



## Investigating the Asymmetric Effects of Investor Sentiments, Economic Sanctions and Shareholders' Ownership Structure on The Level of Investment in Iran's Stock Exchange: Quantile Regression Approach

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### ABSTRACT

**Background:** The main purpose of this research was to investigate the impact of investor sentiments and shareholders' ownership structure on the company's investment level in the Tehran Stock Exchange.

**Methodology:** The current research was applied in terms of purpose, correlational in nature and content. The statistical population of this research was all the companies admitted to the Tehran Stock Exchange. Finally, 136 companies were selected as research samples. In order to collect data, the reports of the board of directors of the companies were used on the information technology management site of the Stock Exchange Organization and the Kodal site. In order to test the hypotheses, regression model (combined data), Limer's F test and Hausman test were used; Finally, the model has been estimated.

**Findings:** The results showed that the company's investment level has an effect on investor sentiments. It was also found that by controlling the investor's emotions, retail ownership affects the level of investment.

**Conclusion:** These results contain very important policy implications regarding the level of investment in the investigated companies.

### Keywords:

Investor sentiments, Economic sanctions, Shareholder ownership structure, Level of investment.

## 1. Introduction

Investing is an activity in which investors try to place their capital in properties that will provide them with high and stable financial returns. In order to make successful investment decisions, it is very important to examine the factors affecting investment decisions. Identifying the factors affecting investment decisions and the correct and balanced combination of these factors in the analysis and decision making of investors can lead to successful investment. Carefully examining each of these factors and choosing the right path for investment is very important and helps investors make more accurate decisions and invest based on their conditions and goals (Han and Li, 2017; Cheema et al, 2020; Fu et al, 2021; Gong et al, 2022). Investor sentiment has been one of the most important topics in finance and investment literature (Park and Sohn, 2013; Qadan and Aharon, 2019; Cagli et al., 2020)). Investor sentiment is a determining factor of investment positions, risk and supply (Muhammad, 2022). Investors' emotions have a great influence in analyzing and deciding on investments and investor behavior. These emotions can influence investor decisions and significantly affect investment returns (Petit et al, 2019; Parveen et al, 2020). Investors' emotions can have a direct impact on investment decisions. Some investors, according to their feelings, may decide to invest their capital in a certain industry or avoid investing in a certain stock (Muhammad, 2022). Investor sentiments can have a significant impact on the risk and return of investments. Some investors may impulsively make rash decisions that cause them great losses, while others may achieve successful investments due to their positive or negative emotions (Fisher and Statman, 2013). On the other hand, investor sentiment can influence market behavior and asset pricing. Some investors may buy or sell too much in the bazaar due to fear or extremism, thus causing extreme price fluctuations (Qadan et al, 2019).

Also, investors' feelings can affect the market trend and the price trend of assets and cause them to intensify or weaken. Some investors reflect their optimism in the market and increase prices, while others decrease prices due to fear and concern (Cagli et al., 2020).

In the studies conducted in the field of investment, proxies such as the volatility index (VIX), the number of initial public offerings (IPO) have been used to

analyze investor sentiment (He et al. 2019; Zhang and Zhang, 2021; Gao, et al, 2022). Others have used objective indicators constructed using transaction data, such as mutual fund flows, to represent investor sentiment (Frazzini and Lamont, 2008). Despite the introduction and presentation of various indices to analyze investors' sentiments, one index alone cannot fully show investor's sentiments. For this reason, some researchers have constructed composite indices for investor sentiments using principal component analysis (Baker and Wurgler, 2006; Liang 2016; Hirshleifer et al, 2020).

One of the other most important variables that can have a wide impact on the company's investment decisions is the ownership structure of shareholders and economic sanctions. Shareholder ownership structure can have a significant impact on a company's investment decisions. The ownership structure of shareholders is the main determinant of power and control over investment decisions. In companies where major shareholders control the assets, investment decisions depend on the major shareholders (Chen et al; 2006; Lee, 2008; Chen et al, 2017). This can lead to short-term decisions or decisions that secure the interests of a particular group. In other words, ownership structure can shift investment decisions towards the interests of powerful shareholders. Also, the ownership structure of shareholders can affect investment goals and strategies. Small and risk-taking shareholders may seek capital growth and high returns, and as a result, tend to invest in high-risk projects. On the other hand, large shareholders and founders of the company may seek to preserve the shares and value of the company and, as a result, tend to invest in sustainable projects with lower returns. Therefore, the ownership structure can change investment strategies in a way that fits the goals and interests of shareholders (Lee, 2008; Chen et al, 2017). Economic sanctions can also have a great impact on investment. In fact, sanctions can act as one of the factors that provoke or intensify recession or economic prosperity and reduce investment decisions. Iran's economy has been involved in an inflationary stagnation for most of the periods. Sanctions can reduce trade, increase prices, and reduce investment, production, and employment, which can cause economic stagnation (Iranmensch et al, 2021).

The asymmetric effects of investor sentiments on the level of investment in the stock market can be

raised as an important issue in the analysis of financial markets. Investors' emotions, including positive and negative emotions, can have a significant impact on decisions and investment levels in the stock market. Investors' emotions may influence their decisions. If investors have positive feelings and confidence in the market, they may be more willing to invest more and participate in stock market activities (Kang et al, 2022). On the other hand, negative feelings can reduce the confidence of investors and lead to non-investment or withdrawal of capital from the market. Investors' emotions can influence their behavior. When investors have positive feelings, they may be more inclined to take risks and invest in high-return market sectors. On the other hand, under conditions of negative sentiment, investors may exercise more caution and reduce their investment, especially in high-risk market activities. The impact of investors' emotions can have a direct impact on the volume of transactions in the stock market (Ahmed and Power, 2021). In a situation where investors have positive feelings and have more confidence in the market, the volume of transactions may increase. On the other hand, negative sentiment can reduce trading volume and slow down the market. It should be noted that the effects of investor sentiments on the level of investment in the stock market cannot be fully predicted and analyzed. Other factors such as economic conditions, news and events, fundamental and technical analysis, tax policies and capital market laws also have a significant impact on the level of investment in the stock market. Therefore, it is necessary to carefully study all factors and their combination in analyzing the effects of stock market investment (Babiarz, 2020). Economic sanctions can also have asymmetric effects on the level of investment in the stock market. Economic sanctions are usually sanctions imposed by one country or a group of countries against another country, resulting in restrictions and prohibitions on international trade and communication. Economic sanctions may lead to a decrease in foreign investment in the stock market of the sanctioned country. Because sanctions can reduce the confidence of foreign investors and create concerns about the political and economic risks of the sanctioned country. As a result, foreign investors may stop investing in this country's stock market and direct their capital to other more suitable markets (Zhu and Zhang, 2020). Economic sanctions can lead to a decrease in the value of the capital market in the

sanctioned country. This drop in value can be caused by a decrease in demand and economic activities in the country, which, as a result, affects the stock market and other financial markets. A decrease in the value of the capital market can prevent investors from investing in the stock market and lead to a decrease in the level of investment in this market (Iranmanesh et al, 2022). Also, economic sanctions may lead to the transfer of capital from the stock market to other industries and economic sectors. In situations where sanctions lead to international trade and financial restrictions, investors may be inclined to transfer their capital from the stock market to other industries or regions to reduce risk. This movement of capital can lead to a decrease in investment in the stock market and lead to the lack of prosperity in the capital market. The effects of economic sanctions on the level of investment in the stock market may change over time. In some cases, at the beginning of sanctions, sudden shocks and a significant reduction in investment can be seen. As time passes and companies and investors adapt to the conditions of the embargo, the effects can be reduced or balanced. All in all, economic sanctions can lead to volatility and reduced investment in the stock market, especially when the sanctions are long-term and widespread. But in some cases, the effects may be asymmetric and depend on the dependence on certain sectors and companies. Also, other factors such as internal policies, the general economic situation of the country and geographical factors can also affect the final effects of sanctions.

This article has contributions in several parts. Investigating the impact of economic sanctions on the level of capital in the Tehran Stock Exchange is a new issue, and a large part of the stock market developments in Iran in recent years is dependent on economic sanctions.

Economic sanctions can have extensive effects on capital levels. Also, most of the empirical studies in the field of factors affecting the level of capital have been linear methods, while the factors affecting the level of capital can have asymmetric effects. Also, investigating the asymmetric effects of economic sanctions, investor sentiments and ownership structure on the capital level has very important policy implications that can be used in stock market policy making.

In recent studies in Iran, the role of sanctions in reducing investment decisions has not been

investigated empirically. While the sanctions and restrictions resulting from it, have always been an influencing variable on investment performance. The present study aims to cover this research gap in Iran. Also, it is very important to examine the factors influencing investment decisions in Tehran Stock Exchange, because the securities capital market is one of the most important and complex markets that has a significant impact on the economy and investors. Market analysis and access to accurate and up-to-date financial data is one of the main factors in stock market investment decisions. In order to correctly choose stocks and securities, investors need to make their decisions with a detailed understanding of the influencing factors such as market trends, companies' activities, financial results, technical and fundamental analysis and other related information. In investing in the stock market, the concept of risk and return is very important. Investors should consider the risks associated with investing in the capital market and consider the expected returns for their investments. Familiarity with market fluctuations, financial risks, possible effects of events and other factors related to risk and return helps investors in choosing investments that have a favorable return. Timing plays a key role in stock market investment decisions. Determining the right time to enter and exit the market, buying and selling stocks and securities, and analyzing the investment period is required. Investigating and analyzing market trends, price patterns, technical indicators, and other time factors helps investors make appropriate decisions. In general, investigating the factors affecting investment decisions in Tehran Stock Exchange is very important, because due to the complexity of the capital market and its continuous changes, knowing these factors helps investors to make their investment decisions better and with the most knowledge and get a strategy. Therefore, the main purpose of this study is to investigate investor sentiments, economic sanctions, and shareholder ownership structure on the level of investment in companies listed on the Tehran Stock Exchange during the period from 2010 to 2021 using the panel data method.

### **Empirical Studies**

Lee et al. (1991) examined data on 63 closed-end mutual funds between 1960 and 1987 and found that investor sentiment simultaneously affected mutual

fund returns and small-cap stock prices. In another study, Kumar and Lee (2006) using information on 1.85 million retail investors showed that the transactions of this group of investors, especially in trading on small stocks, stocks with few institutional shareholders, and underpriced stocks. They are systematically highly correlated. They stated that the reason for such flat trading was the sentiments of investors. In a similar study, Ling et al (2010) showed a positive relationship between investor sentiments and quarterly returns of real assets using data from the real assets database in the United States. They also showed that the sentiments of investors in the short-term have more effect on the real assets market than the long-term. In another study, Babiarz (2020) showed that an increase in profit insurance premium leads to a higher payment to respond to investor sentiments. Also, based on the results, if the manager has the largest number of shares, the reception effect is weakened. The main contribution of this paper is a new approach to the theory of dividend accrual that includes the effect of managerial ownership. Zhu and Zhang (2020) investigated the relationship between investor sentiment and corporate innovation investment in China and showed that institutional investors have a positive facilitating role in POE, which is mainly contributed by independent observer institutional investors. And there is no role for institutional investors in enterprises. They did not find a government. Ahmed and Power (2021) showed in a study that higher earnings quality can reduce the problems of over-investment and under-investment by ensuring that companies move towards the optimal level of investment. Furthermore, the findings show that a country's legal environment affects investment efficiency with earnings quality having a stronger relationship with investment efficiency in common law countries compared to code law economies. Kang et al (2022) investigated investors' sentiments in the tourism stock market in research. This empirical study collected seasonal data of 45 tourism-related stocks in China from 2018 to 2020. The results showed that investor sentiment causes irrational investment and extreme fluctuations in capital flows, including those during the 2019 coronavirus pandemic. In practice, an overreaction of tourism-related reserves is discovered in the tourism market, which requires long-term flexibility. Theoretically, the rational capital asset pricing model needs to be adjusted with the sentiment

factor based on the behavioral finance theory. Ahmad and Alrashide (2023) investigated the relationship between investment efficiency and corporate governance in research. This study provides evidence documenting a positive (negative) association between voluntary disclosure and the combination of investment performance and corporate governance in the UK stock market.

## Model and Method

The model investigated in this study is defined as the following relationship:

$$Invest_{it} = \beta_0 + \beta_1 Q_{it} + \beta_2 Cash - Flow_{it} + \beta_3 Sen_{it} + \beta_4 Res - Own_{it} + \beta_5 Lev_{it} + \beta_6 Sale_{it} + \beta_7 SAN + \varepsilon_{it}$$

In table (1), the definition of research variables is presented.

**Table1: Definition of Research Variables**

Symbol	Definition	Reference
Invest	Level of Investment of The Company	Research Calculations
QT	Q-Tobin Ratio	Research Calculations
Cash_Flow	Cash Flows	Research Calculations
Sentiment	Investor Sentiment	Research Calculations
Res_Own	Retail Ownership	Research Calculations
Leverage	Financial Leverage	Research Calculations
Sale	Sale	Research Calculations
San	Sanction	Iranmanesh et al (2021)

In the context of the sanctions index, in this study, the data of the sanctions index were adapted from the study of Iranmanesh et al (2021). In this study, the index of economic sanctions in Iran in the period from 1979 to 2020 has been calculated. Fuzzy logic method has also been used to analyze the data and build the index.<sup>1</sup> The results of this index have shown the

<sup>1</sup> For more reading in this field, you can refer to the article by Iranmanesh et al (2021).

growth of the sanctions index since 2017 and after the withdrawal from the JCPOA and the intensification of sanctions. Also, in a temporary period from 2014 to the end of 2016, the sanction index experienced a temporary decline, but before that, despite the high fluctuation, the index was relatively smooth. In this study, the panel data method will be used to analyze the research model. The panel data method is a statistical analysis method that is used in dynamic and temporal studies. In this method, data is collected on a group of sample units (such as individuals, companies, countries, etc.) for a specific period of time. This method is used to investigate the effect of time variables, interaction variables and the effect of sample units (Wooldridge, 2013). Two common tests in this method are Chow and Hausman test respectively. The null and opposite hypothesis in the Chow test are as follows:

H<sub>0</sub>= Pooled Data

H<sub>1</sub>= Panel Data

If the probability of the test statistic is below 0.05, the hypothesis H<sub>0</sub> is rejected and the hypothesis H<sub>1</sub> is accepted. The Hausman test is also used to choose between fixed effects panel and random effects panel (Baltagi, 2005). The null and opposite hypothesis in the Hausman test are as follows:

H<sub>0</sub>= Random Effect

H<sub>1</sub>= Fix Effect

If the probability of the test statistic is below 0.05, the hypothesis H<sub>0</sub> is rejected and the hypothesis H<sub>1</sub> or fixed effects is accepted. Also, to check the presence of unit root in the research data, Lin, Levin and Chu (2002) and Im, Pesaran and Shin (2003) test are used. The null and opposite hypothesis in this test is as follows:

H<sub>0</sub>= Has Unit Root

H<sub>1</sub>= Fix Effect

In this study, quantile regression will also be used to investigate the asymmetric effects of economic sanctions, investor sentiments, and ownership structure on the level of investment. Quantile regression models the relationship between a set of predictor variables and specific quantiles of a target (dependent) variable.

Therefore, ordinary least squares (OLS) regression can be considered a subset of quantile regression that focuses on the mean. Quantile regression was initially only limited to the median, because in the absence of computers, calculating the various quantiles was very time-consuming and expensive. But now, with the help of computers and various types of statistical analysis software, quantile regression is not limited to the median, but can examine any quantity (percentage) for the effect of independent variables on the dependent variable. For example, if you want to find the 25th digit for the price of a particular house, it means that there is a 25% chance that the actual price of the house will be lower than the forecast, while there is a 75% chance that the price will be higher. The estimation of coefficients in quantile regression is based on a symmetric and asymmetric loss function and is similar to the estimation of parameters in least squares regression. Quantile regression, without the limitations of classical regression assumptions, allows the involvement of explanatory variables in all parts of the distribution, especially in the end and beginning sequences (Koenker and Machado, 2001). In other words, quantile regression is a statistical method that is used to investigate the relationship between variables and models the effect of asymmetric effects and non-normal distribution. In this method, instead of modeling the average value (such as linear regression), conditional percentage averages of the dependent variable are examined based on lower and higher values of the independent variable. In other words, quantile regression measures the effects of independent variables on the distribution of the dependent variable at different quantile points (eg 0.1, 0.5, and 0.9 quantiles) (Koenker and Bassett, 1978). The main purpose of using quantile regression is to provide a model with a detailed and comprehensive look at the evaluation of the response variable, so that explanatory variables can be involved, not only in the center of gravity of the data, but also in all parts of the distribution, especially in the end sequences. and provide elementary. Also, unlike OLS regression, quantile regression uses minimizing the sum of absolute values of weighted residuals to estimate model coefficients, which is known as the minimum absolute value of deviations (LAD) method.

$$\tau \sum_{y_i > \beta_\tau X_i} |y_i - \beta_\tau X_i| + (1 - \tau) \sum_{y_i < \beta_\tau X_i} |y_i - \beta_\tau X_i|$$

(1)

## Results stationary

Before estimating the model, it is necessary to check the stationarity of the study variables. For composite data at the macro level (for example, at the national, provincial and regional level), it is usually assumed that the number of fixed sections and the number of time periods tend to infinity, and according to this issue, it is necessary that the appropriate unit root test is chosen. Unit root tests in composite data were based on Quah (1994). These studies were completed by, Levin, Lin and Chu (2002), Im and Pesaran and Shin (2003). Lin, Levin and Chu (2002) showed that in composite data, using the unit root test for these data has more test power than using the unit root test for each section separately. The results of the unit root test of Levin and Chu (LLC) and Im, Sons and Shin (IPS) are reported in Table (1).

**Table 1: results of the Unit Root Test of LLC and IPS**

Symbol	Variable	LLC	IPS
		Prob	Prob
Invest	Level of Investment of The Company	0.00	0.00
QT	Q-Tobin Ratio	0.00	0.00
Cash_Flow	Cash Flows	0.00	0.00
Sen	Investor Sentiment	0.00	0.00
Res_Own	Retail Ownership	0.00	0.00
Lev	Financial Leverage	0.00	0.00
Sale	Sale	0.00	0.00
San	Sanction Index	0.00	0.00

Based on the results of Table (1), the null hypothesis of the existence of a unit root can be rejected for all variables; Therefore, the study variables are stationary in level.

## Chow and Hausman Test

After verifying the stationarity of the study variables, the necessity of using Panel data is checked by using the Chow test. In Chow test, the null hypothesis indicates that the width of the origin is the same (Pooled data) and the opposite hypothesis indicates that the width of the origin is different (Panel data). The results of Chow test are summarized in table (2).

**Table 2: Results Of Chow Test**

F-Statistic	Prob	Result
997.42	0.00	Reject H <sub>0</sub>

Based on the results, the value of the F-statistic is in the area of rejecting the zero hypothesis, and therefore the panel data should be used for estimation. Also, to determine the use of fixed effect model or random effect, Hausman test is performed. In other words, the most common test to determine the type of panel data model is the Hausman test. The Hausman test is based on the presence or absence of a relationship between the estimated regression error and the independent variables of the model (Baltagi, 2005). The results of Hausman test are summarized in table (3).

**Table3: Results Of Hausman Test**

F-Statistic	Prob	Result
328.08	0.00	Reject H <sub>0</sub>

The results of table (3) show the confirmation of fixed effects against random effects. The estimation results of the model with fixed effects are presented in Table (5).

**Table4: Result of Estimation of Model**

Variable	Coefficients	T-Value	Prob
			0.03
QT	0.0465	2.08	0.00
Cash flow	0.163	8.35	0.02
Sen	0.067	2.35	0.02
Res_Own	0.034	2.29	0.016
Lev	-0.049	-1.72	0.09
Sale	0.016	3.67	0.00
San	-0.072	-2.99	0.00
C	0.0167	2.92	0.00
R <sup>2</sup> = 0.86; Prob F: 0.00; DW=1.96			

The results of quantile regression are presented below. Next, to check the symmetry of the investigated quantiles, the test of Newey and Powel (1987) was used. The results of the symmetry test are presented in table (6).

The results show that the null hypothesis of the symmetry of the results for the sanctions index and investor sentiments is rejected. Therefore, the effects of the sanctions index and investor sentiments on the level of investment in the stock market have been asymmetric. Also, the effects of ownership structure

on the level of investment in the stock market have been symmetrical.

**Table 5: Result of Estimation of Model by Quantile Regression**

Variable	Q25	Q50	Q75
QT	0.0653***	0.0765	0.0865
Cash flow	0.103***	0.149***	0.176***
Sen	0.054***	0.096***	0.107***
Res_Own	0.041*	0.037***	0.0284***
Lev	-0.036**	-0.051***	-0.064***
Sale	0.023**	0.034***	0.058
San	-0.072***	-0.136***	-0.176***
C	0.0532***	0.0687***	0.087***

\* Significance at the 99%; \*\* Significance at the 95%; \*\*\* Significance at the 90%.

**Table 6: Results of Symmetry or Asymmetry of Effects (Prob)**

Variable	0.40-0.60	0.20-0.80
Sen	0.000	0.000
Res_Own	0.341	0.34
San	0.000	0.000

Also, based on other results of this research, the effect of economic sanctions on investment decisions has been negative and significant. In other words, economic sanctions increase uncertainty and decrease investment decisions in society by increasing concern and insecurity about investment. Based on other results in the quantile method, the effects of the economic sanctions index on investment decisions have been stronger in high quantiles than in low quantiles. In other words, in a situation where the decisions and the level of investment are at a higher level, the effects of the sanctions index are stronger, and at a lower level of decisions and the level of investment, this effect becomes less and less. These results contain very important policy implications that policy makers in the financial market of Iran should pay attention to. Because in high amounts of capital, the effects of the sanctions index can be very extensive. The negative growth of investment in the last 5 years, which coincided with the increase of economic sanctions, is a proof of this claim. These results show how much the reduction of sanctions can affect investment decisions. Sanctions can have negative and asymmetric effects on the level of investment in the stock market. Sanctions may lead to a decrease in foreign and domestic

investment in the stock market. This is because of the restrictions and obstacles they create for foreign investors. Foreign investors may experience security concerns, political risks, and uncertainty surrounding sanctions. This makes foreign investors likely to refrain from investing in the stock market or at least reduce their investment volume. Heavy and unconventional sanctions may lead to a decrease in liquidity in the stock market. This means that the volume of transactions and supply of shares in the market decreases. This can reduce the growth rate and value of companies' shares, and investors may be discouraged from investing in the stock market.

Also, other results of this research have shown that the ownership structure of shareholders has a positive and significant effect on the investment decisions of the investigated companies, and this effect is less in the upper quantiles of investment decisions than in the lower quantiles of investment decisions. These results show that with the increase of investment decisions, the effects of the shareholders' ownership structure on it will be less and less, and the role and effect of this variable in explaining investment decisions will also decrease.

On the other hand, the results have shown that investors' emotions had a positive and significant effect on investment decisions. These effects have been similar to the effects of economic sanctions, except that they have been positive. In other words, in high quantiles of investment decisions, investment sentiments have more effects on investment decisions than in low quantiles. In other words, as investment decisions increase over time, the effects of emotions on investment decisions gradually increase.

## Conclusion and Recommendations

The results of this study have shown that the sanctions index had a negative impact on investment decisions. In other words, sanctions can have negative effects on investment decisions, in the context of reducing the negative effects of the sanctions index on investment decisions, the following solutions can be considered:

1. Diversification of target markets: Companies should try to diversify their investment target markets as much as possible and operate in several markets simultaneously. This can reduce the negative effects of sanctions, because if one market is sanctioned, the

company's investments in other markets will continue.

2. Establishing business relations and cooperation with new partners: In search of new business partners and establishing business relations with countries and companies that are not under sanctions, they can reduce the negative effects of sanctions and influence their investment process.
3. Detailed analysis of risks: Before making an investment, companies should conduct a detailed and comprehensive analysis of the risks related to sanctions. This process includes analysis of laws and regulations related to sanctions, analysis of organizational strengths and weaknesses and their possible effects on investment performance.
4. Use of intermediary companies: In some cases, intermediary companies can be used to indirectly implement the company's investment decisions in the sanctioned markets. These companies may have solutions to bypass restrictions and sanctions and help the company invest in these markets.
5. Use of appropriate financial solutions: To reduce the negative effects of sanctions, appropriate financial solutions can be used. For example, short-term investments or investments in mutual funds can be used to quickly move capital out of sanctioned markets if necessary.

Also, based on the results of this study, investor sentiments have had a negative (or positive) impact on investment decisions. The negative effects of investor emotions on investment decisions can have adverse consequences in business and investment. In order to improve the effects of capital transit emotions on investment decisions, the following solutions can be considered:

1. Awareness of your emotions and behaviors: Understanding and awareness of your personal emotions and behaviors including anxiety, fear or greed can be the first step in dealing with them. By knowing yourself and your emotions, you can find ways to help you overcome these emotions and make investment decisions with more rational, long-term goals.
2. Detailed financial planning: detailed and principled financial planning includes setting goals,

budgeting, risk management and proper evaluation. Having a good financial planning, one can determine the direction and strategy of the company in investment and reduce side emotional effects and make decisions based on one's financial goals and strategies.

3. Study and research: before any investment decision, study and research is needed. Adequate information and knowledge about the industry, market, companies and various investments helps the company to make more informed and rational decisions. With enough information, investor emotions will influence decisions less.
4. Long-term planning: Focusing on long-term planning and following investment strategies can help short-term emotions and sudden changes in the market have less impact on investment decisions. By bearing risk and not reacting to short-term changes, you can stick to the company's long-term goals.

Also, it is important to have faith in your experiences and learn from past mistakes. No investment is without risk and error, but by using the right methods and principles, the negative effects of the investor's emotions can be reduced and smarter investment decisions can be made.

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