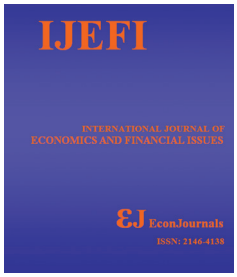

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Psychological and Behavioural Drivers of Short-Term Investment Intentions

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ABSTRACT

Analysing the factors that influence the short-term investment intentions of investors is critical for investment institutions. If investment institutions are informed about these factors they can create a framework to more accurately profile their clients to provide clients with the desired liquidity, maturity dates and desired risk and return expectations. Risk tolerance is one of the elements that has been used over time to profile investors, however, this paper found that other factors should also be included. Therefore, this article aimed to determine what drives investors' short-term investment intentions following a more sociological and behavioural approach by including investor personality traits, behavioural finance biases and investors' risk tolerance behaviour. Secondary data was obtained from a private investment firm surveying private investors in South Africa. Male investors were also more likely to invest in the short-term compared to female investors. Several personality traits, risk tolerance and a single behavioural finance bias were found to influence investor intentions to invest in the short-term. It is therefore recommended to portfolio management companies that several sociological and behavioural variables do explain whether investors will be willing to invest in short-term or more long-term investment portfolios.

Keywords: Risk Tolerance, Behavioural Finance Biases, Personality Traits, Short-term Investment, Private Investment
JEL Classifications: A14, G11, G41

1. INTRODUCTION

Several studies have succeeded to identify the impact of demographic variables, personality traits and behavioural finance biases on investors' risk tolerance behaviour and investment decisions (Alquraan et al., 2016; Bakar and Yi, 2016; Kumar and Goyal, 2016; Sadiq and Amna, 2019). Factors related to the external environment including macro-economic variables, tax exposure and political factors also affect individual risk tolerance behaviour and investment decisions (Kadariya, 2012; Lian et al., 2019; Moshi and Kilindo, 1999; Van den Bergh-Lindeque, 2020). However, limited empirical evidence exists on factors that influence investors' short-term and long-term investment intentions. In financial terms, investment intention refers to the desire of investors to invest (Listyarti, 2014). Investors with long-term investment intentions have their money tied up in investments for several years whether it is for retirement, insurance, or wealth creation, hence defined as long-term investment intentions. This includes investing in assets such as equity, corporate and government bonds and real estate. Short-term investment intentions are investors' desire to invest in financial products held for 3-12 months with the aim of immediate spending (Kannadas, 2021; Sashikala and Chitramani, 2018). Short-term investments include cash, treasury bills, short-term government bonds and certificates of deposit.

The differences between long-term and short-term investments are based on liquidity, maturity dates and the risk and return expectations related to the investment. Long-term investments offer higher rates of return, have low liquidity and are associated with high risk. This implies that investors who intend to invest in the long term have more time to absorb investment losses. Conversely, short-term investments produce low returns, have higher liquidity and carry little risk (Sashikala and Chitramani,

2018). As a result, investors who intend to invest in the short term have less opportunity and time to absorb investment losses. All these elements have to be considered concerning long-term and short-term investment intentions.

In order to make an effective investment decision whether the intention is to invest long-term or short-term, the investor must weigh alternative investments and define the criteria to minimise those alternatives and rank the preferred investment securities. The criteria that influence long-term and short-term investment intention, as well as the appropriate investment choice, can be classified as the rational factors category and irrational factors category (Listyarti, 2014). Rational factors include fundamental indicators and technical indicators to evaluate over or undervalued securities. Irrational factors incorporate individuals' risk tolerance, behavioural biases and personality traits.

2. LITERATURE REVIEW

Investment decisions are taken based on investors' rational actions but also their perception and tolerance for risk. Risk tolerance, per definition, is the degree of deviation in investment returns that an individual is willing to tolerate when making an investment decision (Grable, 2000; Harlow and Brown, 1990). Sahin and Yilmaz (2009) also define risk tolerance as an attitude towards the level of risk. Financial planners need to incorporate demographic, socio-economic and psychological factors when profiling their client's investment goals, as these factors affect individuals' financial risk tolerance (Van de Venter et al., 2012). Moreover, risk tolerance is also a single factor that may influence the asset mixture in a portfolio, regarded as the optimum risk and return level taking into account the requirements of an investor (Hallahan et al., 2004). Risk tolerance is composed of four aspects namely social, ethical, physical and financial (Sulaiman, 2012). Furthermore, Sulaiman, (2012) indicated that risk tolerance is related to demographic factors for example age, marital status, gender, occupation, income and investment knowledge. The results of Ahmad et al. (2011), as well as Finke and Huston (2003), showed that younger individuals tend to accept higher risk compared to those approaching retirement age. Sulaiman (2012) provided contradictory results by proving that individuals' levels of risk tolerance do not diminish with their age. Furthermore, Charness and Gneezy (2002) found that women are more likely to be risk-averse while men choose riskier investments. Studies by Croy et al. (2010) and Faff et al. (2008) revealed that individuals who earn high income possess high-risk tolerance.

Several techniques have been used to measure financial risk tolerance. The techniques can be divided into measures based on detecting risky behaviour and measures through surveys to probe questions that estimate one's willingness to accept risk in particular circumstances (Hanna and Lindamood, 2004). An inverse association exists between financial risk tolerance and the economists' concept of risk aversion (Hanna et al., 2008; Yao et al., 2005). That is, people with high-risk aversion are likely to have low-risk tolerance for financial risk and vice versa (Faff et al., 2008). On average, individuals who accept higher risks within their portfolios are likely to gain greater wealth over time compared to more risk-averse individuals (Grable and Roszkowski, 2007).

Other criteria that may affect investors' investment intentions and consequently their investment decisions are individual behaviour (Ferreira-Schenk et al., 2021). Traditional financial theories, in particular, the efficient market hypothesis (EMH) and Markowitz portfolio theory (MPT) believe that individual investors behave rationally when making investment decisions after considering all available information and maximising their utility. However, in reality, investors do not constantly act rationally in their behaviour as their level of risk tolerance does not correspond with traditional theory. Rather, investors' decisions are mainly driven by their personality traits and behaviour towards risk (Van den Berg-Lindeque, 2020; Pak and Mahmood, 2015). Behaviour finance recognises the influence of psychological characteristics on investment behaviour (Singh, 2010). Mankuroane (2020) and Muhammad (2009) agree that investors' behaviour is not always rational as their investment decisions are affected by cognitive and psychological errors. This implies that investors form judgments and make a decision based on personal preferences, beliefs and past events (Botha and Ricciardi, 2014). Therefore, to make an effective investment decision, individual behaviour needs to be considered with the standard finance model in order for the model to be complete (Reilly, et al., 2019). Investors exhibit several biases. The following list represents the most common behavioural finance biases investors possess. Consequently, these biases affect their investment intention and decisions:

- Loss aversion bias: Individuals tend to take less risk or assign more value to avoid loss instead of concentrating on profits (Lucarelli and Brighetti, 2011).
- Mental accounting bias: Individuals arrange, evaluate and keep records of investment activities. It is therefore a process of keeping track of losses and gains concerning financial decisions in separate mental accounts (Thaler, 1985).
- Regret aversion bias: Individuals want to avoid feelings of disappointment or regret due to a bad investment decision (Kannadhasan, 2009).
- Self-control bias: Individuals exercise self-control aimed at avoiding temptations in taking high risks that can result in losses to protect their investments (Van den Bergh-Lindeque, 2020).
- Representative bias: This bias results in individuals grouping investments as good or bad regarding their last performance. This implies that individuals tend to overreact as the assumption is that recent events will recur (Singh, 2010).
- Anchoring bias: Individuals tend to base their decisions on the first source of information that is revealed to them. As a result, individuals experience difficulties adjusting to new information (Baker and Ricciardi 2014).
- Gambler's fallacy: According to Subash (2012) this bias arises when individuals make wrong predictions on financial market outcomes, for example, a trend or reversal based on future market patterns.
- Availability bias: The tendency of individuals to base their investment decisions on the latest information (Kannadhasan 2009).
- Overconfidence bias: Individuals are overconfident in their abilities and skills. Individuals who exhibit this behaviour

engage in excessive trading and resulting in poor investment returns (Baker and Ricciardi 2014).

As individual investors gain knowledge of their different behaviours they will become more aware of how these biases can influence their investment intention and ultimately their investment decision. On the other hand, researchers such as Caliendo et al. (2012) and Heineck and Anger (2010) showed interest in the effect personality traits have on economic outcomes. Moreover, Brown and Taylor (2014) indicated that financial decision-making at an individual and household level may be influenced by personality traits. Furthermore, individual personality traits influence spending, management of investments and risk tolerance (Krishnan and Beena, 2009; Nga and Ken Yien, 2013).

It is evident that financial decision-making at an individual and household level, concerning debt acquisition and the holding of financial assets, may be affected by personality traits (Brown and Taylor, 2014). Furthermore, Krishnan and Beena (2009), as well as Nga and Ken Yien (2013), reported that individual personality traits influence the management of investments, spending and risk tolerance. According to Pak and Mahmood (2015), personality refers to an individual's reaction, interaction and behaviour towards other individuals exhibited through measurable characteristics. Individuals' personality traits influence their risk-taking behaviour in various aspects of their life, such as gambling, social and investment decisions. Back and Seaker (2004) proved that in uncertain circumstances, an individual's personality trait directs their investment decision. In this paper, the big five-factor model will be used to explain investors' investment intentions. This is the most widely used model that incorporates the following personality traits: neuroticism, openness to experiences, conscientiousness, agreeableness and extraversion.

Crysel et al. (2012) stated that personality traits affect individual investment decisions. Extroverts are known as optimistic, pleasant and outgoing individuals. Positive extroverts may overestimate the market and underestimate loss. Conversely, extroverts with negative attitudes overestimate risks which can result in missing out on profitable investment opportunities (Lo et al., 2005). Individuals with the agreeable trait are trustworthy, cooperative, humble and take other individuals' advice into account. Those high in agreeableness are dependent on financial advisors' opinions on investment decisions rather than following their advice. Individuals with low agreeableness are sceptical, take lower risks and make more informed decisions (Chitra and Sreedevi, 2011). Conscientious individuals are confident, cautious, analytical, well organised and set clear investment goals. These individuals take high risks without being reckless. Individuals who score high on openness to experience adapt easily, have a desire to learn more, are creative and tolerate higher risk. Mayfield et al. (2008) argue that these individuals will adapt to new market information and change their investment portfolios accordingly. Individuals labelled as neurotic have a lack of cognitive skills, poor analytical abilities and critical thinking. Those with low neuroticism are anxious when making risky investment decisions (Young et al., 2012). On the other hand, individuals with high neuroticism often overestimate the loss during market crashes and underestimate the gain in favourable market conditions (Pak and Mahmood, 2015).

The preceding discussion focused on the influence of personality traits on risk-taking behaviours and investment decisions. The purpose of this study is to explain the different factors that influence short-term investment intentions since only a few research interests exist. Personality traits are one of the main drivers that explain investment intentions. Table 1 summarises the influence of the big five personality traits on investment intentions conducted by previous studies.

Another factor influencing short-term investment intentions is subjective well being (SWB). An interest evolved regarding SWB and has been identified in the research world under terms such as morale, happiness, positive affect and satisfaction (Diener, 1984). Emmons (1986) described SWB in three components namely life satisfaction, positive affect and negative affect. Life satisfaction refers to cognitive judgemental aspects whereas positive and negative effects to emotional or affective aspects of individuals (Bergstad et al., 2011; Busseri and Sadava, 2011; Ettema et al., 2010). Amongst these components, life satisfaction has been identified to represent a cognitive and total evaluation of the individual life quality. Diener et al. (1985) defined life satisfaction as the process whereby an individual assesses the quality of his/her life based on the criteria of choice. Studies conducted by Pavot and Diener (2008) and Lewis et al. (2011) highlighted that overall life satisfaction is associated with several factors for example demographic factors and mental and physical health.

3. METHODOLOGY AND DATA

3.1. Research Purpose and Design

The goal of this study is to determine the factors that explain investors' short-term investment intentions of a South African investment firm using quantitative research and capturing descriptive data. A positivistic paradigm is adopted to explain the factors that influence short-term investment intentions. A positivistic paradigm asserts that real events can be observed empirically and explained with logical analysis (Goede et al., 2013).

3.2. Study Sample

This paper comprises secondary data based on a primary online survey completed by clients of a private South African investment company. This original electronic survey was distributed to 3 000

Table 1: Big five personality traits on investment intentions

Big five personality traits	Findings
Extraversion	Significant influence on short-term investment intentions.
Agreeableness	Positive influence on both short-term and long-term investment intentions
Conscientiousness	Significant influence on long-term investment intentions.
Open to experience	Positive influence on long-term investment intentions.
Neuroticism	Significant influence on both short-term and long-term investment intentions.

Source: Latif, (2019); Sadiq and Khan (2019); Husnain et al. (2019).

individuals who form the client base, of which 593 were selected randomly for this study. The sample size is in the range of what is recommended by Avikaran (1994) and Crouch (1984). Therefore, the information on individual investors' risk tolerance levels, life satisfaction, personality traits, behavioural finance biases and investment intentions, was collected through an existing and available survey. Furthermore, the selected sample size of individual investors was considered acceptable for analyzing with IBM SPSS® version 26.

The investors who partaken in the survey were required to select their relevant age category, which comprised 16-24 years, 25-34 years, 35-49 years or 50 years and over. Of the participants, 2.5% indicated they are between the age of 16 and 24 years and 18.4% indicated they are between the age of 25 and 34 years. Furthermore, the majority (40.1%) of the participants indicated their age as between 35 and 49 years, whereas 30.9% indicated their age as above 50 years. The majority (n=337) of the sample was made up of female investors whereas 256 investors indicated they are male investors.

3.3. Questionnaire Design

A structured survey was used consisting of five categories:

Category 1 included demographic information questions relating to gender, age, race, material status, religion, province, education and annual income. Malhotra (2007) warns that the target population needs to be defined accurately to avoid misleading empirical findings.

Category 2 measured the investors' risk tolerance behaviour using the survey consumer finance (SCF) scale. This four-level scale is limited to include all the variables of financial risk tolerance levels, however, it remains an all-inclusive measure for investment behaviour (Grable and Lytton, 2001).

Category 3 focused on investor personality traits. Investors' personalities (neuroticism, extraversion, conscientiousness, agreeableness, and openness to experience) were measured with the Big Five model as a measuring instrument. The personality measure contains items or questions that represent the Big Five and responses provided on the questionnaire range from strongly disagree to strongly agree (Bleidorn et al., 2009; Valette-Florence et al., 2011).

Category 4 five items were used to measure investors' willingness to invest in products that can be converted into cash between 3 and 12 months (Sashikala and Chitramani, 2018). Investors had to indicate their willingness to invest in short-term securities by using a 6-point Likert scale (strongly agree to strongly disagree).

Category 5 determined the behavioural finance bias an investor is mostly subject to. Investors had to select the rating that was closely related to their financial decisions regarding the statements provided on the survey. The 6-point Likert scale was used where 1 indicates strongly agree and 6 strongly disagrees. Baker and Ricciardi (2015) and Sashikala and Chitramani (2017) identified the following biases an investor might be subject towards representativeness, overconfidence, anchoring, gambler's fallacy, availability bias, loss aversion, regret aversion, mental accounting and self-control.

Category 6 participants assess their level of satisfaction with his/her own life (Diener et al., 1985). This scale consists of five items and the participants had to indicate on a seven-point Likers scale from strongly agree to strongly disagree (Glaesmer et al., 2011).

All requirements pertaining to ethical standards of academic research were adopted and approved by the North-West University (NWU, 2020). The data set was collected from the private investment company that sent out the electronic questionnaire to its client base across the nine provinces of South Africa. Written permission was received to use secondary data of the investment company via gatekeeper permission. The final data set was received from the investment company which permitted the publication of this article with the agreement that the company's name remains anonymous.

3.4. Reliability of Scales

Secondary data were collected using an existing survey completed by a South African investment company's client base. A verified questionnaire was used to measure the level of risk tolerance, personality traits and behavioural biases of each investor. Furthermore, the reliability and validity of the questionnaire will be reported to confirm the reliability of the data set used. According to Cronbach (1951), the reliability of a scale depends on the number of scaled items, therefore an α value of 0.7 is considered acceptable in terms of internal reliability consistency when using continuous variables. Malhotra (2010) points out that an α value of 0.6 and higher are still regarded as acceptable in terms of internal reliability consistency, specifically in the field of human behaviour where human behavioural responses are gathered using categorical variables. The Cronbach α-value for personality traits was 0.75 and is considered acceptable. The behavioural bias scale had a Cronbach α-value of 0.69 and the SWL scale had a Cronbach α-value of 0.89 making both these scales also reliable.

3.5. Data Analysis

The data analysis was performed after the data set was coded via IBM SPSS® Amos™, version 26. Since categorical data is used in this study, a regression analysis was considered to be the most appropriate model to represent the data.

In this paper, the regression analysis will test the relationship between the dependent variable (short-term investment intentions) and independent variables (personality traits, behavioural finance biases, life satisfaction and risk tolerance) to facilitate the achievement of the primary goal.

Linear and multiple regression use the same underlying principles. With regards to multiple regression, there is more than one explanatory variable that is responsible for indicating which variables have an impact on the dependent variable (Kellerman, 2019). The dependent factor, *Y*, usually depends on a larger group

of independent factors or regressors. Asteriou and Stephen (2016) provide the general form for the multiple regression model as:

$$Y_t = \beta_0 + \text{Personality traits} + \text{SCF} + \text{SWL} + \text{BF} + u_t \quad (1)$$

The dependent variable is represented by Y_t. β_0, indicates the dependent variable's intercept, whereas β_k is the sample scope coefficient for the k^{th} observation. The explanatory variable is represented by X_{kt} for the k^{th} observation and u_t is the error term (Asteriou and Stephen, 2016). The R-square, also known as the multiple coefficients of determination is used to measure the goodness of fit of the fitted regression line of the sample. It provides the proportion of the overall difference in the dependent factor described by multiple independent factors (Gujarati and Porter, 2010). This study used multiple regression to determine which of the variables including risk tolerance, behavioural finance biases, life satisfaction and personality traits; and which of the demographics including age, annual income, and the highest level of education are predictive. The previously mentioned variables and demographic factors were processed as independent factors and short-term investment intentions as the dependent factor.

3.6. The Hypothesis Formulated for this Study

Null hypothesis (H01): Risk tolerance level does not influence the short-term investment intentions of investors.
Alternative hypothesis (Ha1): Risk tolerance level influences the short-term investment intentions of investors.
Null hypothesis (H02): Personality traits do not influence the short-term investment intentions of investors.
Alternative hypothesis (Ha2): Personality traits influence the short-term investment intentions of investors.
Null hypothesis (H03): Behavioural biases do not influence the short-term investment intentions of investors.
Alternative hypothesis (Ha3): Behavioural biases influence the short-term investment intentions of investors.
Null hypothesis (H04): The level of life satisfaction does not influence the short-term investment intentions of investors.
Alternative hypothesis (Ha4): The level of life satisfaction influences the short-term investment intentions of investors.

4. EMPIRICAL RESULTS

4.1. Demographic Comparison Analysis

As mentioned in the study sample description, investors were classified based on their age and gender. These demographics were used to do a comparative analysis between the groups in terms of their short-term investment intentions as recommended by Ferreira-Schenk et al. (2021). A high mean value indicates that investors tend to have short-term investment intentions. Between the four age categories, none of them revealed a statistically significant difference in the groups based on their short-term intentions to invest. Gender has a medium effect (effect size of $r = 0.32$) on short-term investment intentions. The male and female portion of the sample had a mean value that confirmed the variance in short-term investment intentions based on gender (Male = 3.32, Female = 3.01). The male portion of the sample had the highest mean value, meaning that male investors are more likely to have short-term investment intentions toward investment products. These results are consistent with the findings of Mayfield et al. (2008).

4.2. Regression Analysis

Linear regression is responsible to indicate which variables have an impact on the dependent variable. In order to determine if the independent variables influence investors' short-term intentions to invest, a regression analysis was performed. The R-square explains the variation in the dependent variable due to the change in the independent variable (Hardy and Bryman, 2004:209). The value of the R-square is 0.316 indicating that the model explains 31.6% of the variance in short-term investment intentions.

Table 2 indicates that the model as a whole is statistically significant (0.000) at the significance level of 1%. This shows that the independent variables significantly (F-value=(17.158), $p<0.001$) predict the short-term intentions of investors.

4.2.1. Personality measures

The regression model starts by indicating the personality measures that predict the intention of investors to invest in the short term. Table 3 also indicates the mean values for each personality measure. The mean value of openness to experience is the highest (20.25), indicating that investors enjoy trying new things, being curious and sophisticated. Conscientiousness indicated the second highest mean value of 17.59, showing that investors tend to be careful, efficient, and organised. Moreover, the third-highest mean value is held by extraversion (16.53), indicating that investors with this trait are sociable, assertive, and have a high activity level. The mean values of neuroticism (15.00) and agreeableness (13.03) are the lowest, indicating that investors are more likely to be open to experience, conscientious, and extraverted than compared to being agreeable and anxious. In terms of risk aversion, investors are more concerned with being risk averse (15.21), than compared to being agreeable and anxious. Taking the variance inflation factor (VIF) into account, values more than 10 for VIF indicate multicollinearity. The independent variables for personality traits in Table 3 show that the values for VIF are below 10, meaning that there is no multicollinearity.

The largest beta coefficient is 0.172, indicating that openness to experience strongly influences investors' intention to invest in the short term. Therefore, there will be a significant change in investors' intention to invest in the short-term with 0.172%. Following the beta value to openness to experience is conscientiousness with a standardised beta value of 0.169 indicating a significant relationship with investors' intention to invest in the short-term. Extraversion and agreeableness were also found to have a positive significant relationship with short-term investment intentions. Dickason-Koekemoer et al. (2020) also found investors who are extroverts intend to invest in both

Table 2: Analysis of variance

	Sum of squares	df	Mean square	F	Sig.
Regression	164.713	15	10.981	17.158	0.000***
Residual	357.114	558	0.640		
Total	521.827	573			

Table 3: Model summary of the independent variables on short-term intentions of investors

Factors	Items	Mean	T	P-value	Standardised beta	VIF
Personality traits	Neuroticism	15.00	−0.203	0.839	−0.009	1.578
	Extraversion	16.53	2.118	0.035**	0.084	1.273
	Openness to experience	20.25	4.446	0.000***	0.172	1.214
	Agreeableness	13.03	1.998	0.046**	0.079	1.263
	Conscientiousness	17.59	4.306	0.000***	0.169	1.256
	Risk aversion	15.21	−1.328	0.185	−0.054	1.333
SWL	Life satisfaction	18.20	0.410	0.682	0.016	1.289
Risk tolerance	SCF	2.09	3.810	0.000***	0.151	1.288
Behavioural biases	Representativeness	4.30	−1.472	0.142	−0.059	1.320
	Overconfidence	3.19	7.254	0.000***	0.308	1.468
	Anchoring	2.65	−0.596	0.551	−0.023	1.225
	Gambler's fallacy	3.92	0.767	0.443	0.032	1.394
	Availability bias	4.35	0.948	0.343	0.037	1.246
	Regret aversion	3.56	0.171	0.865	0.006	1.125
	Self-control	4.75	0.096	0.924	0.004	1.260

***Significant at 0.01 level, **Significant at 0.05

the short-term and the long-term. The study by these researchers found investors who fall in the agreeableness personality trait to be more likely to invest in the short-term.

For this study neuroticism was found not to be significant as a p-value larger than 0.1 were found and the lowest beta value (–0.009). The t-ratio for all models assumes that all personality measures, except for neuroticism and risk aversion, predict short-term intentions on investments. It is evident from Table 3 that some personality traits have a significant influence on short-term investment intentions. As a result, the null hypothesis that states that personality traits do not influence the short-term investment intentions of investors should be rejected and the alternative hypothesis should be concluded.

A previous study by Nandan and Saurabh (2016) found neuroticism to influence short-term investment decisions which are contrary to this study. However, the study by these researchers did find a relationship between extraversion, openness and agreeableness. Nandan and Saurabh (2016) found no relationship between conscientiousness and short-term investment decisions. Previous results from Sadiq and Khan (2019) revealed that extraversion, agreeableness, and conscientiousness have a positive impact on the short-term investment intention of investors which are similar to the results from this paper. The results of this study slightly contradict the findings of Lathif (2019) who also found neuroticism also has a positive significant relationship with short-term investment intentions. More recent results from Dickason-Koekemoer et al. (2020) found extraversion, openness to experience, agreeableness and conscientiousness to influence the short-term investment decisions of investors.

4.2.2. Life satisfaction

According to Table 3, life satisfaction had a mean value of 18.20, which implies that the variable is not very likely to influence the short-term intentions of investors. The t-ratio is insignificant at a 1% significance level, suggesting that life satisfaction may not significantly influence short-term intentions to invest. The evidence concludes that life satisfaction, in this case, does not have a significant relationship with the short-term investment intentions of investors. The null hypothesis that states that there is no relationship between life satisfaction and the intention of investors to invest in the short-term intentions should be accepted and the alternative hypothesis should be rejected. The low beta coefficient of 0.016 indicates that a unit change in life satisfaction will lead to a 0.016 change in the scale variable of short-term intentions. When considering the VIF value for life satisfaction, the value for VIF is below 10, meaning multicollinearity does not exist for the life satisfaction of investors.

4.2.3. Risk tolerance

Table 3 indicated how well the subjective risk tolerance scale from the survey of consumer finance (SCF) forecasts the dependent variable, i.e. short-term investment intentions. Risk tolerance had a mean value of 2.09. The t-ratio for all models indicates that risk tolerance predicts short-term intentions on investments. Table 3 reveals that risk tolerance has a significant influence on investors' intentions to invest in the short term. As a result, the null hypothesis that states that there is no relationship between risk tolerance and short-term investment intentions of investors should be rejected and the alternative hypothesis that states that there is a relationship between risk tolerance and short-term investment intentions of investors should be concluded. Risk tolerance has a beta coefficient of 0.151, meaning that risk tolerance contributed 0.151% to explain the intentions of investors to invest in the short term. Concerning VIF, the VIF value for risk tolerance is below 10, revealing that there was no multicollinearity. The results from this paper are in line with recent researchers who found risk tolerance to have a strong positive relationship with short-term investment decisions (Ferreira-Schenk et al., 2021; Mankuroane, 2020).

4.2.4. Behavioural biases

Table 3 reveals how well each of the behavioural biases predicts the dependent variable, i.e. short-term investment intentions. Representativeness had a mean value of 4.30 (Max = 6.00). The t-ratio was insignificant (0.142) at the 1% level suggesting that representativeness bias does not significantly influence the investor's short-term investment intentions. The null hypothesis (H04) that states that there is no relationship between representativeness and short-term investment intentions should be therefore concluded. Overconfidence had a mean value of 3.19. The significant t-ratio ($P < 0.01$) for overconfidence bias suggests

that this bias is likely to influence the short-term intentions of investors to invest. The null hypothesis that states that there is no relationship between overconfidence and short-term investment intentions should be rejected and the alternative hypothesis (Ha3) should be accepted. The high standardised beta coefficient of 0.308 indicates that a unit change in overconfidence bias will result in a 0.308% change in short-term investment intentions.

According to Table 3, anchoring bias has a mean value of 2.65. The insignificant t-ratio ($P > 0.01$ and $P > 0.05$) for anchoring bias suggests that this bias does not significantly predict the short-term intentions for investing. The null hypothesis states that there is no relationship between anchoring and short-term investment intentions and should be therefore concluded. As a result, multicollinearity does not exist. Gambler's fallacy had a mean value of 3.92. The insignificant t-ratio ($P > 0.01$) for gambler's fallacy suggests that this bias also does not significantly predict short-term investment intentions. The null hypothesis states that there is no relationship between gambler's fallacy and short-term investment intentions should therefore be accepted.

Results in Table 3 reported that availability bias has a mean value of 4.35 which is fairly high. Comparatively, the insignificant t-ratio ($P > 0.01$) for availability bias suggests that this bias does not significantly influence short-term investment intentions. The evidence is insufficient to conclude that availability bias influences the short-term investment intentions of investors. The null hypothesis (H03) that states that there is no relationship between availability bias and short-term investment intentions should be accepted. Regret aversion has a mean value of 3.56. The t-ratio is insignificant at 1% significance level, meaning that regret aversion does not influence short-term investment intentions significantly. The self-control bias had a mean value of 4.75. However, the t-ratio (0.924) is insignificant at a 1% significance level. Lastly, the VIF value of all behavioural biases was lower than 10, indicating that multicollinearity does not exist. The results from this paper are in line with recent researchers who found some behavioural finance biases to have a strong positive relationship with short-term investment decisions (Ferreira-Schenk et al., 2021; Mankuroane, 2020).

5. CONCLUSION

The efficient market hypothesis and Markowitz portfolio theory believe that individual investors behave rationally when making investment decisions after considering all available information and maximising their utility. However, in reality, investors do not constantly act rationally if their irrational behaviour does not correspond with traditional theory. Rather, investors' decisions are mainly driven by their personality traits, behavioural finance biases and behaviour towards risk tolerance. Analysing the factors that influence the short-term investment intentions of investors is critical to providing investment institutions with a framework that will create more accurate client profiles that provide clients with the desired liquidity, maturity dates and desired risk and return expectations. Risk tolerance is one of the elements that has been used over time to profile investors, however, this paper found that other factors should also be included. Therefore, this article aimed to determine what drives investors' short-term investment intentions following a more sociological and behavioural approach by including investor personality traits, behavioural finance biases and investors' risk tolerance behaviour. Therefore, to make an effective investment decision, individual behaviour needs to be considered with the standard finance model for the model to be complete.

Demographics such as age and gender were considered as part of the demographic profile for investors' investment intentions. Age indicated no statistically significant relationship with investors' short-term investment intentions. The age category 25–34 years had the highest mean value, suggesting that the age of these investors tends to influence their short-term investment intentions compared to the age 16 to 24. Male investors had the highest mean value, meaning that male investors are more likely to have short-term investment intentions towards investment products compared to female investors.

Based on the data from a private investment firm in South Africa, the majority of personality traits have a relationship with the short-term investment intentions of private investors. Overall, extraversion, openness to experience, agreeableness, and conscientiousness all influenced short-term investment intentions. Overall, the satisfaction of life of investors played no role in their intention to invest in the short-term. However, their subjective risk tolerance level did have a relationship with short-term investment intentions. In terms of behavioural finance biases, the overconfidence bias was the only one to suggest that this bias is likely to influence the short-term intentions of investors. All other behavioural biases did not influence investment intentions in this case. It is therefore recommended to portfolio management companies that several sociological and behavioural variables do explain whether investors will be willing to invest in short-term or more long-term investment portfolios.

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