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BEYOND RISK: THE MODERATING ROLE OF SELF-CONTROL IN STOCK MARKET INVESTMENT DECISIONS

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Abstract

This study investigates the relationship between risk tolerance, risk perception, and investment decisions among individual investors in the stock market, with a focus on the moderating role of self-control. By analyzing a survey of 388 investors, the research reveals that risk tolerance, risk perception, and self-control are all significant predictors of investment decisions. However, self-control emerges as a critical factor that can either amplify or dampen the impact of risk tolerance on investment choices. The study finds that investors with high self-control are better equipped to navigate the stock market's uncertainties and make informed decisions. The findings suggest that financial institutions can better serve their customers by identifying potential behavioral biases and providing targeted guidance to strengthen self-control, ultimately leading to more informed investment decisions and greater success in the stock market.

Keywords: risk tolerance, risk perception, investment decisions, self-control, individual investors

1. BACKGROUND AND CONTEXT

Investing in the stock market is one of the riskiest investment choices available in the world's financial markets. Stock investors are risk-takers whose choice of investments is determined by the predicted risk premium, which is meant to make up for the risk they have incurred. However, research has shown that investors do not always make rational decisions. Empirical evidence has revealed recurring forms of irrationality, unpredictability, and ineptitude in the ways investors arrive at decisions and choices when confronted with market uncertainty.

The Nigerian financial market has been no exception to these inconsistencies. The All-Share-Index (ASI) of the Nigeria stock market fell by 48.1% in ten months in 2008, and capitalization plummeted from 12.6 trillion to 6.54 trillion. Although the market has recorded some progress in recent years, the involvement of individual investors in the stock market remains low, with only 3% of the total adult population in the country participating in the market.Risk tolerance, risk perception, and self-control are factors that can influence investment decisions. Risk tolerance is the willingness of an investor to take risks, while risk perception is the subjective assessment of the likelihood of an event occurring. Self-control is the ability to break bad habits, resist temptations, and overcome first impulses. Research has shown that self-control is positively related to financial wellbeing, savings, and investment, credit discipline, and retirement planning.

Individuals' risk tolerance levels may also have an influence on investment decisions. Each investor has different individual behaviors, and this behavior affects every decision to be made. Accordingly, investors can be divided into two categories: active investors and passive investors. Active investors are high-risk takers and choose high-risk investments in view of earning high returns, whereas passive investors are more risk-averse and prefer to engage in safe investments.

The relationship between risk tolerance, risk

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perception, and investment decision is complex and can be influenced by self-control. Self-control can help investors focus on long-term balance towards the future and reduce the susceptibility to psychological biases. The theory of planned behavior (TPB) links one's beliefs and behavior, and states that perceived behavioral control shapes an individual's behavioral intentions and behaviors.

Extant studies have provided empirical support for the relationship between these variables, risk tolerance, risk perception, and investment decision, but findings have not been consistent. Risk tolerance was reported in the literature to have mixed results, for example, a positive correlation was reported in some studies, while a negative correlation with investing decision was reported by others. Similar findings were recorded in the relationship between risk perception and investment decision.

Given the importance of making the right investment decision in the stock market, this study aims to determine the moderating effect of self-control on the relationship between risk tolerance, risk perception, and investment decision among individual investors in the Nigerian stock market. The study will examine the effect of risk tolerance, risk perception, and self-control on individual investing decisions and determine the moderating effect of self-control on the relationship between risk tolerance and individual investing decision, as well as the moderating effect of self-control on the relationship between risk perception and individual investing decision.

The study will contribute to the existing literature on the relationship between risk tolerance, risk perception, and investment decision, and provide insights into the role of self-control in influencing investment decisions. The findings of the study will have implications for investors, financial institutions, and policymakers, and will provide recommendations for improving investment decisions and promoting financial wellbeing.

2. LITERATURE REVIEW

2.1 Conceptualization

Financial risk tolerance and how it relates to investing decision-making are generally studied from two primary theoretical angles. The expectation utility theory (Von Neumann & Morgenstern 1947) is one of the most well-liked traditional/normative financial models, which assume rational behaviours and dictate how people should make decisions (Grable 2008). However, behavioural finance and descriptive theories contest the rational behaviour assumption, arguing that people are inherently non-rational and that their real decisions may contain "behavioural biases or cognitive errors" (de Dreu & Bikker 2012).

Investing entails making a current sacrifice in exchange for a future benefit. Individuals, businesses, and governments are all in a position to determine whether or not to invest, as well as how to diversify among the available possibilities. Individual investment behaviour is concerned with decisions about small-scale securities purchases for one's own account (Jagongo&Mutswenje, 2014).

A person's ability to assess hazards that deviate from estimations, ideas, or reality is known as risk perception. Perception of risk is one aspect of cognitive bias. Individuals that exhibit greater bias in their actions tend to perceive less risk. When someone makes a poor decision and loses, they are more likely to characterize a scenario as risky, particularly if the loss affects their financial circumstances. The higher a person's perception of risk, the more the person avoid allocating funds to high- risk assets and prefer low risk assets (Hariharan, Chapman, & Domian, 2000). Investors with a lower risk perception tend to choose to invest in high-risk stocks, compared to deposits with low risk (Aren & Zengin, 2016; Keller & Siegrist, 2006). When someone is making a financial decision, their risk tolerance is understood to be the highest degree of return unpredictability that they are willing to accept. It also refers to the manner in which an individual reacts to and manages financial risks. Investors may choose to take on risk, steer clear of it, or not give a damn (Wulandari &Iramani, 2014). In order to ensure that the risk someone is willing to take is in line with the rate of return they will receive in the future, risk tolerance can help someone understand the level of risk associated with investments and help them be able to tolerate and harmonize existing risks to suit the investment objectives.Someone with high risk tolerance tends to be brave to invest in high- risk assets, while someone with low risk tolerance has a tendency to avoid high-risk assets (Corter & Chen, 2006; Nguyen et al., 2016; Pompian, 2012).

However, a person with high risk tolerance does not reduce investment in low-risk assets, such as bonds, to be transferred to high-risk assets such as stocks (Hariharan et al., 2000).

Financial self-control is another construct recognized by scholars and financial analysts as a predictor of financial behaviour and financial well-being. Self-control is the quality that allows you to stop yourself from doing things you want to do but that might not be in your best interest.

A quality that allows one to be self-regulated. Self-regulation encompasses the processes through which mental representations of situations develop, activate emotions, and interact with emotions to shape decisions for goal pursuit (Carver & Scheier, 1998; Leventhal et al., 2012; Mann et al., 2013). These processes shape decisions and behaviour through stages of setting goals, planning and enacting strategies to achieve these goals, appraising feedback to determine progress toward goal attainment, and revising goals and actions accordingly.

Appraisals of good or poor progress can elicit emotions that independently influence goal-setting and goal pursuit. The perception of risk and, thus, expectancies about the outcomes of an entrepreneurial activity, depend on various other expectancies, including the probabilistic estimates of outcomes and the controllability of outcome attainment (Sitkin & Pablo, 1992).

Bounded rationality is a concept proposed by Herbert A. Simon, an American political scientist, in his 1957 book "Models of Man." Bounded rationality has come to broadly encompass models of effective behaviour that weaken, or reject altogether, the idealized conditions of perfect rationality assumed by models of economic man. Bounded rationality comprehensively concerned with the manner actual decision-making process impacts the decisions that arrived (Kinoshita et al., 2013); (Ahmad Zamri, Ibrahim, Haslindar, Tuyon, 2017). The theory assumed that people are not fully rational and not capable of making logical decisions as against the common belief in economic models that people are fully rational and capable of making logical decisions. Humans base their decisions on their limited knowledge and cognitive capacity.

This study considered this theory appropriate to underpin the model because it identified time limit, human reasoning abilities and limited knowledge as the driving factors in decision making. Time within which individual is expected to carry out analysis before making decision is limited and as such gives way to people to engage in some irrational mental short cut. Likewise, bounded rationality also assumed individual limited knowledge, knowledge in this context include market information, this enables the individual to exercise some behavioural control while making investment decision.

2.2 Empirical studies

Risk tolerance and investment decision

Empirically, risk tolerance has been found to significantly affect risky decision-making in different financial/investment contexts (e.g., Cardak& Wilkins 2009; Nguyen, Gallery, & Newton, 2016). Notably, it has been reported that risk tolerant individuals tend to invest less in risk free assets (Hariharan *etal.,* 2000) or risk averse households are more likely to have a lower proportion of their assets allocated in risky assets (Cardak& Wilkins, 2009).

In a relationship between financial literacy, risk tolerance and investment intention, Samsuri, Ismiyanti and Narsa, (2019) reviewed many papers and observed that past studies have documented the correlation between financial literacy and a set of behaviours: e.g. saving, wealth, and portfolio choice. They further noted that risk tolerance is a significant factor in a number of household financial decisions. In the context of this study, investors may be interested in investing in a particular company only when they have the time and skill to evaluate the company and have money to invest. The study was carried out in Indonesia,as against the context of the current study, it further focused generally on financial decision while the current study was specifically investment decision.

Nguyen et al., (2016) examined the influence of risk tolerance with a focus on the key expected risk tolerance determinants: client financial literacy, trust in the financial advice service, and relationship length with the service. Results revealed a positive relationship between client risk tolerance and investment decision-making. Similar finding was reported in the study by Septi et al. (2019) who examined the effect of risk perception, risk tolerance, overconfidence, and loss aversion on investment decision making using sample from workers in Surabaya and Jombang, East Java.

The results showed that risk tolerance and overconfidence have a significant and positive effect on investment decision making. Other supporting studies are 'Kumari and Pandey (2020) and Sadiq (2019). This is quite true as the person's level of risk tolerance stimulate investment decision.

Kusumaningrum, Isbanah and Paramita (2019) investigated the factors that influence investment decisions. This study uses financial literacy and investment experience variables as independent variables, risk tolerance as an intervening variable and investment decisions as the dependent variable. The research is a quantitative study using primary data, with questionnaires as data collection technique andnovice investors as population in the Economic faculty. Data were analysed using partial least square analysis. Findings also provided support for to those of Kumari (2020), Kumari and Pandey (2019) and Septi, Ainia and Lutfi (2019).

Risk perception and investment decision

Numerous researches have looked into the connection between overall investment decisions and risk perception. The impact of environmental risk perception on investment decisions is investigated by Worawachtanakul et al. (2018). According to the study, making fewer investment decisions is correlated with a higher perception of environmental risk. In a cross-country study spanning many European nations, Wattanasan et al. (2020) investigate the relationship between investment risk perception, financial literacy, and investing behaviour. They find that those who perceive investment risk as high are more likely to behave cautiously when making investments, and that this link is mitigated by financial literacy. Chen et al. (2018) examined how the inclusion of historical risk perception data could improve investment decision making. They find that including historical risk perception data improved the accuracy of predicting investment returns, suggesting that risk perception plays a crucial role in investment decision making.

I nvestment decisions may also be influenced by an individual's perception of risk. According to Robbins and Judge (2008), perception is the process by which people decipher and manipulate messages from their instructors in order to provide meaning for their surroundings. According to findings from research by Dewi and Iramani (2014), investors may continue to make potentially risky decisions even though they believe there is a high risk involved because of the length of the investment period. This suggests that risk perception can have a significant impact on investment decision making. Investment interest is significantly influenced by risk perception, particularly when making decisions under unclear conditions (Vuk et al., 2017). Each individual will be more sensitive to risk when faced with potential investment losses (Alleyne & Broome, 2011). If individualsunderstand more about the risks of investment instruments in the capital market and can measure the amount of acceptable risk, then individuals will be more interested in investing in the capital market. If an investor has a high-risk perception in making investment decisions, he should tend to have a cautious attitude, but in reality, there are still investors who still make decisions without considering that the decisions they take have high risks.

Self-control and investment decision

Sapkota(2023)examined the influence of emotional biases on equity investment decision of individual investors. This study was based on quantitative approach of research with the sample size of 385 individual investors. Evidence indicates that loss aversion bias, overconfidence bias, self-control bias and regret aversion bias had significant positive influence on equity investment decision. Ferreira-schenk & Dickason-koekemoer(2023)examined the theoretical concepts, investor characteristics and investor bias in a risk profile that could influence investors' intent to invest over the long term. Based on traditional investment theory, investment companies acknowledge the impact of risk tolerance on the desired investment horizon of investors. The results indicated that personality traits (extraversion, openness to experience), risk tolerance, and behavioural biases (overconfidence bias) significantly influence long-term investment intentions.

Konstantin (2016) explored how reduced self-control affects individual investment behaviour in two laboratory tasks. Konstantinfind no significant main treatment effect, but secondary effects consistent with findings on self-control from other studies and self-control's potential relevance in financial markets. Average behaviour suggests that reduced self-control increases framing effects, but I cannot reject the null hypothesis of equal investment levels between the

self-control treatments within each investment frame. Analysing the dynamics of decision making in more detail, self-control depleted participants in the narrow frame reduce their investment levels on average over time which seems to be driven by more intense reactions to investment experiences.

Self-control as a moderator

According to Model of three Mental Resilience System mechanisms and the Strength Model of Self-Control (Baumeister et al., 2007; Davy-dov et al., 2010), individuals with high resilience have additional resources that can be used for harm reduction, health protection and promotion, and those who possess these resources have flexible self- regulating system that can enhance the moderating role of self- control. That is, higher resilient individuals show higher self-esteem and a better ability to perform adaptive behaviours, which requires higher self-control in order to obtain positive mental health and well- being (Baumeister &Tierney, 2011). Hence, at a higher level of resilience, individuals may use cognitive strategies requiring self-control to adjust them to improving behaviour.

Though, studies have been conducted on the relationship between risk tolerance, risk perception and investment decision but results produced were inconsistent. Risk perception was reported in the literature to have mixed results, for example a positive correlation was reported in the works of(Alquraan et al., 2016; Nur Aini & Lutfi, 2019). Self- bias is a phenomenon in which a person disregards the role of luck or external forces in their own success and attributes attribution success solely to their own strengths and work. Akbar et al. (2016) concluded that illusion of control and self-attribution favour investor's herding while greater information availability may lead to more logical, reasoned, and rational behaviour, discouraging herding.

According to Gottfredson and Hirschi (1990), Self-control is a behaviour resulting from self-control learning. A self-controlled person exhibits a great deal of willpower and personal control. They do not act impulsively and can regulate their emotions and actions effectively; such people are more willing to risk than others. Kocher et al. (2016), who manipulate traders' self-control in the bubble market paradigm introduced by Smith et al. (1988). From these results it seems as if reductions in self-control can have an effect on aggregate market outcomes possibly by being reinforced through the interaction of market participants. This by implication showed that investors who are high risk taker may be guided by self-control against unnecessary investment decisions.

Tambun and Cahyati, (2023b) tested and analyse self-control moderation on the effect of financial behaviour and spiritual intelligence on financial planning. The results of this study indicate that financial behaviour has proven to have a positive and significant effect on financial planning, spiritual intelligence is proven to have a positive and significant effect on financial planning, self- control is proven to have a positive and significant effect on financial planning, self-control is able to strengthen the influence of spiritual intelligence on financial planning.In a study aimed to prove the role of self-control as a moderator, on the influence of economic literacy and financial management on financial planning. Tambun and Cahyati, (2023a)employed students in Jakarta with a sample of 175 respondents. The findings showed that self-control is able to strengthen the influence of economic literacy on financial planning. The results of the study recommend that if you want to make good financial planning, then economic literacy and financial management are very important factors and support good financial planning. Likewise with self-control, one is able to strengthen the impact of economic literacy and financial management on financial planning

2.3 Research model.

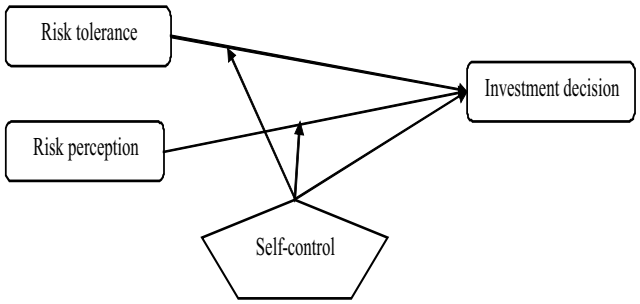

Figure 1: Conceptual framework

Figure 1 above represent the conceptual framework of the study showing the risk tolerance and risk perception as the independent variables, investment decision as dependent variable and self-control as the moderating factor. Going by the position of strength model of self-control, Self-control refers to the capacity for altering one's own responses, especially to bring them into line with standards such as ideals, values, morals, and social expectations, and to support the pursuit of long-term goals. People with high risk tolerating attributes tend to make sub-optimal investing decision, but with the presence of self-control mechanism, the excesses of high risk is reduced.

3.METHODOLOGY

The study utilized cross-sectional research design with the main objective of acquiring the knowledge to the subject matter and it involves a largely quantitative approach and hypotheses were statistically tested. The population of this study comprised of all the retail investors in Nigeria. Nigerian stock exchange [NSE] (2020) put the number of retail investors to over three (3) million. This mean the actual number of individual investors in Nigeria is not known, thus the population here is treated as infinite.

The study employed Dilman(2007)'s sample size formula for infinite population.A sample of 385size. Dillman (2007) provides the following formula for estimating desired sample sizes arrived at 385 investors as sample size. Using the following formula and parameters, the sample size result is as shown below.

$$n = \frac{Z^2 \times p(1-p)}{MoE^2}$$

Where:
n= sample size?
Z= critical value for the desired level of confidence = 1.96
P= the proportion being tested = 0.3
MoE = the desired margin of sampling error = 0.05

n = $(1.96^2 x 0.3 x 0.7)/0.05^2$
n = 0.8067/0.0025
n = 322.68
n = 323

Mayfield et al., (2008)'s scale was used to measure the behaviour of individual investor towards investment decision. Five (5) items were used to measure risk tolerance, 5 items from (Aren & Nur, 2016)were used to measure risk perception. The study employed the 13-item brief self-control scale from Tangney, Baumeister, and Boone (2004). The questionnaire is converted to google form and the link sent to the shareholder through the principal councils of the registered associations of shareholders. The study employed SPSS and PLS-SEM to code, clean the data and analysis.

4. RESULTS AND DISCUSSION

Google generated data recorded 406 responses for which 5 were invalid and this was coded into SPSS. The data was subjected to preliminary analysis such as missing value, outliers and normality test. Missing values noted were replaced using serial mean. However, In the course of data screening, 13 outliers were noted and deleted from the data set there by bringing the number of usable responses to 388 usable for further analysis.

4.1 Measurement model

The study assessed the loading, validity and reliabilities of all the constructs of the study. The average variance extracted (AVE) was used to measure the convergent validity of the constructs of the study, whereas Fornel Lacker criterion and cross-loadings were employed for discriminant validity. To determine the internal consistency reliability and validity of all the constructs of this study and composite reliability (CR) was used.

Table1 showed the construct reliability and validity. All items measuring the various construct of the study loaded above 0.5 which is the minimum loading recommended by Hair, Black, Babin, Anderson and Tatham (2013). However,

items loading below this bench mark were deleted. Consequently, ID4, RT1, RT2, RT3, SC10, SC11, SC12 and SC13 were deleted.

Table 1: Loadings, construct reliability and convergent

Construct	Item	Loadings	CR	AVE
Investment decisio	ID 1	0.808	0.838	0.635
	ID 2	0.874		
	ID 3	0.698		
Risk tolerance	RT4	0.835	0.857	0.751
	RT5	0.897		
Risk perception	RP1	0.878	0.852	0.541
	RP2	0.956		
	RP3	0.597		
	RP4	0.845		
	RP5	0.822		
Self-control	SC1	0.777	0.917	0.554
	SC2	0.653		
	SC3	0.769		
	SC4	0.739		
	SC5	0.630		
	SC6	0.847		
	SC7	0.852		
	SC8	0.730		
	SC9	0.668		

Note: CR=Composite reliability, AVE=Average variance extracted

Source: Authors' computation

From the table 1, All the constructs in the study met the composite reliability benchmark of .7 and average variance extracted of .5. Also, for discriminant validity the study utilized the Fornell and larker criterion which states that the square root of AVE must be greater than the correlation with other variable in the study. This is as presented in table 2 below.

Table 2: Discriminant Validity

Construct	ID	RP	RT	SC
ID	**0.797**			
RP	0.213	**0.736**		
RT	0.433	0.112	**0.866**	
SC	0.218	0.161	0.099	**0.744**

Source: Authors' computation

The square roots of AVE are presented in bolded font on the diagonal and it can be observed that the values are greater than the correlations among the constructs, thus this criterion is satisfied.

4.2 Structural model (Inner model)

The structural model or inner model is the second part of the PLS-SEM. Hair et' al. (2013) identified four key criteria for assessing the structural model in PLSSEM. These include assessments of significance of the path coefficients, coefficient of determination (R^2), the effect size (f^2), and lastly (4) predictive relevance (Q^2). However, to ascertain the effect of risk tolerance, risk perception behaviour and self-control on investment decision, it is important to carry out a bootstrapping analysis. Bootstrapping was done by using 5000 subsamples using 388 cases. Figure Figure 4.1 presented the structural model of the direct effects.

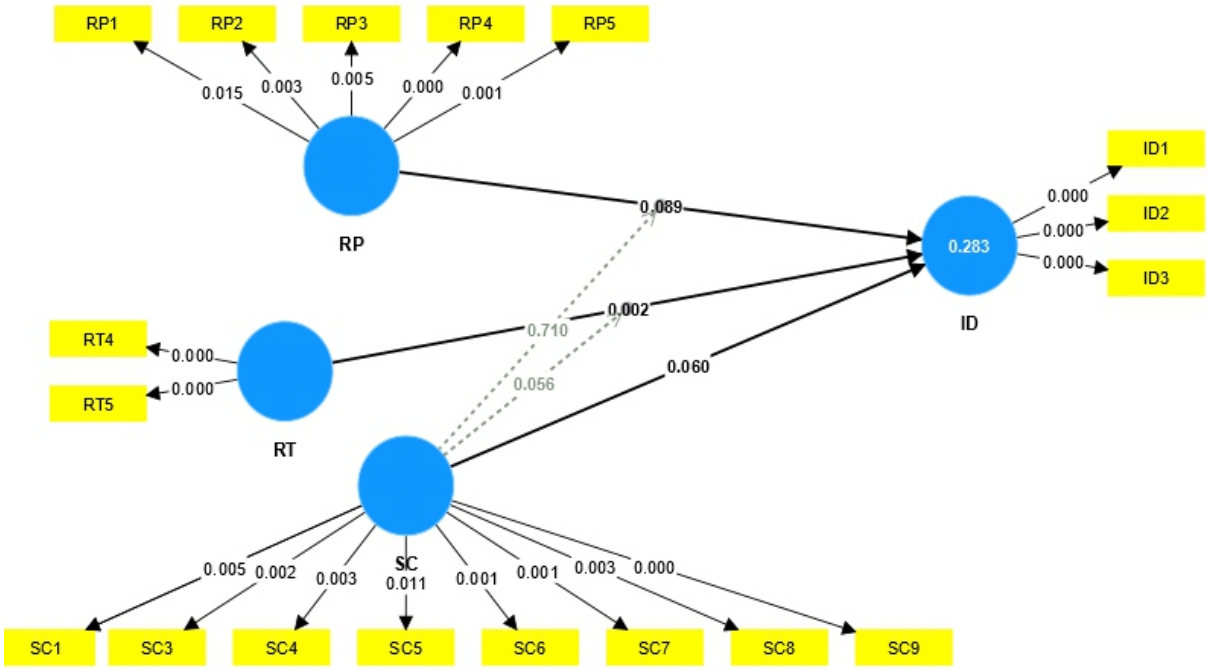

Figure 4.1: Structural model

4.2.1 Assessment of Path coefficient and structural model

On this section, the study tested for all the five hypotheses and table 3 presented the results of the structural model with the beta value of the relationships, t-statistic and p-value.

Table 3: Path coefficients

Hyp	Relationship	Beta	Std Err	T-value	p-value	Decision
H1	RT->ID	0.312	0.102	3.056	0.002	Rejected
H2	RP->ID	0.227	0.133	1.7	0.089	Fail to reje
H3	SC->ID	0.174	0.093	1.882	0.06	Fail to reje
H4	SC x RT -> ID	0.268	0.141	1.91	0.056	Fail to reje
H5	SC x RP->ID	0.049	0.131	0.372	0.71	Fail to reje
R square						**0.283**

Source: Authors' computation

From Table 3, it can be seen that risk tolerance has a positive and significant effect on investment decision (β = 0.312, t-value = 3.056, p-value = 0.002). With this result, the first hypothesis (H_1), RT does not significantly affect investment decision is rejected. Risk perception does not significantly affect investment decision (β = 0.227, t-value = 1.700,P-value = 0.089), the studyfail to reject the second hypothesis, self-control significantly affect investment decision (β = 0.174, t-value = 1.882, p-value = 0.060). Self-control does not significantly moderate the relationship between risk tolerance and investment decision (β = 0.268, t-value = 1.910, p-value = 0.056). the fourth hypothesis is not rejected. Finally, it was discovered that self-control does not significantly moderate the relationship between risk perception and investment decision (β = 0.049, t-value = 0.372, p-value = 0.710). Thus, the study fail to reject the fifth hypothesis. The R square stood at 0.283 which implies that 28.3% variation in the dependent variable is explained by risk tolerance, risk perception, self-

control and the interaction terms. The remaining 71.7% is explained by variables not captured in this model.

4.2.2 Effect size and Predictive relevance

The effect size of the model is presented in the table 4. The study assessed the effect size of the exogenous variables (risk tolerance, risk perception and self-control) on endogenous variable (investment decision) using the F^2. Cohen (1988) recommended that f^2 values of 0.02, 0.15, and 0.35, to represents small, medium, and large effects respectively.

Table 4: Effect size (f2)

Construct	F square	Effe size
RT	0.068	Sma
RP	0.034	Sma
SC	0.041	Sma
SC x RT	0.029	Sma
SC x RP	0.002	No ef
Q^2	**0.189**	

Source: Authors' computation

From table 4, all exogenous variables except SC*RP had small effect size on investment decision.

Predictive relevance

The study also utilized Q^2 to assess the predictive relevance of the exogenous variables on the endogenous variable. Q^2 shows how well the data collected empirically can be reconstructed with the help of model and the PLS parameters. From Table 4.4, it is seen that the Q^2 values of investment decision is 0.205. This value is greater than 0. This also means that all the exogenous variables has 20.5 relevance in predicting investment decision.

4.3 Discussion of findings

Risk tolerance was discovered to have significant positive effect on investment decision. The more investors are willing to take risk the better the investing decision. The results of this study are in accordance with the position of theory and in line with research findings of Adielyani and Mawardi (2020), Jain and Kesari (2020) and Nur Aini and Lutfi (2019) and Praba (2016).The study contradicts the finding of Kusumaningrum et al., (2019b) who employed mostly students as respondents to their survey and this may be the reason for such contradiction.

Also, risk perception does not significantly affect investment decision. This finding contradicts the findings of (Aren & Nur, 2016; Khan, 2017& Rohrmann, 2008)in which they documented that investment decisions are effected by risk perception. Individual overestimate internal factor and underestimate external factor while making investment decision (Libby & Rennekamp, 2012).

It was discovered that self-control does not significantly affect investment decision. Self-control has a strong influence on determining investing decision, according to research by (Purwidianti et al., 2022). Also consistent with the findings of this study are the studies conducted by (Konstantin, 2016; Sekścińska et al., 2021; Siska et al., 2021; Ullah, 2015). Finally, the result indicated that self-control does not significantly moderates the relationship between risk tolerance and investment decision and the relationship between risk perception and investment decision.

5.CONCLUSION AND RECOMMENDATIONS

The study, based on the findings, concludes that while risk tolerance was significant in predicting investing decision, risk perception and self-control were not significant in predicting investment decision and self-control does not significantly moderate the relationship between risk tolerance and investment decision and the relationship between risk perception and investment decision. The study suggests the following recommendations.

Investors should pay more attention to increase the tolerance of risk in the market by improving their financial knowledge through financial education, increasing the trust in the financial advisors, increase their sources of income and mental readiness and reduces over reliance. Investors should learn to cultivates positive perception of investment risk them to make better investing decision.Investors should cultivate the habit of resisting temptations, breaking bad habit and limiting first impulse, this will helps improve and focus one's thoughts, attitude and actions regarding achieving a particular goal and consequently improve investment decision. Self-control though not significant in this context, may be developed to help foster high willingness to take risk. Self-control should be encourage on investment to positive perception of risk and boost its effect on investing decision.

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