

## **THE IMPACT OF WORLD GOVERNMENT INDICATORS ON MARKET INVESTMENT BEHAVIOR**

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### **Abstract**

Although the behavioral finance sector has recently developed considerably, investors have irrational issues while taking the investment decisions on the capital market. We aim to empirically analyze the way in which aspects such as asymmetric information, emotional state, public policy and organizational culture affect their behavior. In the present paper we used quantitative data, building a database of 30 countries divided into two categories: socio-mature economies and respectively emerging and border economies. Using global governance indicators and calculating the Hurst exponent, the symmetry coefficient, the Kurtosis coefficient and the fractal dimension, we applied the Bayesian estimate method in order to establish the link between the dimensions of the global governance indicators and the dependent variables.

The results of the linear regression have been disseminated, while the long-term and short-term effects were observed taking into account issues related to the quality of regulations, public policy, governance effectiveness, the rule of law, corruption control, stability policy and lack of violence/terrorism and participation and accountability.

The purpose of the paper is to study the impact of macroeconomic factors such as world government indicators, by analysing their impact over the efficiency of financial markets.

**Keywords:** behavioral finance, psychological biases, world government indicators, investment behavior, bayesian estimation method.

**JEL Classification:** G11, G38, G40, G41

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