographic factors also contribute role for bias decisions(Bashir et al., 2013). Dhungana et al. (2018) explored behavioural factors influenced the investment decision and portfolio performance. Middle aged (30-45), male and married invested long term on financial assets. Economic and behavioural empowerment of investor is essential for better investment on stock market.

Gill et al. (2018) showed economic expectations positively influence investment decision making in the absence of information. However, overconfidence bias is not affected by information while making investment decision. Pokharel (2018) examined return, risk, stockbroker information, newspaper, capital gain and bonus share, and market information impact investment decision of Nepalese investor. Nouri et al. (2017) revealed that psychological factor positively affects risk and return. Financial factors positively affect risk but not return. However, social factors do not have any impact. Further, brand awareness plays moderating role between risk and return. a moderating role in the relationship between social factors and perceived risk and return but not with psychological and financial factor. Moreover, risk and attitude towards the brand is positively related and attitude sets positive intention towards shareholders (Lane, & Jacobson,1995)

Salimian and Iman (2016) examined behavioral factors affecting the decisions of potential investors. Results show that perceived behavior, attitudes, and subjective norms have a positive and significant impact on the decision making and investment plans of investors. Further, the risk appetite of investors is another factor affecting investment plans. Similarly, Dhungana (2013) focused on effective regulation, a stable environment, a strong and trustable capital market, investors' education and training, and public awareness of trustworthy investment. Dossi and Patelli, (2010) focus on non-financial indicators such as subsidiary size, goodwill, and subsidiary participation also impacts performance and impact on decision-making.

3. RESEARCH METHODOLOGY

This study has employed quantitative techniques to research. The study follows a survey research methodology and both descriptive and inferential approaches have been employed for assessing the data. The research is centered on the financial and non-financial sectors within Pokhara Metropolitan city. So, all the workers working in the financial and non-financial (Borio,1990) industries in this region constituted the population for this research. As the full sample frame for the study was not gettable and feasible, it employed non-probability sampling approaches. Under a non-probability sampling strategy, the research employed the convenience method for gathering the sample. For the selection of participants under investigation, at first, personnel were divided into two sectors. One was the non-financial sector, and another was the financial sector. From the non-financial sector, workers participating in the academic area for the past two years, teaching at the college and university level, and employees working in government offices such as municipalities, district education office, and district administrative office were chosen. From the financial sector, personnel working at financial institutions such as commercial banks, development banks, citizen investment trusts, and provident fund were picked.

Data were generally obtained by a standardized questionnaire, comprising questions relating to demographic information and factor impacting investment choices and performance information; nevertheless, respondents' interview has been undertaken to some degree. Altogether 280 individuals were selected for this investigation. To validate the accuracy of the questionnaire, it was constructed based on comparable historical studies. Further, comments from specialists were also implemented. For reliability, pretesting and pilot testing were done before administrating the questionnaire. Besides, Cronbach's Alpha was determined, whose value was 0.78, which matches the requirement of 0.60 (Sirin, & Sokmen, 2015). Data analysis techniques

employed for the research were descriptive such as frequency, percentage, mean, etc., and inferential such as the Chi-square test, independent sample t-test, one-way ANOVA, confirmatory factor analysis, and structural equation modeling.

4. RESULTS AND DISCUSSION

The output of the research findings has been presented in the form of descriptive and inferential analysis.

Descriptive Analysis
The descriptive analysis has been made on the following area:
Working Area of Respondents
The working area of respondents has been presented in Table 1.
Table 1
Working Area of Respondents

Area of working	Frequency	Percent
Academic field	61	22%
Financial field	168	60%
Government field	29	10%
Others	22	8%

Source: Field Survey, 2019 and authors' calculation

Most of the participants (60%) were employed in financial sectors which are preceded by the academic area (22%) and government field (10%). This suggests that the majority of the participants are interested in the financial and scholarly areas of society.

Work Experience of Respondents
The work experience of respondents has been presented in Table 2.

Table 2
Work Experience of Respondents

Work experience	Frequency	Percent
Below 3 years	113	40%
Between 3 to 5 years	91	33%
Between 5 to 10 years	48	17%
Between 10 to 15 years	19	7%
Above 15 years	9	3%

Source: Field Survey, 2019 and authors' calculation

It is clear from Table2 that percent of the participants (40%) were working below 3 years which is followed by between 3 to 5 years (33%) and between 5 to 15 years (7%). This suggests that a percentage of the participants had a modest degree of job experience.

Influence Factors of Respondents
The influence factor of respondents has been presented in Table 3.

Table 3

Influence Factors of Respondents

Influence Factors	Frequency	Percent
Friends	91	32%
Relatives	91	32%
Family	71	25%
Brokers	21	8%
Media	1	1%
Others	5	2%

Source: Field Survey, 2019 and authors' calculation.

It is apparent from Table 3 that participants were affected primarily by their relatives followed by their friends than by their family before investing.

Descriptive Results of Independent Variable

Table 4 illustrates the outcome of the descriptive analysis of the scales to measure all the independent components of the respondents. Respondents were asked to express their likeliness on all the independent elements that impact the investment choice on financial and non-financial entities via six points Likert scale ranging from 1 very disagreed to 6 extremely agree.

Table 4

Descriptive Results of Independent Variable

Particulars	Minimum	Maximum	Mean	Std. deviation
Market	1.25	6.00	4.49	0.88
Herding	1.00	5.80	3.65	0.90
Knowledge	2.14	5.43	4.29	0.75
Economic	1.50	6.00	4.77	1.15
	Overall mean		4.30	

Source: Field Survey, 2019 and authors' calculation

It is evident from Table 4 that the total mean score is 4.30. The decision-making of individual responders is substantially impacted by all the independent factors. The economic component with a mean score of 4.77 is a prominent influencing factor in the investment decision-making of the respondents working in financial and non-financial organizations. Similarly, herding with a mean score of 3.65 is the least influential element in the investment decision-making of the respondents working in financial and non-financial organizations.

Inferential Analysis

The inferential analysis has been made on the following dimensions:

Variables with the Volume of Investment

The chi-square test of different variables with the volume of investment has been presented in Table 5.

Table 5

Variables with the Volume of Investment

Variables	P-value
Gender	0.169.
Age	0.201.
Marital status	0.017**
Monthly income	0.412.

***p<0.001, **p<0.05, *p<0.10

Source: Field Survey, 2019 and authors' calculation

       Table 5 reveals that there is no connection between the amount of investment and gender, age, and monthly income. However, there is a link between marital status and the amount of investment. Most unmarried workers have invested most of their money.

Impact of Gender on Study Variables

       The impact of gender on study variables (demographic, market, herding, knowledge, economic and investment) has been presented in Table 6.

Table 6

Impact of Gender on Study Variables

Study variables	Gender	Mean	P-value
Demographic	Male	4.279	0.045*
	Female	4.147	
Market	Male	4.764	0.086
	Female	4.592	
Herding	Male	4.466	0.710
	Female	4.502	
Knowledge	Male	4.565	0.094
	Female	4.694	
Economic	Male	4.688	0.310
	Female	4.604	
Investment	Male	4.567	0.390
	Female	4.651	

***p<0.001, **p<0.05, *p<0.10

Source: Field Survey, 2019 and authors' calculation

       Table 6 reveals that there is no significant influence of gender on any research variables except demographic data. From the research, we can infer that male respondents examine the market and economic variables when making an investment choice, whereas female respondents consider herding and knowledge aspects while making an investment decision.

Impact of Age on Study Variables

The impact of age on study variables (demographic, market, herding, knowledge, economic and investment) has been presented in Table 7 by using ANOVA.

Table 7

Impact of Age on Study Variables

Variable		Sum of squares	df	Mean square	F	Sig.
Demographic	Between groups	1.648	5	0.330	1.158	0.330
	Within groups	77.991	274	0.285		
	Total	79.640	279			
Market	Between groups	5.107	5	1.021	1.558	0.172
	Within groups	179.605	274	0.655		
	Total	184.712	279			
Herding	Between groups	3.705	5	0.741	1.186	0.316
	Within groups	171.135	274	0.625		
	Total	174.840	279			
Knowledge	Between groups	3.028	5	0.606	1.561	0.171
	Within groups	106.327	274	0.388		
	Total	109.355	279			
Economic	Between groups	2.199	5	0.440	.967	0.439
	Within groups	124.653	274	0.455		
	Total	126.852	279			
Investment	Between groups	3.362	5	0.672	1.079	0.372
	Within groups	170.793	274	0.623		
	Total	174.155	279			

Source: Field Survey, 2019 and authors' calculation

Table 7 reveals that there is no significant influence of age on any research variables showing that respondents are fairly similarly distributed in various age groups and it does not affect the investment choice.

Impact of Marital Status on Study Variables

The impact of marital status on study variables (demographic, market, herding, knowledge, economic and investment) has been presented in Table8by using ANOVA.

Table 8

Impact of Marital Status on Study Variables

		Sum of squares	df	Mean square	F	Sig.
Demographic	Between groups	0.323	1	0.323	1.133	0.288
	Within groups	79.317	278	0.285		
	Total	79.640	279			
Market	Between groups	0.831	1	0.831	1.256	0.263
	Within groups	183.882	278	0.661		
	Total	184.712	279			
Herding	Between groups	3.350	1	3.350	5.431	0.021**
	Within groups	171.490	278	0.617		
	Total	174.840	279			
Knowledge	Between groups	0.014	1	0.014	.037	0.849
	Within groups	109.341	278	0.393		
	Total	109.355	279			
Economic	Between groups	0.000	1	0.000	.000	0.987
	Within groups	126.851	278	0.456		
	Total	126.852	279			
Investment	Between groups	1.118	1	1.118	1.796	0.181
	Within groups	173.038	278	0.622		
	Total	174.155	279			

***p<0.001, **p<0.05, *p<0.10

Source: Field Survey, 2019 and authors' calculation

Table 8 reveals that there is no significant influence of marital status on any research variables except herding. Further, given the descriptive data, unmarried respondents rely significantly on herding effects than married respondents

Impact of Education on Study Variables

The impact of education on study variables (demographic, market, herding, knowledge, economic and investment) has been presented in Table 9 by using ANOVA.

Table 9

Impact of Education on Study Variables

Variables		Sum of squares	df	Mean square	F	Sig.
Demographic	Between groups	2.241	4	0.560		
	Within groups	77.399	275	0.281	1.991	0.096*
	Total	79.640	279			
Market	Between groups	2.533	4	0.633		
	Within groups	182.180	275	0.662	0.956	0.432
	Total	184.712	279			
Herding	Between groups	2.403	4	0.601		
	Within groups	172.437	275	0.627	0.958	0.431
	Total	174.840	279			
Knowledge	Between groups	2.521	4	0.630		
	Within groups	106.834	275	0.388	1.622	0.169
	Total	109.355	279			
Economic	Between groups	6.191	4	1.548		
	Within groups	120.661	275	0.439	3.527	0.008***
	Total	126.852	279			
Investment	Between groups	13.220	4	3.305		
	Within groups	160.935	275	0.585	5.647	0.001***
	Total	174.155	279			

***p<0.001, **p<0.05, *p<0.10

Source: Field Survey, 2019 and authors' calculation

It is evident from Table 9 that there is no significant influence of education level on any research variables except economic and investment factors. This shows that individuals with better academic credentials are likely to consider economic issues before investing. Besides, investment selections are also changed according to educational requirements.

Impact of Working Area on Study Variables

The impact of an area of working on study variables (demographic, market, herding, knowledge, economic and investment) has been presented in Table 10 by using a T-test.

Table 10

Impact of Working Area on Study Variables

Factors	Area of working	N	Mean	Std. deviation	Significance
Demographic	Non- financial	102	4.082	0.901	0.544
	Financial	178	4.152	0.930	
Market	Non- financial	102	4.537	0.668	0.528
	Financial	178	4.468	0.981	
Herding	Non- financial	102	3.541	1.030	0.130
	Financial	178	3.711	0.821	
Knowledge	Non- financial	102	4.192	0.787	0.091*
	Financial	178	4.350	0.728	
Economic	Non- financial	102	4.522	1.284	0.006***
	Financial	178	4.914	1.049	
Investment	Non- financial	102	3.464	0.818	0.001***
	Financial	178	4.221	0.829	

***p<0.001, **p<0.05, *p<0.10

Source: Field Survey, 2019 and authors' calculation

Table 10 displays the working area of respondents and various variables impacting investment choices. From the table, it has been inferred that there is no significant difference in demographics, market, herding and knowledge factors between employees working in financial and non-financial sectors, but there is a significant difference in economic and investment decision factors between employees working in the financial and the non-financial sectors. Employees working in the financial industry examine more economic aspects than the non-financial sector. Furthermore, the investment choice of financial industry workers is substantially better than that of non-financial sector employees. In conclusion, financial industry personnel examine more market movements, market risk-return, etc.

Confirmatory Factor Analysis

Confirmatory factor analysis is a statistical technique being used to assess the provided adequate of a collection of observed data. CFA allows the investigator to test the hypothesis that a relationship among observable variables and its underlying causal components exists (Flora, & Curran, 2004). CFA is a special case of structural equation modeling in which connections among latent variables are represented as covariance /correlations instead of as structural connections. CFA may also be characterized from the exploratory factor analysis in that CFA requires researchers to discover all aspects of the proposed measurement model.

Table11

Confirmatory Factor Analysis

Constructing Factor	Measuring Scales	Factor Loading	P-value
Market	Publications with financial material offered using methods of communication like the internet and media favorably affect my investing behaviours (M1).	0.44	***
	I carefully evaluate the price movements of companies that I wish to invest in (M2).	0.78	***
	Market knowledge is vital for my stock investment (M 3).	0.66	***
Herding	Other investors' judgments in picking stock kinds influence my investing decisions (H1).	0.74	***
	Other investors' actions regarding the stock volume influence my investing decisions (H2).	0.53	***
	Other investors' actions of purchasing and selling stocks influence my investing decisions (H3).	0.71	***
	I am affected by experts' (consumer or investment representatives) and other investors' choices when making investment decisions (H5).	0.65	***
Knowledge	I have adequate knowledge of investing tools (K1).	0.60	***
	I favor less risky investing instruments (bank deposits, bonds, etc.) over hazardous investment tools (stock certificates, etc) (stock certificates, etc.) (K4).	0.64	***
	I prefer to mitigate risk via portfolio diversification (K5).	0.79	***
	I assess debt/equity, price/earnings, assets and liabilities, dividends, cash flow, sales, earnings predictions, growth rates, etc. while investing in stocks (K6).	0.67	***
Economic	Government measures (contributions, tax reductions etc.) impact my investing behaviour in a good manner (E1)	0.76	***
	Economic stability is a crucial feature determining investment choices for me (E 2)	0.85	***
	A rise in income level enhances my interest in investing (E3)	0.90	***
	My income levels affect the maturity date of the investments they make (E4)	0.74	***

Chi-square =**112.496** (Degrees of freedom =83, Probability = .017)

CMIN/DF=1.355, CFI=0.930, RMSEA=0.075, PCFI=0.735, TLI= 0.911

***p<0.001

Source: Field Survey, 2019 and authors' calculation

Table 11 demonstrates the parameters that are used to quantify the degree to which the recommended 5-factor approach fits the data. This measurement model serves to analyze the probable fit of any forecasting models that may be applied. If the measuring model is of poor quality, a causal method can predict on the fit measurements. In particular, the measurement model should represent quality loadings of the endogenous constructs on the hidden variables. The study undertakes a confirmatory factor analysis (CFA) by applying AMOS. The CFA exhibits a decent model fit relying on absolute fit indices ($\chi2$, CFI and RMSEA). The normal chi-square ($\chi2$) - ($\chi2$ to degrees of freedom, $\chi2$=112.496, d.f.. = 83) is 1.355, which is below the

allowable cut-off value of 3.0. However, the chi-square value expands with the sample size and multiple observed variables, generating skew in the model. Hence, multiple model fit indicators have been examined. The root means square error of approximation (RMSEA) is 0.075, which is less than 0.08, signifying a reasonable match. The scores of incremental fit indices CFI (comparative fit index) and TLI (Tucker Lewis Index) are 0.93 and 0.911, correspondingly. The values greater than 0.9 are suggestive of an adequate model fit. In summary, the results suggest that now the measurement model has a fair fit.

Figure 1
CFA of Behavioral Factors
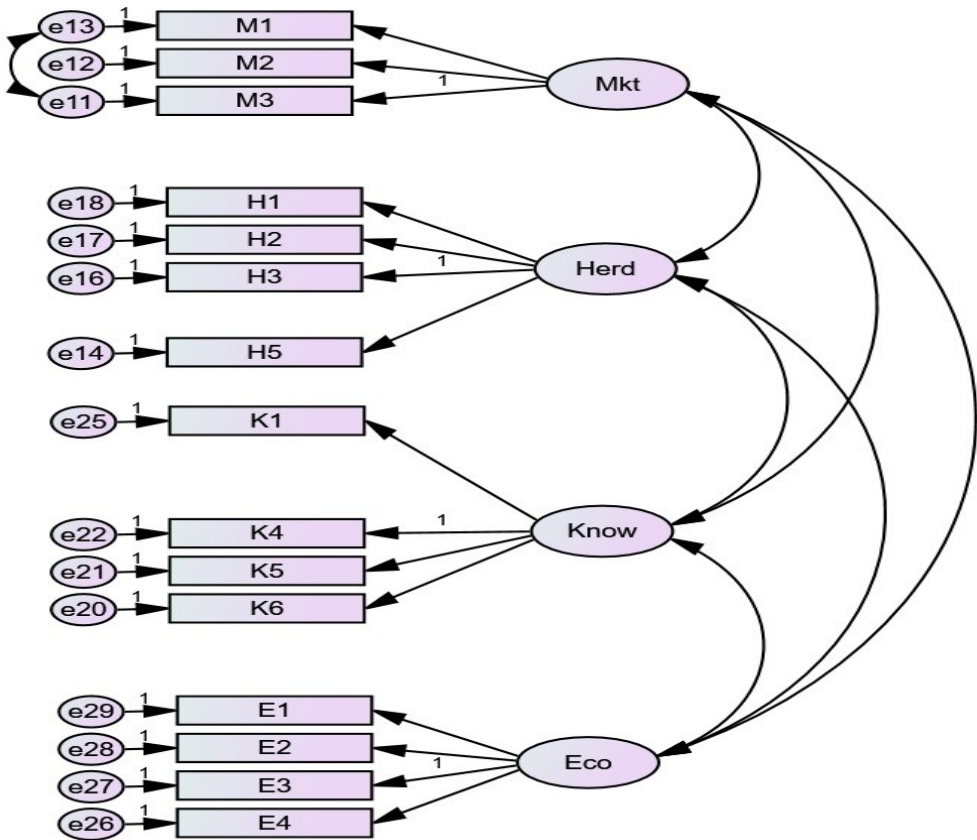
Source: Field Survey, 2019 and authors' calculation

The Structural Model

In shifting from the measurement model to the structural model, the emphasis of the study now moves from the connections between latent constructs and the observable variables to the nature and extent of the linkages between the constructs as depicted in the image below. The structural model is offered based on the most recent principles of behavioral finance. It is claimed that market factors, herding variables, heuristic variables, and economic variables are approached to the investment decisions of an employee who works under financial and non-financial firms.

The results of the SEM route analysis are provided in Table 12. By performing structural or path assessment, the study analyzes the hypothesized causal relationship presented in the theoretical model. The latent constructions investment decision is endogenous because the variable is represented in the model by external causes. The latent constructs of market, herding, knowledge and economy are exogenous as they are not represented by other elements in the model. The structural model addresses the following hypotheses:

H1: The market variable has a positive impact on investment decisions.

H2: Herding variable has a positive impact on investment decisions.

H3: Knowledge variable has a positive impact on investment decisions.

H4: Economic variable has a positive impact on investment decision

Table 12

SEM Path Analysis

Structural path	Estimate	SRW
Investment decision - Market	0.351**	0.380
	(0.156)	
Investment decision - Herding	1283.223	0.332
	(1071107.883)	
Investment decision - Knowledge	-0.118	-0.135
	(0.104)	
Investment decision - Economic	0.372***	0.541
	(0.107)	

Source: Field Survey, 2019 and authors' calculation

Squared Multiple Correlation

Investment decision ($\gamma^2 = 0.57$)

Model Fit Measures

Chi-square = 306.859 (df=130, prob. = 0.000)

CMIN/DF= 2.360, CFI=0.902, RMSEA=0.079, TLI=0.887

SRW = Standardized regression weights

*** $p<0.01$ ** $p<0.05$

The path analysis results depict the overall fit criteria as indicated in the previous sections which give judgment as to how the structure or route model fits the data. Analysis of path model outputs indicated chi-square value [($\chi2$ (130) = 306.859, p<0.001), CFI=0.902, TLI=0.887, RMSEA=0.079] created to some degree a reasonable fit to data. The $\chi2$ is large (p<0.001), suggesting of a poor fit. Nevertheless, the normal chi-square ($\chi2$ /df) is 2.360 which is less than the threshold value of 3 signifying a satisfactory model fit. Furthermore, the RMSEA value of 0.079 is close an acceptable limit of 0.08(Rose et al., 2017). Similarly, the results of the incremental fit indices CFI and TLI are usually mentioned around the cut-off value of 0.9 (Karmacharya et al., 2022; Stott et al., 2017), thus, the results reflect a mediocre fit of the model. Thus, the model is determined to have an appropriate enough fit to proceed with more inquiry.

Figure 2

SEM Path Analysis
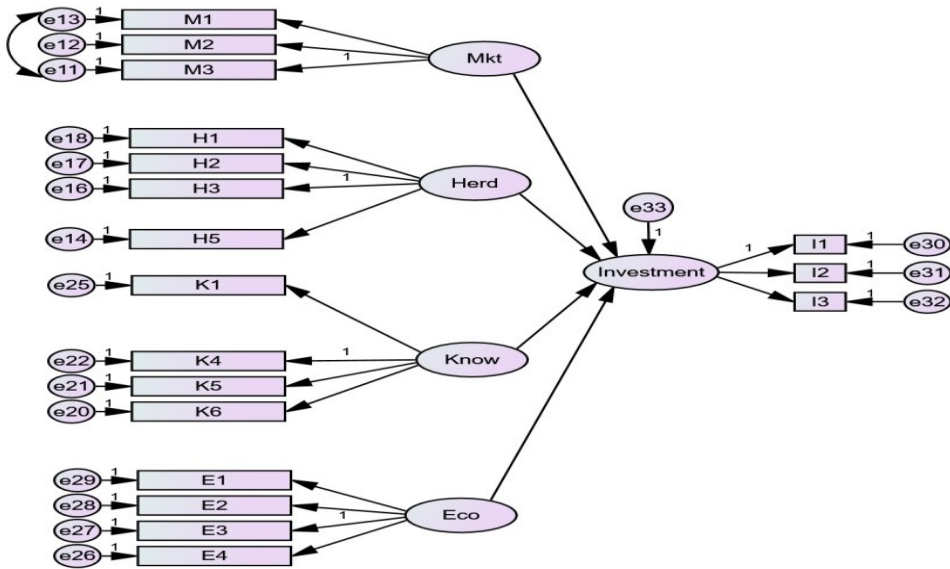
Source: Field Survey, 2019 and authors' calculation

The path analysis results provide for examination of the projected relationship of the components as mentioned in figure two. In H1, the market has a beneficial impact on investment a decision, i.e., the investor follows the market factor when deciding to invest. In H2, it was predicted that the herding variable does have a good influence on investment choices which would be acknowledged which stated that employee is influenced by others while making their investment decision(Mahmood et al., 2016). As illustrated by H3, the knowledge variable affects investment decisions which is consistent with Atmaningrum et al., 2021 and it is statistically significant. Thus, it is regarded that Nepalese investor doesn't really consider knowledge-related difficulties while making their investment choices. Similarly, H4 projected that a growth in economic variables had a favourable(Farinha & Prego, 2013) effect on investment decisions which is verified by the model. This shows that Nepalese investors focus mostly on economic issues while considering their investment decision. The results of squared multiple correlations show that around 57 percent of the variation in the investment decision is accounted by market, herding, knowledge, and economic factors.

5. CONCLUSION AND SUGGESTIONS

Many employees are making various sorts of investments with their finances in different areas to optimize their return in Pokhara metropolitan city. The research has done a comprehensive examination of variables impacting the investing choices of people working in financial and non-financial industries. The investigation indicated that the majority of the workers were male, young, unmarried, and well-educated It indicated that the majority of the workers were working in the financial industry, and had a reasonably modest level of experience, monthly

income, and volume of investment. The research found that workers' self-confidence was a prominent component among demographic characteristics impacting investment choices showing that most employees today are quite confident in what they are doing before making any decision. Similarly, market knowledge was discovered to be a crucial element among market factors impacting investment choices showing that if we have sufficient and enough market information then our investment decision would be a success resulting in good advantages. The research also found that the impact of expert opinion was the biggest element among the herding variable affecting investment choice, showing that workers regard expert ideas as key considerations before making their investment. Similarly, the survey also found that workers were willing to develop a distinct portfolio to limit the amount of risk to boost their investment selection.

Further, a high level of income of workers was a crucial economic element affecting investment choices. Besides, the research found that majority of the categorical characteristics including gender, age, marital status, and education had little or little connection with the amount of investment. Similarly, categorical factors such as gender, age, marital status, and education showed little or little influence on all the research variables (Alquraan et al., 2016). (Alquraan et al., 2016). The result of CFA suggests that there was a substantial link between latent constructs and observed variables which suggested that all the observed variables signify distinct latent variables as recommended by the theory. Similarly, the results of path analysis indicated that all the independent variables (economic, herding, market, knowledge) have a significant and positive relationship with the dependent variable which helps in understanding the causal relationships between different variables (Divanoğlu & Bağci, 2018)

Moreover, the finding demonstrates that there is no substantial differential influence of herding, heuristic, demographic, and market characteristics on the investment choices of workers working in financial and non-financial industries. However, people working in the financial industry consider economic variables more when making investment selections. Furthermore, the investment performance of employees working in the financial industry is greater than those working in the non-financial sector. Thus, the policymakers, management of the firms, the Nepal stock market, and other regulatory agencies must discover the variables that appeal to diverse investors to build a better investment environment. These organizations should work on building a strong investment atmosphere that eventually boosts the value of the company and the wealth of investors. Restructuring of the market, the proper spread of information of relevant information of companies, regulation and implementation of corporate governance guidelines in an organization, enhancing the effectiveness and efficiency of the capital market, and enhancing the capability of the regulatory agency should be done to intensify the market and attract more investors in the market. Besides, the regulatory authority and related institutions should equip investors in terms of both economic and behavioral factors to make a reasonable investment choice.

The research has various consequences. First, it would be useful to the firms to discover the most affecting aspects that attract investors to acquire companies' stock based on that they will fix their weaknesses. Besides, this research will be a valuable reference for the forthcoming investors who wish to join the sector. Further, it may be advantageous for regulatory bodies, and politicians to make the capital market more transparent and deeper. In end, it would be beneficial for academics to establish how both behavioral and economic element is equally significant for investment choices. At last, the research had significant drawbacks. It is solely based on Pokhara

Metropolitan city and considers just the workers working in financial and non-financial sectors. Entrepreneurs, persons working in industrial industries, and businesspeople were excluded from this survey. So, it is proposed to undertake the same sort of longitudinal study by adding all types of respondents to further corroborate the findings.

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