Abstract

This research explores the role of behavioral finance in corporate investment decisions, focusing on how cognitive biases and emotional factors influence the decision-making processes of corporate managers and investors. Using a mixed-methods approach, the study examines the impact of biases such as overconfidence, loss aversion, and herd behavior on corporate investment strategies. The goal is to understand how these biases shape the allocation of resources, risk-taking behaviors, and investment choices in the corporate environment.

The research integrates quantitative analysis of corporate investment performance with qualitative data from interviews with senior executives, financial analysts, and investment decision-makers. The quantitative component investigates the relationship between investment outcomes and the presence of behavioral biases, using metrics such as project returns and investment success rates. Meanwhile, the qualitative component delves into the subjective experiences of decision-makers, uncovering the role of psychological factors and organizational culture in influencing investment decisions.

Findings from this study highlight the significant influence of behavioral biases on corporate investment decisions, demonstrating that factors such as overconfidence and loss aversion can lead to suboptimal decision-making. The research provides practical recommendations for mitigating these biases through improved decision-making frameworks, better training for executives, and the adoption of more structured investment evaluation processes. These insights are valuable for corporate managers, investors, and policymakers seeking to enhance the quality and efficiency of corporate investment strategies.