

## Abstract

This study has investigated the factors that influence individual investors' behavior while making investment decisions. The review of extant literature reveals scarce empirical evidence to gauge the intervening role of expert recommendation in the association of factors affecting investors' behavior. This study has considered Traditional Behavior, Personal Needs and Company Information as explanatory variables which affect investors' behavior. The study has targeted individual investors of Pakistan Stock Exchange and collected data from 215 investors using convenience sampling technique. The questionnaire was segregated in two sections: first section was about demographic information of the respondents and second section was comprised of 23 items of factors affecting investors' behavior which were measured using five-point Likert scale. The data collected was analyzed using Partial Least Square (PLS). After ensuring reliability and validity of the data, Structural equation modeling (SEM) technique was applied. The findings of this study reveal that personal needs strongly predict investors' behavior. Moreover, expert recommendation fully mediates the nexus between personal needs and investors' behavior. Traditional behavior substantially affects the investors' behavior directly and through expert recommendation. However, company information does not have any direct or indirect effect on investors' behavior through expert recommendation. The findings of this study will help brokers and investment advisors to provide valuable insights to investors while keeping in view the factors that influence the investment behavior.

**Keywords:** Investors behavior, investment decision making, Pakistan Stock Exchange (PSX).