

## **Role of Corporate Identity, Image and Reputation in Investors' Behavioral Decision Making: Does Emotional Attachment Matter?**

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### **Abstract**

The aim of this study is to examine the intervening effect of investor emotional attachment between corporate reputation and investors' behavioral decision-making in the context of Pakistan stock exchange (PSX). Specifically, an attempt is made to investigate the indirect effect between corporate identity and investors' behavioral decision making via corporate image, emotional attachment, and corporate reputation. The data collected from 220 individual small equity investors, who maintained their stock accounts through stockbrokers in PSX. Structural equation modeling was used to test the study hypotheses with help of SPSS. Results confirmed the partial mediation effect of emotional attachment between corporate reputation and investors' behavioral decision-making. In addition, Results supported the indirect effect between corporate identity and investors' behavioral decision making via corporate image, emotional attachment, and investors' behavior. The findings provide fundamental facts to the executives of the firms in Pakistan who want to assess the investor's behavioral decision-making in the equity markets. Further, this study will help to understand the emotional aspects of the individual investors and will enable the policymakers and corporations to understand the decision making behavior of the individual small equity investors and draw their future policies to regulate the equity markets.

**Keywords:** corporate reputation, corporate image, corporate identity, emotional attachment, investors behavioral decision making, Pakistan stock exchange (PSX).

### **Introduction**

In the recent years, behavioral finance achieved the significant growth within the discipline of finance and business strategy has attracted the attention of many researchers. Behavioral finance combines finance theory and practice with human behavior (Keijer, 2016). It uses emotional and social cognitive factors to understand the behavior of the

investor (Rice et al., 2020). The firm's growing mismanagement and severe economic crises have created serious challenges for organizations to ensure their economic growth. Organizations are developing marketing strategies not only to draw the attention of potential customers but also attract other stakeholders such as employees, society, suppliers, investors, and other business partners. Some previous studies (Tuyon & Ahmad, 2016; Schoenbachler et al., 2004; Aspara & Tikkanen, 2008 & 2010; Helm, 2007) created the links between corporate marketing and behavioral finance literature, and investigated the effect of corporate identity/image on individual investors' behavioral decision making in the equity markets (Leiva et al., 2016; Aspara & Tikkanen, 2008). CR can be used to draw attention of potential investors and can help in obtaining cheaper capital to do business (Helm, 2007; Eberl & Schwaiger, 2005). Researchers centered the importance of identification of psychological factors that affect investors' behavior in the equity markets (Bennet et al., 2011; Usmani, 2012). Balmer and Gray (2003) investigated that corporate identity or image may affect the investors' behavior to invest in the organization equity.

In recent years, Attracting and retaining stock investors has been one of the organization's main concerns. Researchers, scholars, and academics are trying to investigate and develop different theories that explain investor behavior. However, the most of studies in behavioral finance literature that investigates the effect of stock attributes on investors' behavior, for example, return aspirations, risk tolerance, level of confidence and financial advisory interpretations in decision making (Snelbecker, Roszkowski, & Cutler, 1990; Cormier et al., 2009; Gill et al., 2018). Little evidence is available in behavioral finance literature that impact psychological aspects on investor behavior, for instance, herding behavior, mental accounting, and involvement of emotions in decision-making. Further, corporate marketing literature claims that perceived corporate identity, image, and reputation can induce consumers' behavior (Leiva et al., 2016; Foroudi et al., 2019). There are also few studies in marketing and behavioral finance literature that investigates the influence on investors' behavior. The present study will fill this research gap by examining how a company's corporate identity, image, and reputation can influence investors' behavior. The argument that decision-making involving risk and indecision is affected by emotions are of particular relevance to understanding how individual investor decision-making affected by investors' emotional attachment in the small equity market.

Using attachment theory (Bowlby, 1979 & 1980), we theorize for the mediating role of individual investors' emotional attachment on the relationship between CR and investors'

behavioral decision-making. Our study contends that in line with attachment theory, individual investors' emotional attachment in the stock of share of an organization in the equity market. Along these lines, the present study proposes a theoretical model that integrates EA and CR along with CID to investigate the individual investors' behavioral decision making. The most significant part of this research is studying individual investors' emotional attachment towards the stock share of an organization in the equity market, particularly in the context of PSX. In addition, the present study will meet the requirements of the policy document for the organizations. It will provide an insight into the preferences of investors in relation to equity, which in turn affects their investment. Moreover, this study will provide useful policy guidelines for the organizations listed in Pakistan stock exchange, equity markets and financial institutions.

Overall, the present study consists of three objectives. First, it investigates the direct effects between CID, CIM, and CR. Second, it examines the mediating effect of investors' emotional attachment on the relationship between CR and investors' behavioral decision making. Third, it investigates the indirect effect between CID and investors behavioral decision-making via CIM, EA, and CR. As discussed, the concept of investors' emotional attachment is applied on the PSX. As a result, the problem statement of the study is detailed below: "the extent to which identity, image, and reputation of a corporation induce emotions in individual equity investors which drive their investment behavior towards the stock share of an organization in the stock market."

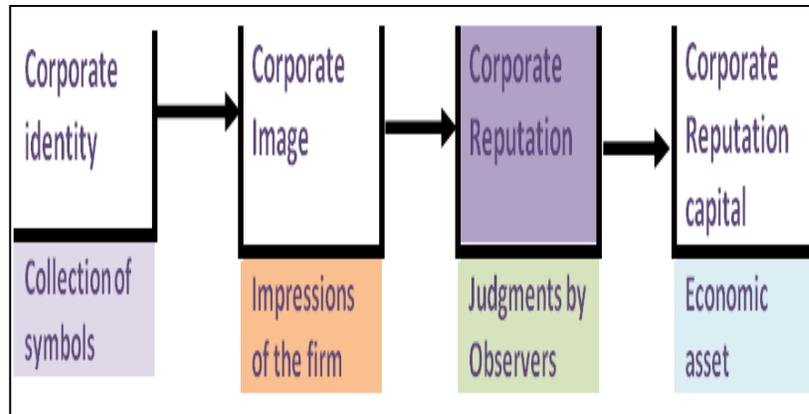
## **2. Literature Review**

### *2.1 Corporate Marketing and Investor Behavior*

In recent years, Interdisciplinary studies are increasing in various fields. Researchers are researching multidimensional impacts of different theories in the context of various subjects to gain maximum output from these concepts. Many researchers use marketing concepts to illustrate investor behavior (Jagongo & Mutswenje, 2014; Cal & Lambkin, 2017). The recent stream of studies also uses marketing concepts to explain investors' behavior (Samal, 2020; Bhatia et al., 2020).

### *2.2 Corporate Identity, Image, and Reputation*

Barnet et al. (2006) developed a model of different aspects of the CIM that starts with CID by combining various symbols that helps the organization to establish the CIM, which is a common perception about the firm. The CIM later develops a CR that can be measured through the observation of corporate stakeholders.



**Figure 1: Disaggregating Corporate Reputation**  
(Barnet et al., 2006)

In the marketing perspective, CID is illustrated as a wide-ranging view that includes a set of uniqueness that gives corporate its distinctiveness (Balmer & Gray, 2003). CID may be observed as an appearance in the history of the company, and this identity should be controlled with a well-organized procedure, the result of which could affect the CIM (Foroudi et al., 2019; Upamannyu & Bhakar, 2015; Blomback & Brunninge, 2009). As recognizing the undeniable association between CID and CIM (Podnar & Golob, 2017; Abratt, 1989), in an effort to simplify the matter, suggests that identity is compiled of set of behavioral and physical indicators controlled and developed by the organization, and that the CIM is a comprehensive intuition created in the minds of the investors through these indicators. It is essential to be aware that the corporate identity has visual aspects could be important for the investor because of its iconic nature. Abratt (1989) considered corporate identity as a precursor of corporate image. As a result, we proposed the following hypothesis:

- **H<sub>1</sub>:** Corporate identity relate positively to corporate image

Corporate identity influences the decision making behavior of the investors (Aspara, 2009; Aspara & Tikkenan, 2010). Corporate reputation can provide the benefit of skepticism to the organization in uncertain circumstances, and well-known organizations can increase investor attention (Liu et al., 2019; Jiang et al., 2020). Srivastava, Thomas, Robert, and Anthony (1997) suggested that organizations should maintain their market value in order to compensate shareholders who depend the CR. CR can be used to draw

attention of the investors and can help in getting cheap capital to do business (Eberl & Schwaiger, 2005). It affects the individual and institutional investor decision-making behavior (Blajer-Gołębiowska & Kozłowski, 2016; Fieseler et al., 2007). Identity and image perception orient the investors' behaviors towards an organization (Balmer & Gray, 2003). According to Bankins and Waterhouse (2019), CID and CIM are the main components of CR. For this research paper, we adopt the view suggested by Abratt (1989) who considers CID as an antecedent of the image and reputation of the corporation. From the above literature, we formulated the hypothesis as follow:

- **H<sub>2</sub>:** Corporate image relate positively to corporate reputation.

The construct EA was taken from the theory of psychology's attachment developed by Bowlby (1980a, 1980b). Bowlby (1980a) confirmed that consumers could demonstrate emotional attachments through various objects for example collectibles, and gifts (Slater, 2001). Although, Patwardhan (2011) investigated that a consumer emotional attachment is more influential than an object, the behavioral outcomes and the basic properties of EA quite alike. Although plenty of marketing related studies examined the consumer behavior towards corporate reputation, for instance, corporate reputation (Blajer-Gołębiowska & Kozłowski, 2016; Helm, 2007; Barnett et al., 2006) corporate visibility in the media (Annette et al., 2005), but very few marketing studies considered to investigate the behavior of the investor. According to Thomson et al. (2005), reputation is a set of beliefs within a human being that both influences and is influenced by emotional and cognitive processes. To do so, this study formulates the following hypotheses:

- **H<sub>3</sub>:** Corporate reputation relate positively to individual investors' emotional attachment.
- **H<sub>4</sub>:** Corporate reputation relate positively to individual investors' behavioral decision making.

### *2.3 Mediation Effect of Emotional Attachment (EA)*

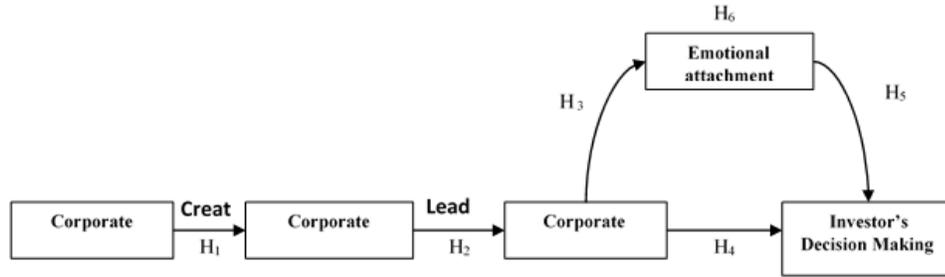
The marketing literature provides ample evidence of the relationship between identity, image, and reputation (Mazurek, 2019; Barnet et al., 2006). According to Barnet et al. (2006), Brand identity "evokes emotional links between brands. Consumers' emotional attachment is an important construct which explains the vigor and power that bond consumers with the corporation. Therefore, this relationship affects the behavior of the consumers so raises the corporate productivity and profitability (Thomson et al., 2005). They investigated the relationship between EA and brands. Thomson et al., (2005) demonstrated that brand connection, brand affection, and brand love strengthens a consumer EA. EA has three factors named as customer's likings for brands, and feelings

of warmth with brands, and self-connection of consumers for brands (Thomson et al., 2005). So, consumer's higher level of EA will boost emotional reliance of consumer on the corporate brand. When investors are associated with the corporate brand this association gives happiness, security, and comfort (Park, 2010). Karaosmanogluet et al., (2011) highlighted a model of CR, EA and behavior in the consumer perspective. Taking the help from (Karaosmanogluet et al., 2011; Mazurek, 2019), this research suggests the application of CR and EA on investor behavior in the context of PSX. Balmer and Gray (2003) investigated that identity or image of a corporate may affect the investors' behavior to invest in the share of an organization. According to perceived corporate images or identities investors orient their behaviors towards organizations (Brown et al., 2006; Balmer & Gray, 2003). The current study proposes the association between CID, CIM, CR, EA, and behavioral decision making of the individual investors in the equity market.

Based on previous studies, as psychology's attachment theory (Bowlby, 1979), the possibility that individual investors can develop strong EAs to corporate. It is noteworthy that the nature of an individual's association with corporate can be assessed with the degree of EA to the corporate (Bowlby, 1980a). For instance, Hazan and Shaver (1994) highlighted people who are strongly attached to the corporate are committed to investing more and making sacrifices for that attachment. This study adopts the concept that individual cognition and reputation as an emotional experience have a significant impact on investor behavior decisions. According to Kazoleas et al. (2001), the main driver of investor behavior and their future actions is the direct experience that investors have with a corporation. In addition, positive CR derived the positive behaviors from all stakeholders including investors (Fombrun & Van Riel, 2004). According to Cole (2012), the powerful driver of shareholder return is a corporate reputation. According to MacMillian et al. (2005), the reputation consequences are defined in the term of stakeholder behavioral motives, mediated by emotions. So, we formulate the following hypotheses:

- **H<sub>5</sub>:** Emotional attachment relate positively to individual investors' behavioral decision making.
- **H<sub>6</sub>:** Emotional attachment has a mediating effect on the relationship between corporate reputation and individual investors' behavioral decision making.
- **H<sub>7</sub>:** Corporate image, emotional attachment, and corporate reputation serially mediate the relation between corporate identity and investors' behavioral decision making.

**3. Theoretical Model**



**Figure 1: Theoretical Research Model**

The theoretical model shows a total of five variables i.e., identity, image, reputation of the corporation, emotional attachment and investors' behavior decision making in the context of PSX investors. This study theoretical model is based on two distinctive, yet, related approaches. Firstly, Based on (Barnet et al., 2006; Fombrun & Van Riel, 2004) integrated perspective; this study is to investigate the direct effect between CID, CIM, and CR. Secondly, reputation explains as an aggregation of identity and image perceptions (Barnet et al., 2006; Fombrun & Van Riel, 2004) and grounded on the attachment theory (Bowlby, 1979 & 1980), this study is to investigate the mediating role of individual investors' emotional attachment on the relationship between CR and investors' behavioral decision making towards the stock share of an organization in the equity market. Based on (Barnet et al., 2006; Fombrun & Van Riel, 2004) concept, we can argue that perceived corporate identity create corporate image which ultimately leads to increase corporate reputation, that relationship is mediated through emotional attachment on investors' decision-making.

**4. Research Methodology**

*4.1 Population and Sample*

For this study, we collected the data from individual small equity investors who were maintaining their equity accounts with stockbrokers. These stockbrokers were members of Pakistan stock exchange (PSX) governed by the regulations of the Securities and Exchange Commission of Pakistan (SECP). Every 10<sup>th</sup> stockbroker was selected from the brokers list of PSX as of November 30, 2016. The individual equity investors lists were obtained from these stockbrokers, and the survey questionnaires were sent to nine investors from each selected stockbroker. Totally 279 copies of the questionnaires were

distributed, 245 of them were returned, selected 220; the response rate was 87.8 %. This study excluded 25 questionnaires which had incomplete answers.

#### *4.2 Research Setting and Data Collection Procedure*

This study used probability sampling technique to collect the data from the individual investors in the PSX. There are 305 brokers of PSX as of 30 November, 2016; there are 82 brokers having company's registration offices (CROs) in Lahore, 169 in Karachi, 53 in Islamabad and 1 broker has CRO in Faisalabad. A face to face and professional links were used to collect from individual investors from the list of stockbrokers. The data compilation process lasted for two weeks working. This study recorded responses for all measures on a 5 point Likert-scale ranging from 1 to 5 with 1 indicating "strongly disagree" and 5 indicating "strongly agree." In addition, respondents also provided demographic information regarding their gender, age, income, current occupation and years of the trading experience etc.

#### *4.3 Measurement*

This study illustrates the questionnaire items for each of the constructs and operational definitions as follows.

##### *4.3.1 Corporate Identity (CID)*

CID is illustrated as a holistic view that includes a set of uniqueness that gives corporate its distinctiveness. CID measured on a 5-items scale has been adapted from (Mael & Ashfort, 1992).

##### *4.3.2 Emotional Attachment (EA)*

Investor emotional attachment has an important construct which explains the vigor and power that bond investors with the corporate. Therefore, this relationship affects the behavior of the investors so raises the corporate productivity and profitability (Thomson et al., 2005). EA measured on 3-items scale has also been adapted from Karaosmanoglu et al., (2011).

##### *4.3.3 Corporate Image (CIM)*

CIM is accumulated attitude of the company. CIM measured on 3-items scale has been adapted from (Karaosmanoglu, 2007; Williams & Moffit, 1997).

#### Corporate Reputation (CR)

CR as a set of communally detained beliefs about a firm's willingness and ability to satisfy the interest of different stakeholders. CR measured on 4-items scale has been adapted from (Helm, 2007).

#### 4.3.4 Investor Behavior

Investor behavior defined as how the investors predict, judge, review, and analyze the decision making processes, which include information collecting, investment psychology, understanding, and defining research and analysis. Investor behavioral decision-making scale measured on 5-items scale has been adapted from (Muhammad & Ismail, 2009).

### **5. Data Analysis and Finding**

For this study, the statistical tool is divided into two categories, descriptive statistics, and inferential statistics.

#### *5.1 Descriptive Statistical Analysis*

In this study, 198 (90%) respondents were male and 22 (10%) were females, which show low participation by female investors in the Pakistan equity markets. There were a total of 220 respondents out of which 125 (56.8%) were from the age limit 18-33, 35 (16%) respondents were from the age limit of 34-49, 50 (22.72%) were from the age limit of 50-65, over 10 (4.5%) respondents were from age over 65. There were out of 220 respondents 60 (27.27%) were employed, 120 (54.54%) were businessmen, 35 (14%) were retired persons, and 5 (2.27%) were students. There were 41% respondents (5 years of trading experience in PSX), 29% of investors had 6 to10 years of investment experience, 24.5% between 11-15 and 15.5 % (over 15 years of investment experience in Pakistan stock exchange), this study found that majority of investors were having less than 5 years trading experience in the PSX among chosen investors. There were 48.4% of investors earn less PKR 60,000/- per month, 31.6% between 60,001/- to 100,000/- PKR, 12.5 % having 100,001 to 150,000, 4.5 % having 150,001/- to 200,000/- PKR and only 3 % participant investors earning more than PKR 200,001/- per month, which indicates that majority of respondents have less than PKR 60,000/- earning per month.

#### *5.2 Inferential Statistical Analysis*

This study used bi-variate correlation technique in SPSS to examine the strength of correlation among variables. Table 1 showed a positive relationship between CID, EA, CIM, CR, and investors' decision making. The mean and SD values also showed satisfactory in Table 1.

**Table 1: Correlation and Reliability of the Constructs**

<b>Constructs</b>	<b>Investor Decision Making</b>	<b>Corporate Image</b>	<b>Corporate Reputation</b>	<b>Emotional Attachment</b>	<b>Corporate Identity</b>
Investor Decision Making	<b>0.824<sup>a</sup></b>				
Corporate Image	0.296**	<b>0.795<sup>a</sup></b>			
Corporate Reputation	0.390**	0.500**	<b>0.722<sup>a</sup></b>		
Emotional Attachment	0.343**	0.790**	0.540**	<b>0.847<sup>a</sup></b>	
Corporate Identity	0.443**	0.542**	0.696**	0.636**	<b>0.865<sup>a</sup></b>
Mean	2.754	2.846	2.934	2.959	2.842
SD	1.258	1.186	1.306	1.103	1.079
Cronbach's Alpha	.804	0.775	0.877	0.673	0.915

*Note.* <sup>a</sup> Square root of the Average Variance Extracted (AVE), SD: Standard deviation  
 \*\* Correlation is significant at 0.001 levels

### 5.3 Confirmatory Factor Analysis

This study measured the instrument validity through confirmatory factor analysis. Table 3 indicates the confirmatory factor analysis model (with 16 out of 20 items) was extracted to find a good-fit index and 4 items were dropped due to less than 0.70 standardized loading (Hair et al., 2006). Table 2 shows that CFA provided numerous goodness fit indices in this study.

**Table 2: Fit-Index for the Measurement Model of the Constructs**

Fit Index	This Study	Recommended Values	Source
$\chi^2/df$	195.982/94 =2.085	$\leq 3.00$	Gefen et al., (2000)
NNFI (TLI)	0.940	$\geq 0.90$	Bagozzi & Yi (1988)
AGFI	0.881	$\geq 0.80$	Hu & Bentler (1999)
GFI	0.936	$\geq 0.90$	Hair et al., (2006)
RMSEA	0.070	$\leq 0.08$	Fornell & Larcker (1981)
CFI	0.953	$\geq 0.90$	Bagozzi & Yi (1988)
<i>Note.</i> “[ $\chi^2$ = Chi-square, Degrees of freedom (DF), probability level (P), Goodness-of-Fit Index (GFI), Root Mean Square Error of Approximation (RMSEA), Adjusted Goodness-of-Fit Index (AGFI), Comparative Fit Index (CFI), and Non-normed fit index (NNFI; also known as the Tucker-Lewis index)]”			

#### 5.4 Construct Reliability

Construct reliability of the measurement model is measured through composite reliability (CR) (Hair et al., 2006). The value of CR should be 0.70 or above for the better reliability of the scale (Hair et al., 2006).

#### 5.5 Discriminant and Convergent Validity

This study is used standard regression weight and AVE for measuring the convergent validity of a construct. The value for all regression weight estimates and AVE should be above 0.5 (Fornell & Larcker, 1981). Table 3 demonstrates that the standard regression weight of all item loads is adequate ranging from 0.705 to 0.916 and AVE for all constructs is above 0.5, which is confirmed that the study measurement model has a no convergent validity issue. Table 3 shows that the MSV and the ASV value are lesser than AVE which is confirmed that the study measurement model has a no discriminant validity issue.

**Table 3: Reliability and Validity of the Measurement Model**

Constructs	Initial Scale	Standardized Loading	Final Scale	CR	MSV	ASV	AVE
Investor Decision Making (IDM)	IDM1	0.460 <sup>D</sup>					
	IDM2	0.438 <sup>D</sup>					
	IDM3	0.770	IDM3				
	IDM4	0.897	IDM4				
	IDM5	0.791	IDM5				
				0.863	0.196	0.263	0.679
Corporate Identity (CID)	CID1	0.684 <sup>D</sup>					
	CID2	0.844	CID2				
	CID3	0.839	CID3				
	CID4	0.861	CID4				
	CID5	0.911	CID5				
				0.922	0.484	0.174	0.748
Emotional Attachment (EA)	EA1	0.822	EA1				
	EA2	0.916	EA2				
	EA3	0.801	EA3				
				0.884	0.624	0.157	0.718
Corporate Image (CIM)	CIM1	0.798	CIM1				
	CIM2	0.779	CIM2				
	CIM3	0.564 <sup>D</sup>					
				0.774	0.624	0.134	0.632
Corporate Reputation (CR)	CR1	0.722	CR1				
	CR2	0.727	CR2				
	CR3	0.705	CR3				
	CR4	0.734	CR4				
				0.814	0.484	0.191	0.814

Note. CR: Composite reliability, ASV: "Average Squared Variance", MSV: "Maximum Shared Squared Variance", AVE: "Average Variance Extracted"

<sup>d</sup> factor loading of items less than 0.70

## 5.6 Structural Equation Model (SEM) and Hypotheses Testing

### 5.6.1 Direct Effect

For statistical analysis, this study uses covariance based structural equation model (CB-SEM) through AMOS 24. Smart PLS is the software used for Partial Least Square SEM (PLS-SEM) and SmartPLS is the software used for PLS based SEM (PLS-SEM). “The philosophical distinction between CB-SEM and PLS-SEM is, if the research objective is theory testing and confirmation, then the appropriate method is CB-SEM. In contrast, if the research objective is prediction and theory development, then the appropriate method is PLS-SEM. The primary objective is to maximize explained variance in the dependent constructs but additionally to evaluate the data quality on the basis of measurement model characteristics.” (Hair et al., 2011). When using PLS-SEM or CB-SEM, Hair et al. (2014) demonstrate the rule of thumb when making decisions. They state that “Both methods differ from statistical point of view, so neither of the techniques is generally superior to the other and neither of them is appropriate for all situations. In general, the strengths of PLS-SEM are CB-SEM’s weaknesses, and vice versa.

Table 4 shows that CID relate significantly and positively with CIM ( $[\beta=0.355; \text{BC } 95\% \text{ CI } (0.216, 0.494)]$ ). The effect of CIM on corporate reputation was not significant ( $\beta=0.072, \text{BC } 95\% \text{ CI } (-0.069, 0.213)$ ). Further, Results illustrate that the direct effect of CR on EA in the equity market was significant [ $\beta=0.531; \text{BC } 95\% \text{ CI } (0.444, 0.614)$ ]. CR relate positively to investors behavioral decision making towards stock share in the equity market and effect statistical significance at ( $\beta= 0.314, p \leq 0.05$ ). Table 4 shows the direct effect of emotional attachment investors' behavioral decision-making is positive and significant ( $\beta= 0.246; \text{BC } 95\% \text{ CI } (0.157, 0.312)$ ). Therefore,  $H_1, H_3, H_4,$  and  $H_5$  were accepted, while  $H_2$  was rejected.

**Table 4: Direct, Indirect, and Overall Effect between Constructs**

Effect	Estimate	Standard Error	BC 95% CI	
			Upper Bounds (BC)	Upper Bounds (BC)
CR→EA→IVD	0.242	0.041	0.163	0.325
CID→CIM→CR→EA→IVD	0.048	0.019	0.020	0.100
CID→CIM	0.355	0.071	0.216	0.494
CIM→CR	0.072	0.072	-0.069	0.213
CR→EA	0.531	0.045	0.444	0.614
EA→IVD	0.246	0.078	0.093	0.399
CR→IVD	0.314	0.040	0.157	0.312
CID→IVD	0.551	0.070	0.414	0.688

Notes: 5,000 bootstrap samples were entered, BC = bias corrected

#### 5.6.2 Mediation and Indirect Effect

This study used bootstrap sampling technique to test the mediating effects. Table 4 shows that when we introduced emotional attachment as a mediator between corporate reputation and investors' decision-making relationship, the direct effect between corporate reputation and investors decision making reduce [ $\beta = 0.242$ , BC 95% CI (0.163, 0.325)] after the inclusion of EA and effect remain significant (see table 4) . According to Baron and Kenny (1986), there is a partial mediation between the constructs if the direct effect between the constructs remain significant and standardized value decreases after the inclusion of a mediator. Therefore,  $H_6$  was accepted. Table 4 indicates the effect of CID on Investors' behavioral decision making was found to reduce [ $\beta = 0.048$ , BC 95% CI (0.020, 0.100)] after the inclusion of CIM, EA, and CR in the direct effect model. Therefore,  $H_7$  is accepted.

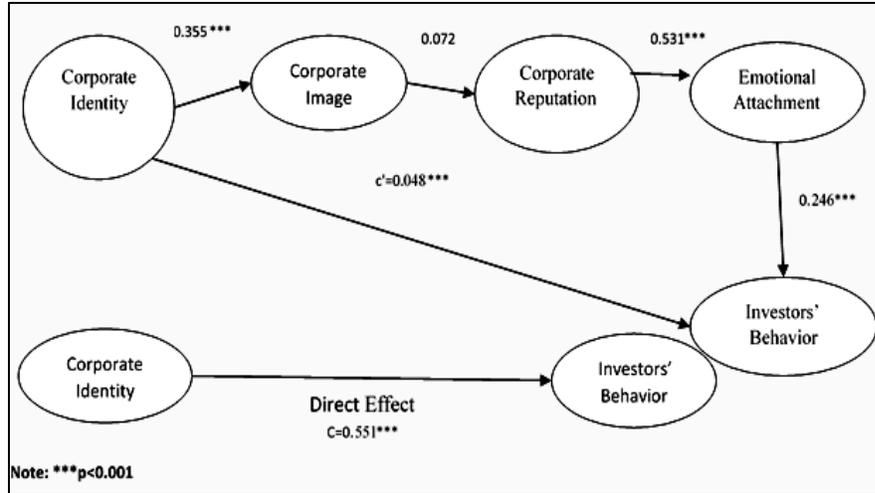


Figure 3: Direct and Serial Mediation Effect

Table 5: Results of All Hypotheses

Hypotheses	Description	Results
H <sub>1</sub>	CID relate positively to CIM.	Accepted
H <sub>2</sub>	CIM relate positively to CR.	Rejected
H <sub>3</sub>	CR relate positively to EA.	Accepted
H <sub>4</sub>	CR has a positive effect on individual investors' behavioral decision making.	Accepted
H <sub>5</sub>	EA has a positive effect on individual investors' behavioral decision-making.	Accepted
H <sub>6</sub>	EA mediates the relation between CR and investors' behavioral decision making.	Accepted
H <sub>7</sub>	CIM, EA, and CR serially mediate the relation between CID and investors' behavioral decision making.	Accepted

## **6. Discussion and Theoretical Contribution**

The results of this research are consistent with previous studies in this area. First, the current study was conducted with an objective to examine the mediating effect of emotional attachment between corporate reputation and investors' behavioral decision making. Second, this study bridges a gap by investigating the indirect effect of corporate identity on investors' behavior via corporate identity, emotional attachment, and corporate reputation. We tested the hypotheses, Grounded on disaggregating corporate reputation model (Barnet et al., 2006) and attachment theory (Bowlby, 1979: 1980) to investigate the direct and indirect effect of CID on investors' behavior. Results indicate perceived corporate identity relate positively to corporate image which is in-line with previous results (Barnet et al., 2006; Fombrun & Van Riel, 2004, Iglesias et al., 2020).

The findings show that CID has a significant positive effect on CR. The findings are consistent with the results of (Villena, 2019; Heinberg, Ozkaya, & Taube, 2018; Leiva, Ferrero, & Calderon, 2016). This study adopted rule of thumb of (Baron & Kenny, 1986) to test the mediation and indirect effects. In step 1, the findings show a significant association between CR and investors' behavior and the findings are in line with the Egyptian Stock Exchange Market results of (Marzouk, 2017). In step 2, the results show a significant positive association between CR and CA and the findings are in line with the study of (Chun & Davies, 2010). In step 3, the findings show a significant association between EA and investors' behavior and the findings support the results of (Lerner, Valdesolo, & Kassam, 2015), where they found that emotion influence decision making. Finally, in step 4, the results show the partially mediation effect of EA between CR and investors' behavior. The results support the findings of (Dirk, Gold, & Blackwell, 2013), highlighted the emotional aspects of the investors in the investment decision making.

The results illustrate that the indirect effect of CID on investors' behavioral via corporate image, EA, and CR is supported. The findings are in line with the results of (Bankins & Waterhouse, 2019), where they found CID and CIM are the main components of CR.

## **7. Conclusion and Managerial implications**

The study concludes that there is a partially intervening effect of investor emotional attachment in relationship between corporate reputation and investor behavioral decision making. In addition, this study found that there is serially mediation effect of CIM, EA, and CR on the relationship between corporate identity and investors' behavioral decision making in the Pakistan stock exchange. The results of this research have implications for decision makers and other corporate managers. The research suggests that organizations

should use their marketing strategies to create favorable behavior with consumers as well as investors. Marketing strategies of organizations are observed by different stakeholders. Therefore, this research suggests that organizations should consider the interests of various stakeholders in designing their marketing strategies. Results of this research give valuable information to the investment management firms working in Pakistan, the administration of PSX, the top administration of the organizations listed in Pakistan stock exchange (PSX) and the future researchers who are investigating the investors' behavior in the equity markets. The findings of this research depict that like consumer behavior the investor behavior is also influenced by CID, CIM, EA, and CR. This study provides policy recommendations for various stakeholders, including SECP, individual equity investors, the corporations, researchers and investment professionals to understand to what extent individual investors' emotional attachment influence their behaviors decision making towards the stock share of an organization in the equity market. This research will enable the policymakers to understand the emotional aspect of the small equity investors and will help the top management to better understand the investors' behavior and draw their future policies to capture the equity markets.

By the end, it needs to be noticed that our study is an indispensable step towards the direction of bringing consumers and marketing views, techniques and theories closer to the world of behavioral finance. This is something which is increasingly demanded by researchers in both marketing (Schoenbachler, Gordon, & Aurand, 2004) and behavioral finance (Fama & French, 2004; Aspara & Tikkanen, 2008; Statman, 2004). Especially, our research is one of the key empirical investigations to understand to at what extent individual investors emotional attachment motivate them to invest in the share of organizations beyond their expected financial risks/outcomes – particularly when it comes to investigating emotional utility and self-expressive benefits obtained from investments (Statman, 2004; Fama & French, 2004).

#### **8. Limitations and Future Research**

There are some limitations of the research that can provide the guidelines for the studies in the future. The findings from this study are based on the responses provided by individual equity investors of Pakistan; the data may contain self-reporting and retrospective bias. More diverse sample segments should be incorporated in future studies to investigate these matters. While all the data collected in this study are restricted to the individual investors in (PSX) only; future study can also focus institutional equity investors for investigates their behavioral decision-making. This research was used the survey technique to execute a quantitative study and were not able to control the circumstances and organizational situation related to the participants. The findings from this study are based

upon the responses provided by individual small equity investors of Pakistan; the data may contain self-reporting and retrospective bias. Therefore, the method of responding the survey could have prejudiced by individual subjective factors and the corporation's degree of participation in the study. This might have caused varying differences and attitudes in responses. This study suggests that investigators understand all related situations very well before executing the research to design the most appropriate questionnaire. This would provide an improved generalization for the investor's behavioral loyalty and attain a broader view and analysis.

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