

The most crucial stage in the life of financial managers is to take investment decisions. So it is important to understand all the factors necessary for making investment decisions. With the advent of behavioral finance it becomes compulsory to study behaviors of investors and the financial managers. Behavior has great impact on investment decisions. The behavioral elements like risk averse attitude, corporate governance effect, use of financial measurement tools and the heuristics need to study.

The aim of the study is to find the influence of these behavioral elements on investment decisions of financial managers. The financial sector of Pakistan was our population and the target was financial institutions like investment firms, insurance companies, banks and individual investors. A sample of 200 financial managers was taken. For the data analysis purpose, first of all descriptive statistics was used to calculate the basic characteristics of the data in summarized form. The reliability was checked through Cronbach's Alpha test. The relationship of the variables was assessed by Pearson correlation method. The results were significant and the variables were highly correlated.

The significance results clearly defined the significant changes in dependent variable. The null hypothesis is rejected. So this study concluded that there is strong and positive impact of behavioral elements. In spite of various sophisticated financial measuring tools these behavioral elements have great importance for financial decision making. The study is helpful for investor especially taking financial decision and managing portfolios of financial assets.