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A Study on Impact of Emotional Intelligence of Retail Investors on Investment Decisions

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Research

Keywords: Emotional Intelligence, Investment, Retail investors, Self-care bias, Status Quo

Posted Date: April 1st, 2022

DOI: https://doi.org/10.21203/rs.3.rs-1505334/v1

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Abstract

A retail investor is a shareholder who buys stocks for his or her own personal account rather than for the benefit of the firm. Investment selections have become more important as a nation's job prospects and economic development have increased. Working people's capacity and desire to save and invest their money for returns has increased as a result of increased awareness of investment opportunities. Due to the liberalization of the Indian financial industry, there has been an amazing rise in the investment sector in terms of both volume and number of investors in India during the last decade. There is a flood of varied investment products with a plethora of possibilities to entice people to invest. In India, the number of regional stock exchanges has grown. Typically, investment choices are made using basic or technical approaches. However, in many circumstances, investors make investing decisions based on their emotions. This study analyses the impact of several elements such as biased representation, mental accounting, and risk aversion on the execution of an investment choice. Retail investment has experienced a meteoric rise in recent decades. The financial sector of every country is critical to the success and growth of other sectors of the economy, and this is especially true in developing economies. An effort was made to measure Emotion Regulation, Emotion Use or Motivation, Social Aptitudes, Loss Aversion, Status Quo, Endowment, Regret Aversion, Self-Care, and Investment Decisions. The regression findings revealed that Retail investors' Emotional Intelligence had a beneficial influence on investing decisions.

1. Introduction

Investment decisions are perhaps the main issues in the present stock market. Individuals make investment decisions depend on various fundamental and technical tools. However, there are occasions when people lose their patience and respond emotionally (Ciarrochi et al., 2000). In such instances, a minor blunder might result in significant losses for investors. Emotional intelligence, according to Salovey and Mayer (1989), is one of the individual characteristics that influences investment decisions. According to Goleman (2006), Emotional Intelligence can help investors make better investing judgments in specific instances. According to Mayer et al. (1999), Emotional Intelligence meets traditional requirements for insight. Emotional Intelligence refers to the ability to notice, analyse, and use feelings in helpful critical thinking or problem solving (Salovey and Mayer 1990; Mayer and Salovey 1997). Various titles have been given to Emotional Intelligence as a result of study (Dulewicz and Higgs, 2000). Emotional Intelligence by (Goleman in 1996), Emotional Literacy by (Steiner in 1997), Emotional Quotient by (Goleman in 1996 and 1997), and Emotional Quotient by (Goleman in 1996 and 1997) (Cooper in 1997). Emotional intelligence is defined as the ability to monitor your own feelings, convert those feelings into valuable data, and apply that beneficial data in problem solving or critical thinking.

Individuals differ in how they generate sensations, how those feelings are transformed into useful information, and how they avoid dominant feelings that may be harmful to them (Winter and Kuiper, 1997). Emotional guidance and execution are two perspectives that are significant in Emotional Intelligence (IE) and are being investigated by the researchers using 35 tennis players as a sample. The

researchers conclude that pressure can affect outcomes whether it is included or excluded by emotional intelligence, because pressure on individuals to make decisions reduces self-confidence (Laborde et al, 2014). Feelings and predispositions are an essential component of human existence, and people consider them in their actions intentionally or unintentionally. Investors make highly careful investment decisions after conducting extensive research in order to tackle a determined challenge. Investors evaluate their own research and the opinions of others, yet emotions arise, causing perceptual biases in choosing the best option for their investments. Journals and books address what kinds of emotions people have, but for businesses, the final goal is for investors to understand what kinds of emotions they have, when they are overwhelmed by their emotions, and how to reduce the effects of emotions on investors. A study of retail investors discovered a favourable and close association between emotional intelligence and the decision-making process of investors. There are several biases present in this encounter, which have an influence on the overall investing process. Changes in investor emotions cause differences in investor risk behaviour (Pirayesh, 2014). Stock investment profiles that reveal the investor's preferences and the challenges they confront in their investments will guide investors and enterprises in the long and short term. As investment interaction will focus on the best investment selection and avoid certain improvements being identified by this investigation that produce issues. This study looked at investors' emotional intelligence and how they used emotions to make judgments. The study looked at emotional intelligence during the investment process. This study looked into the basic normal emotions that investors experience when making judgments and how those emotions impact their decisions.

1.1. Emotional Intelligence

Goleman's (2006) Excited knowledge is the thing that supports financial professionals in making sound judgments. Excited insight is defined as "the tipping point for seeing our own thoughts and those of others, for awakening ourselves, for well-regulating feelings in ourselves and in our associations." Salovey and Mayer (1990). Emotional Intelligence is defined as the capacity to notice and manage one's own and others' feelings and beliefs in order to direct individual behaviour. The enthralling information includes:

Self-care (Self-mindfulness)

self-understanding and ability to appreciate the sentiments

- *Use of Emotion*: prepared to define your own particular objectives and work to accomplish those objections, ready to set little strolls to accomplish colossal targets
- *Loss Aversion*: The propensity to stay away from loss over accomplishing comparable additions is known as Loss Aversion. By and large, feel torment from losses significantly more intensely than they do delight from comparable estimated gains. Loss Aversion is most ordinarily seen in financial decisions: individuals as often as possible require extra—and at times huge—motivators to face monetary challenges that could end in a loss.
- *Status Quo*: In 1988, William Samuelson and Richard Zeckhauser created the expression “Status Quo." It is an enthusiastic predisposition that prompts pick whichever alternative approves or

expands the current circumstance (i.e., "business as usual") over different choices that may achieve change when confronted with a scope of choices.

- *Regret Aversion*: Individuals who experience the ill effects of disappointment revulsion try not to settle on choices since they are worried about the possibility that whichever way they pick will end up being more awful than ideal over the long haul.

2. Review Of Literature

S. Landa et al. (2010) collected data on the link between stimulated data, character characteristics, and mental orientations in adolescents. They discovered a link between enthusiastic ideas and neuroticism, as well as a negative relationship between engaged thoughts and responsiveness and opportunity. The enhanced clarity was antagonistically associated with neuroticism and positively associated with extraversion. Avsec et al. (2009) explored the relationship between passionate knowledge and character credits in Croatian and Slovenian school understudies. The information was gathered from 257 school understudies and 171 school understudies. Relapse, relationship, and two-way ANOVA were used to examine the results. They considered that the extraversion quality and the good faith attribute were key indicators, and that the neuroticism quality was the most reliable indicator. Bashir et al. (2013) investigated the influence of financial problems and character traits on immediate propensities and risk-taking behaviour in Pakistan. The data was collected from 225 loan professionals and money underwriters. SEM eviscerated the information. They anticipated that character traits would have a basic association close to disposition influence with gaudiness, collecting behaviour, and risk taking. There was no correlation between the estimating components and direct inclinations. Raheja and Dhiman (2019) concentrated on the relationship between financial backers' social predispositions and risk tolerance, as well as the relationship between financial backers' conduct inclinations and speculating options. Kunnanatt (2004) investigated eager knowledge. He observed that people with high emotional intelligence would build a mutually beneficial partnership, whereas people with poor emotional intelligence would construct a win-lose relationship. Emotional intelligence training would transform members' internal and external connections, resulting in better views, clearer discernments, and helpful affiliations in everyday life. Ezadinea et al. (2011) investigated the impact of EI and its estimations on portfolio performance. The information was gathered from 122 Iranian investors. With the assistance of relapse, the data was poor down. They have also conducted research using t-tests. They concluded that EI had a positive impact on portfolio execution. They discovered that the examiners' experience influenced portfolio execution and return. Nawi et al. (2012) investigated the relationship between piercing data and character characteristic among Malaysian school pioneers. They discovered that the teacher pioneers' passionate learning was strongly associated with honesty, reactivity to perception, extraversion, and fittingness. The astonishing assurance exhibited a more solid association with energetic learning than the other character traits. Sashikala and Chitramani (2017) focused on identifying the importance of distinguishing the EI of financial backers by a large survey indicating the role that EI plays in the financial backer's venture conduct. Zaidi and Tauni (2012) investigated the association between character traits, socioeconomics, and the pomposity proclivity of financial professionals on the

Lahore Stock Exchange. The data was collected from 170 respondents and was down and out someplace around chi-square, as well as relationship. Pirayesh (2014) investigated the effect of animating data on the hypothetical structures of retail cash related specialists on the Tehran Stock Exchange. He recognised that there was a link between energised learning and theory selection. He discovered that there was a link between random reluctance and judgments of animated data. Garkaz and Mehrvarzi (2012) disentangled the relationship between worried learning and business company execution on the Tehran Stock Exchange. At this stage, there was a link between self-affiliation and execution; there was no association between friendly thinking and execution. Inaishi et al. (2010) investigated the arrogant fiscal master lead in the insurance exchange through diversion. They reasoned that when there was a change in strategy, the financial professionals were oblivious. David Wechsler, the primary man responsible for developing the Wechsler Adult Intelligence Scale (WAIS), insinuated both non-intellectual and intellectual components of knowledge in (1940). He depicted the effects of non-intellective components on intelligent behaviour. Individual, emotional, and cultural elements were among the non-intellectual variables, and it was subsequently shown that these were extremely important in determining one's potential to triumph in life. He drew near by to fight that our games of insight would not be completed until we could adequately become aware of these elements. Kemdal and Montgomery (1997) investigated the role of emotions in dynamic interactions. The developers assumed that a person's dynamic movement was influenced by their emotions, as well as their inner and exterior environment. They went on to say, "We surely require additional knowledge regarding the role of sentiments in close to home dynamic, which appears to be a neglected area in dynamic study." Shefrin (2000) demonstrated how the process by which individuals learnt things resulted in the establishment of individual "generic guidelines" that were frequently used in the dynamic cycle. People employed heuristics to describe data; nevertheless, these psychological shortcuts may have resulted in incorrect findings, which influenced the final outcome of the choice. When a result, as humans developed various approaches for making judgments or managing information, mistakes were made while dealing with data. This resulted in what Shefrin referred to as "heuristic driven predispositions." Masomi and Ghayekhloo (2011) distinguished the impact of social factors on budgetary managers' meandering decisions. They discovered that regret was one of the typical criteria that influenced the inspectors' hypothesis selections. Paul Slovic (2001) suggested the hypothesis that brain science affected the dynamic cycle of investors in a 1972 essay. "Numerous parts of speculation examination are thought to be mental in character; indisputably, the assessment of man's skills for integrating info into a judgement or choice is one such viewpoint," he said explicitly. According to Bar-On (2002), "Emotional Intelligence is a multi-factorial cluster of emotional and social talents that determine how well we interact with ourselves as well as other people and adjust to day-to-day requests and urgent issues." Chavali and Mohanraj (2016) investigated the link between peril block and hypothesis selections and discovered that the inspectors choose certain addition rather than an uncertain future. We try to understand the relationship between investing decisions and investors' emotional intelligence based on the dialogue above. Individuals make various speculating decisions according on their emotional intelligence.

2.1. Objectives of the study

- To examine the impact of Emotional Intelligence on Investment Decisions of Indian Retail Investors
- To comprehend the individual impacts of the Emotional Intelligence of Self-Care bias, Use of Emotion Behavior, Loss Aversion Behavior, Status Quo Behavior, Regret Aversion bias
- To clearly identify which investment behavior are (Self-Care bias, Use of Emotion Behavior, Loss Aversion Behavior, Status Quo Behavior, Regret Aversion bias) among Indian investors are common.

2.2. Based on the objectives of the study, the following hypotheses have been framed and are tested:

2.2.1. To explore the impact of Emotional Intelligence on Investment Decisions of Indian Retail Investors

- H_{o1}: There is no correlation between emotional intelligence and investment decisions of retail investors
- H_{a1}: There is correlation between emotional intelligence and investment decisions of retail investors

2.2.2. To comprehend the individual impacts of the Emotional Intelligence of Self-Care bias, Use of Emotion Behavior, Loss Aversion Behavior, Status Quo Behavior, Regret Aversion bias

- H_{o21}: There is no impact of Self-Care bias on accounting information of retail investors
- H_{022}: There is no impact of Self-Care bias on personal needs of retail investors
- H_{023}: There is no impact of Self-Care bias on neutral informations of retail investors
- H_{031}: There is no impact of use of emotions bias on accounting information of retail investors
- H_{032}: There is no impact of use of emotions bias on personal needs of retail investors
- H_{033}: There is no impact of use of emotions bias on neutral informations of retail investors
- H_{041}: There is no impact of Loss Aversion Behavior bias on accounting informations of retail investors
- H_{042}: There is no impact of Loss Aversion Behavior bias on personal needs of retail investors
- H_{043}: There is no impact of Loss Aversion Behavior bias on neutral informations of retail investors
- H_{051}: There is no impact of Status Quo Behavior bias on accounting information of retail investors
- H_{052}: There is no impact of Status Quo Behavior bias on personal needs of retail investors
- H_{053}: There is no impact of Status Quo Behavior bias on neutral information of retail investors
- H_{061}: There is no impact of Regret Aversion bias on accounting information of retail investors
- H_{o62}: There is no impact of Regret Aversion bias on personal needs of retail investors
- H_{063}: There is no impact of Regret Aversion bias on neutral informations of retail investors

Emotional intelligence is the independent variable and the investment decisions of the investors are the dependent variable in the current study. The components of Emotional Intelligence coded as Self-Care bias *(SCB)*, Use of Emotion Behavior (*UEB*), Loss Aversion Behavior *(LAB)*, Status Quo Behavior *(SQB)*,

and Regret Aversion bias *(RAB)* for the Investment Decisions code in Accounting Information *(AI)*, Personal Needs *(PI)* and Neutral Information *(PI).*

3. Research Methodology

3.1. Sample size

The study's goal is to look into the effects of emotional intelligence on investor behaviour in India, a large sample size is recommended. The larger the sample size, the more accurate the results will be. The more representative it can be, the more accurate the results will be (Saunders et al., 2009,) nonetheless, and the sample size is determined by the researchers' available resources, such as time and money. As a result, 625 questionnaires are delivered to individual investors with the hopes of collecting more than 550 responses but 430 respondents are given the response for the questionnaires. Questionnaires are being mailed Telegram App, and through WhatsUp groups. For responders, the first method is convenience sampling, while the second method is snowball sampling because it is the ideal strategy for emailing it to friends, the convenience sampling method was chosen to receive the highest response rate and family to get the highest response rate.

3.2. Investigation Area

The region of research is India context the retail investors who trade in major of the discount brokers of India like [1] Zerodha Broking Limited, RKSV Securities India Private Limited (Upstox), Angel Broking Limited and 5paisa Capital Limited.

3.3. Investigating strategy

The cluster sampling method and purposive sampling framework was utilized in this assessment. It's anything but a non-probability testing framework, which relies upon the features of a general population and the objective of the assessment. The purposive sampling technique is generally called basic analyzing or specific assessing or unique examining. It is furthermore established on the appraisal of the expert.

3.4. Survey

The systematised research was used to collect data from investors. The results are calculated using the Emotional Intelligence Scale and the Investment Decisions Scale. The normalised scale for Emotional Intelligence (Goleman, 2001) is a 50-item, five-point Likert scale that assesses the categories of Emotional Intelligence, Sympathy, Self-Awareness, Motivations, Managing Emotions, and Social Abilities.

3.5. Sources of Data

The fundamental data for this assessment was gathered from retail investors with the assistance of systematized reviews from examiners of institutionalised speculators of securities exchange, and

discretionary data was gathered from journals, books, and locales, as well as from the review of composing.

3.6. Research Design

The structure of the data collecting and interpretation process is captured by the current study (Bryman & Bell, 2007, Ghauri & Gronhaug, 2010, p. is experimental or case study design; 2) longitudinal design; and 3) cross-sectional designs are three types of research designs. The experimental design is frequently used to investigate causal relationships between variables, and it includes the use of two distinct groups: the experimental group, which receives treatment/intervention, and the control group, which is used to compare any differences in treatment results between the two groups. The longitudinal design is typically used to analyse changes over time and to incorporate causal elements (Collis & Hussey, 2009,). A case study (Collis & Hussey, 2009,) includes the investigation of a single case. Nonetheless, because this study examines a very small sample size at a certain moment, a cross-sectional approach was adopted. In a cross-sectional design, the investigator evaluates the results and exposures in the research participants at the same time (Setia, 2016; Saunders et al., 2009,), which is exactly what happened in this study. The cross-sectional technique is thus perfect for this study because the primary purpose of this research is to identify a wide trend in investor attitudes about the stock market. The cross-sectional method is best suited for this study since the data was gathered in steps rather than over a set time period. In essence, the cross-sectional design involves the employment of several research methodologies and is suited for this study since it permits the collection of largely quantitative data.

3.7. Data Collection Method

Among the various data collection strategies available, such as unstructured interviews, semi-structured interviews, structured interviews, observation, self-completion questionnaires, group discussions, and so on, the self-completion approach was chosen to collect quantitative data for this analysis. One of the most common forms of data gathering tools in quantitative research is the data collecting tool.

3.8. Design of Measurements and Questionnaire

There are three sections to the questionnaire: The Respondents' Biographical Information is covered in Part-1. The emotional intelligence of an investor is assessed in Part-2. Part-3 examines the investment decisions of Indian investors. Both nominal and ordinal measures are used in Part-1. Nominal scales are used to classify items, while ordinal scales are needed for both categorization and evaluations of objects or observations (Ghauri & Gronhaug, 2010). Table 1 lists the measurement forms that were used for this section.

Table 1: Shows the different types of measurements were used in Section A of the questionnaire.

Part-1: Respondents Biographical Information	Types of Measurements
Classifying: Gender, Marital status and Occupation	Nominal scale
Order of Age, Educational level, Years of Investing, Income Range	Ordinal scale

Part-2; of the questionnaire analyzes Indian investors' emotional intelligence using Goleman's four dimensions (1998) and _____ (add here one more author should be added) measured on a 5-point Likert scale, they're all rated. The questionnaires of part-3; analyses Indian investors' investment habits. The Prospect theory, heuristic theory, and other theories on the influence of behavioural aspects on investor decision making, as listed by Waweru et al. (2008,) and various other authors in the area.

3.9. Analyze and Process of Data

The data is processed and analysed using IBM SPSS 23 and IBM SPSS AMOS. The data is first cleaned by removing low-quality questionnaire features like skewed rankings, too many missing values, and outlier observations. The statistical approaches, which include Descriptive Statistics, ANOVA, Cronbach Alpha Reliability Tests, and Structural Equation Model, are then discussed. Descriptive statistics: Descriptive statistics are used to characterize the respondents' personal information (biographical information).

Table 2: Reliability and Validity Test for Emotional Intelligence and investment decisions of retail investors

Item-Total Statistics				
Emotional Intelligence and investment decisions of retail investors	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SCS	88.2047	490.037	0.905	0.967
ROE	92.7070	543.942	0.820	0.973
UOE	92.8744	566.525	0.741	0.977
SAS	88.2209	489.660	0.902	0.968
LOA	87.7558	458.936	0.958	0.965
SQO	92.1372	497.130	0.956	0.965
EOB	92.0070	511.457	0.968	0.965
ROA	88.4442	463.916	0.956	0.965

The above table 2 shows, reliability items result of Cronbach's Alpha (if Item deleted). By applying ALPHA method in SPSS, proved that there is an internal consistency between the items of 8 items in questionnaire related to the Emotional Intelligence and investment decisions of retail investors. The

Instrument is analyzed based on the coefficient alpha as a measure of reliability of measurement instruments.

Table 3: Frequency Distribution of Gender of Respondents

Gender					
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Male	217	50.5	50.5	50.5
	Female	213	49.5	49.5	100.0
	Transgender	-	-	-	-
	Total	430	100.0	100.0	

Source: Primary data

The above table 3 shows that 50.5 per cent of the respondents are male and 49.5 per cent of the respondents are female.

Table 4: Frequency Distribution of Age of Respondents

Age					
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	11 to 15 years	143	33.3	33.3	33.3
	16 to 22 years	47	10.9	10.9	44.2
	23 to 35 years	81	18.8	18.8	63.0
	36 to 50 years	118	27.4	27.4	90.5
	Above 50 years	41	9.5	9.5	100.0
	Total	430	100.0	100.0	

Source: Primary data

The above table 4 indicates that 33.s3 per cent of the respondents belong to age group between 11 to 15 years, 10.9 per cent of the respondents belong to age group between 16 years and 22 years, 18.8 per cent of the respondents belong to age group of 23 years and 35 years, 27.4 per cent of the respondents belong to age group between 36 years and 50 years and 9.5 per cent of the respondents belong to age group above 50 years.

Table 5: Frequency Distribution of Marital Status of Respondents

Marital Status					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	178	41.4	41.4	41.4
	Un Married	194	45.1	45.1	86.5
	Divorced	23	5.3	5.3	91.9
	Widow	1	0.2	0.2	92.1
	Separated	17	4.0	4.0	96.0
	Widower	17	4.0	4.0	100.0
	Total	430	100.0	100.0	

Source: Primary data

From the above table 5, it is clear that 41.4 per cent of the respondents are married, 45.1 per cent of the respondents are unmarried, 5.3 per cent of the respondents are Divorced, 0.2 per cent of the respondents are Widow, 4.0 per cent of the respondents are Separated and 4.0 per cent of them are Widower.

Table 6: Frequency Distribution of Education of Respondents

Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Up to Metric	-	-	-	-
	Pre-University	35	8.1	8.1	8.1
	Graduation	134	31.2	31.2	39.3
	Post-Graduation	242	56.3	56.3	95.6
	Ph.D.	19	4.4	4.4	100.0
	Uneducated	-	-	-	-
	Total	430	100.0	100.0	

Source: Primary data

The above table 6 proves that 8.1 per cent of the respondents have education of Pre-University, 31.2 per cent of the respondents are have Graduation, 56.3 per cent of the respondents have Post-Graduation and 4.4 per cent of the respondents have Ph.D., and none are uneducated.

H_{o1}: There is no correlation between emotional intelligence and investment decisions of retail investors

Table 7: Inter Correlation Matrix on the Dimensions of Emotional Intelligence and investment decisions of retail investors

	SCS	ROE	UOE	SAS	LOA	SQO	EOB	ROA
SCS	1	0.828**	0.724**	0.822**	0.877**	0.859**	**0.879****	0.872**
ROE	-	1	0.766**	0.750**	0.769**	**0.782****	0.761**	0.749**
UOE	-	-	1	0.772**	0.767**	0.761**	0.876**	**0.963****
SAS	-	-	-	1	0.863**	0.859**	0.881**	**0.896****
LOA	-	-	-	-	1	**0.986****	0.983**	0.963**
SQO	-	-	-	-	-	1	**0.975****	0.959**
EOB	-	-	-	-	-	-	-	**0.984****
ROA	-	-	-	-	-	-	-	1

**. Correlation is significant at the 0.01 level (2-tailed)

From table 7, based on the outcomes of correlation, it is clear that the outcome variables are highly and positively correlated with the other variables. Self-Care (SCS) positively influences Endowment (EOB) highly. Regulation of Emotion (ROE) are highly positively related with Status Quo (SQO). Use of Emotion or Motivation (UOE) positively influences Regret Aversion (ROA) highly. Social Aptitudes (SAS) positively focus on Regret Aversion (ROA). Loss Aversion (LOA) positively and highly impacts on Status Quo (SQO). Endowment (EOB) highly influences Regret Aversion (ROA) positively.

H_{o21}: There is no impact of Self-Care bias on accounting information of retail investors

Table 8: ANOVA for significant difference between Self-Care bias on accounting information of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
SCS1	Between Groups	0.570	2	0.285	0.195	0.822
	Within Groups	622.827	427	1.459		
	Total	623.398	429			
SCS2	Between Groups	0.603	2	0.301	0.295	0.745
	Within Groups	436.783	427	1.023		
	Total	437.386	429			
SCS3	Between Groups	6.034	2	3.017	2.574	0.077
	Within Groups	500.534	427	1.172		
	Total	506.567	429			
SCS4	Between Groups	3.071	2	1.536	1.379	0.253
	Within Groups	475.403	427	1.113		
	Total	478.474	429			

Source: Statistically analyzed data

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between Self-Care bias on accounting information of retail investors.

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence there is significant difference between Self-Care bias on accounting information of retail investors.

H_{022}: There is no impact of Self-Care bias on personal needs of retail investors

Table 9: ANOVA for significant difference between Self-Care bias on personal needs of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
SCS1	Between Groups	0.322	2	0.161	0.110	0.896
	Within Groups	623.076	427	1.459		
	Total	623.398	429			
SCS2	Between Groups	3.394	2	1.697	1.670	0.190
	Within Groups	433.992	427	1.016		
	Total	437.386	429			
SCS3	Between Groups	30.527	2	15.264	13.691	0.000**
	Within Groups	476.040	427	1.115		
	Total	506.567	429			
SCS4	Between Groups	0.155	2	0.077	0.069	0.933
	Within Groups	478.320	427	1.120		
	Total	478.474	429			

Source: Statistically analyzed data

Note: **Denotes significance at 1 % level

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between Self-Care bias based on SCS1, SCS2 and SCS4 on personal needs of retail investors.

Since P value is less than 0.05, the null hypothesis is rejected at 5 percent level of significance. Hence there is significant difference between Self-Care bias based on SCS3 on personal needs of retail investors.

H_{023}: There is no impact of Self-Care bias on neutral information of retail investors

Table 10: ANOVA for significant difference between Self-Care bias on neutral information of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
SCS1	Between Groups	3.724	2	1.862	1.283	0.278
	Within Groups	619.674	427	1.451		
	Total	623.398	429			
SCS2	Between Groups	4.194	2	2.097	2.067	0.128
	Within Groups	433.192	427	1.015		
	Total	437.386	429			
SCS3	Between Groups	5.897	2	2.948	2.515	0.082
	Within Groups	500.671	427	1.173		
	Total	506.567	429			
SCS4	Between Groups	4.055	2	2.028	1.825	0.162
	Within Groups	474.419	427	1.111		
	Total	478.474	429			

Source: Statistically analyzed data

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between Self-Care bias based on SCS1, SCS2, SCS3 and SCS4 on neutral information of retail investors.

H_{031}: There is no impact of use of emotions bias on accounting information of retail investors

Table 11: ANOVA for significant difference between use of emotions bias on accounting information of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
UOE1	Between Groups	3.715	2	1.858	1.153	0.317
	Within Groups	687.962	427	1.611		
	Total	691.677	429			
UOE2	Between Groups	6.859	2	3.429	2.805	0.062
	Within Groups	522.127	427	1.223		
	Total	528.986	429			
UOE3	Between Groups	8.529	2	4.264	3.899	0.021*
	Within Groups	467.015	427	1.094		
	Total	475.544	429			

Source: Statistically analyzed data

Note: *Denotes significance at 5 % level

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between use of emotions bias of UOE1 and UOE2 on accounting information of retail investors.

Since P value is less than 0.05, the null hypothesis is rejected at 5 percent level of significance. Hence there is significant difference between use of emotions bias based on UOE3 on accounting information of retail investors.

H_{032}: There is no impact of use of emotions bias on personal needs of retail investors

Table 12: ANOVA for significant difference between use of emotions bias on personal needs of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
UOE1	Between Groups	2.413	2	1.207	0.748	0.474
	Within Groups	689.263	427	1.614		
	Total	691.677	429			
UOE2	Between Groups	7.076	2	3.538	2.895	0.056
	Within Groups	521.910	427	1.222		
	Total	528.986	429			
UOE3	Between Groups	8.296	2	4.148	3.791	0.023*
	Within Groups	467.248	427	1.094		
	Total	475.544	429			

Source: Statistically analyzed data

Note: *Denotes significance at 5 % level

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between use of emotions bias of UOE1 and UOE2 on personal needs of retail investors.

Since P value is less than 0.05, the null hypothesis is rejected at 5 percent level of significance. Hence there is significant difference between use of emotions bias based on UOE3 on personal needs of retail investors.

H_{033}: There is no impact of use of emotions bias on neutral information of retail investors

Table 13: ANOVA for significant difference between use of emotions bias on neutral information of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
UOE1	Between Groups	2.604	2	1.302	0.807	0.447
	Within Groups	689.073	427	1.614		
	Total	691.677	429			
UOE2	Between Groups	15.553	2	7.776	6.467	0.002**
	Within Groups	513.433	427	1.202		
	Total	528.986	429			
UOE3	Between Groups	12.611	2	6.306	5.816	0.003**
	Within Groups	462.933	427	1.084		
	Total	475.544	429			

Source: Statistically analyzed data

Note: **Denotes significance at 1 % level

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between use of emotions bias of UOE1 on neutral information of retail investors.

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence there is significant difference between use of emotions bias based on UOE2 and UOE3 on neutral information of retail investors.

H_{041}: There is no impact of Loss Aversion Behavior bias on accounting information of retail investors

Table 14: ANOVA for significant difference between Loss Aversion Behavior bias on accounting information of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
LOA1	Between Groups	0.018	2	0.009	0.009	0.992
	Within Groups	447.368	427	1.048		
	Total	447.386	429			
LOA2	Between Groups	0.074	2	0.037	0.034	0.967
	Within Groups	470.868	427	1.103		
	Total	470.942	429			
LOA3	Between Groups	1.854	2	0.927	0.496	0.609
	Within Groups	798.053	427	1.869		
	Total	799.907	429			
LOA4	Between Groups	0.074	2	0.037	0.034	0.967
	Within Groups	470.868	427	1.103		
	Total	470.942	429			

Source: Statistically analyzed data

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between Loss Aversion Behavior bias of LOA1, LOA2, LOA3 and LOA4 on accounting information of retail investors.

H_{042}: There is no impact of Loss Aversion Behavior bias on personal needs of retail investors

Table 15: ANOVA for significant difference between Loss Aversion Behavior bias on personal needs of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
LOA1	Between Groups	2.505	2	1.252	1.202	0.302
	Within Groups	444.881	427	1.042		
	Total	447.386	429			
LOA2	Between Groups	1.783	2	0.891	0.811	0.445
	Within Groups	469.159	427	1.099		
	Total	470.942	429			
LOA3	Between Groups	4.624	2	2.312	1.241	0.290
	Within Groups	795.283	427	1.862		
	Total	799.907	429			
LOA4	Between Groups	1.783	2	0.891	0.811	0.445
	Within Groups	469.159	427	1.099		
	Total	470.942	429			

Source: Statistically analyzed data

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between Loss Aversion Behavior bias of LOA1, LOA2, LOA3 and LOA4 on accounting information of retail investors.

H_{043}: There is no impact of Loss Aversion Behavior bias on neutral information of retail investors

Table 16: ANOVA for significant difference between Loss Aversion Behavior bias on neutral information of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
LOA1	Between Groups	2.203	2	1.102	1.057	0.349
	Within Groups	445.183	427	1.043		
	Total	447.386	429			
LOA2	Between Groups	2.063	2	1.031	0.939	0.392
	Within Groups	468.879	427	1.098		
	Total	470.942	429			
LOA3	Between Groups	5.017	2	2.509	1.348	0.261
	Within Groups	794.890	427	1.862		
	Total	799.907	429			
LOA4	Between Groups	2.063	2	1.031	0.939	0.392
	Within Groups	468.879	427	1.098		
	Total	470.942	429			

Source: Statistically analyzed data

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between Loss Aversion Behavior bias of LOA1, LOA2, LOA3 and LOA4 on neutral information of retail investors.

H_{051}: There is no impact of Status Quo Behavior bias on accounting information of retail investors

Table 17: ANOVA for significant difference between Status Quo Behavior bias on accounting information of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
SQO1	Between Groups	1.854	2	.927	0.496	0.609
	Within Groups	798.053	427	1.869		
	Total	799.907	429			
SQO2	Between Groups	0.369	2	0.185	0.158	0.854
	Within Groups	498.617	427	1.168		
	Total	498.986	429			
SQO3	Between Groups	0.330	2	0.165	0.131	0.877
	Within Groups	536.917	427	1.257		
	Total	537.247	429			

Source: Statistically analyzed data

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between Status Quo Behavior bias of SQO1, SQO2 and SQO3 on accounting information of retail investors.

H_{052}: There is no impact of Status Quo Behavior bias on personal needs of retail investors

Table 18: ANOVA for significant difference between Status Quo Behavior bias on personal needs of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
SQO1	Between Groups	4.624	2	2.312	1.241	0.290
	Within Groups	795.283	427	1.862		
	Total	799.907	429			
SQO2	Between Groups	3.252	2	1.626	1.401	0.248
	Within Groups	495.734	427	1.161		
	Total	498.986	429			
SQO3	Between Groups	3.597	2	1.799	1.439	0.238
	Within Groups	533.649	427	1.250		
	Total	537.247	429			

Source: Statistically analyzed data

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between Status Quo Behavior bias of SQO1, SQO2 and SQO3 on personal needs of retail investors.

H_{053}: There is no impact of Status Quo Behavior bias on neutral information of retail investors

Table 19: ANOVA for significant difference between Status Quo Behavior bias on neutral information of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
SQO1	Between Groups	5.017	2	2.509	1.348	0.261
	Within Groups	794.890	427	1.862		
	Total	799.907	429			
SQO2	Between Groups	1.619	2	0.809	0.695	0.500
	Within Groups	497.367	427	1.165		
	Total	498.986	429			
SQO3	Between Groups	5.633	2	2.817	2.262	0.105
	Within Groups	531.613	427	1.245		
	Total	537.247	429			

Source: Statistically analyzed data

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between Status Quo Behavior bias of SQO1, SQO2 and SQO3 on neutral information of retail investors.

H_{061}: There is no impact of Regret Aversion bias on accounting information of retail investors

Table 20: ANOVA for significant difference between Regret Aversion bias on accounting information of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
ROA1	Between Groups	0.085	2	0.043	0.042	0.959
	Within Groups	434.959	427	1.019		
	Total	435.044	429			
ROA2	Between Groups	0.594	2	0.297	0.382	0.683
	Within Groups	331.834	427	0.777		
	Total	332.428	429			
ROA3	Between Groups	2.400	2	1.200	0.583	0.559
	Within Groups	878.542	427	2.057		
	Total	880.942	429			
ROA4	Between Groups	0.388	2	0.194	0.158	0.854
	Within Groups	525.789	427	1.231		
	Total	526.177	429			

Source: Statistically analyzed data

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between Loss Aversion Behavior bias of ROA1, ROA2, ROA3 and ROA4 on accounting information of retail investors.

H_{o62}: There is no impact of Regret Aversion bias on personal needs of retail investors

Table 21: ANOVA for significant difference between Regret Aversion bias on personal needs of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
ROA1	Between Groups	2.264	2	1.132	1.117	0.328
	Within Groups	432.780	427	1.014		
	Total	435.044	429			
ROA2	Between Groups	0.269	2	0.134	0.173	0.842
	Within Groups	332.159	427	0.778		
	Total	332.428	429			
ROA3	Between Groups	3.528	2	1.764	0.858	0.425
	Within Groups	877.414	427	2.055		
	Total	880.942	429			
ROA4	Between Groups	1.969	2	0.984	0.802	0.449
	Within Groups	524.208	427	1.228		
	Total	526.177	429			

Source: Statistically analyzed data

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between Loss Aversion Behavior bias of ROA1, ROA2, ROA3 and ROA4 on personal needs of retail investors.

H_{063}: There is no impact of Regret Aversion bias on neutral information of retail investors.

Table 22: ANOVA for significant difference between Regret Aversion bias on neutral information of retail investors

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
ROA1	Between Groups	3.586	2	1.793	1.775	0.171
	Within Groups	431.458	427	1.010		
	Total	435.044	429			
ROA2	Between Groups	1.532	2	0.766	0.989	0.373
	Within Groups	330.896	427	0.775		
	Total	332.428	429			
ROA3	Between Groups	6.374	2	3.187	1.556	0.212
	Within Groups	874.568	427	2.048		
	Total	880.942	429			
ROA4	Between Groups	1.396	2	0.698	0.568	0.567
	Within Groups	524.781	427	1.229		
	Total	526.177	429			

Source: Statistically analyzed data

Since P value is greater than 0.05, the null hypothesis is accepted and thus there is no significant difference between Loss Aversion Behavior bias of ROA1, ROA2, ROA3 and ROA4 on neutral information of retail investors.

[1] https://tradebrains.in/biggest-stockbrokers-india-with-highest-clients/

https://cxl.com/blog/survey-response-scales/

4. Structural Equation Model For Investment Decisions

4.1. Variable Summary

i). Observed, endogenous variables

Investment Decisions

Regulation of Emotion

Use of Emotion or Motivation

Social Aptitudes

Loss Aversion

Status Quo

Endowment

Regret Aversion

Self-Care

ii). Unobserved, exogenous variables

e1

e3

e4

e5

e6

e7

e8

e9

e2

iii). Variable counts

Number of variables in your model:18

Number of observed variables:9

Number of unobserved variables:9

Number of exogenous variables:9

Number of endogenous variables:9

Table 23: Variables in the Structural Equation Model Analysis

Variables			Unstandardised co-efficient	S.E.	Standardised co-efficient	P value
Investment Decisions	<--	SCS	-.038	.016	-2.339	<0.001**
Investment Decisions	<--	ROE	-.006	.023	-.287	<0.001**
Investment Decisions	<--	UOE	.082	.026	3.138	<0.001**
Investment Decisions	<--	SAS	-.101	.016	-6.267	<0.001**
Investment Decisions	<--	LOA	.119	.014	8.433	<0.001**
Investment Decisions	<--	SQO	.046	.018	2.549	< 0.001**
Investment Decisions	<--	EOB	-.333	.020	-16.661	< 0.001**
Investment Decisions	<--	ROA	.166	.015	11.386	< 0.001**

Source: Statistically analyzed data

Here, the coefficient of Regulation of Emotion, Use of Emotion or Motivation, Social Aptitudes, Loss Aversion, Status Quo, Endowment, Regret Aversion and Self-Care holding Investment Decisions on constant. The assessed positive sign suggests that such effect is positive that Use of Emotion or Motivation, Loss Aversion, Status Quo and Regret Aversion will increase by each item increase in Investment Decisions and this coefficient value is significant at 1% level.

The estimated negative sign implies that such effect is negative that Self-Care, Regulation of Emotion, Social Aptitudes and Endowment will decrease by every unit decrease in Investment Decisions and this coefficient value is significant at 1% level

5. Findings, Suggestion And Conclusion

One of the most critical concerns in today's economic development is investment decision. This study was conducted to determine the impact of Emotion Intelligence on decision-making. Gains and losses are generally acknowledged to be a crucial part of the economic cycle. Most investors, however, do not react evenly to gains and losses. The relationship between the various aspects of Investment Decisions is quite favorable. The consistency between Emotional Intelligence measures and retail investor investing decisions is likewise high and consistent. Furthermore, effective rectification and corrective actions may be taken to improve the consistency of the investor's decision-making process. When an investor experiences loss of aversion, he or she is more inclined to employ emotional intelligence. When making

investing decisions, investors are going to feel emotional. Conventional wisdom holds that when it comes to portfolio selection, investors get more emotional.

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Figures

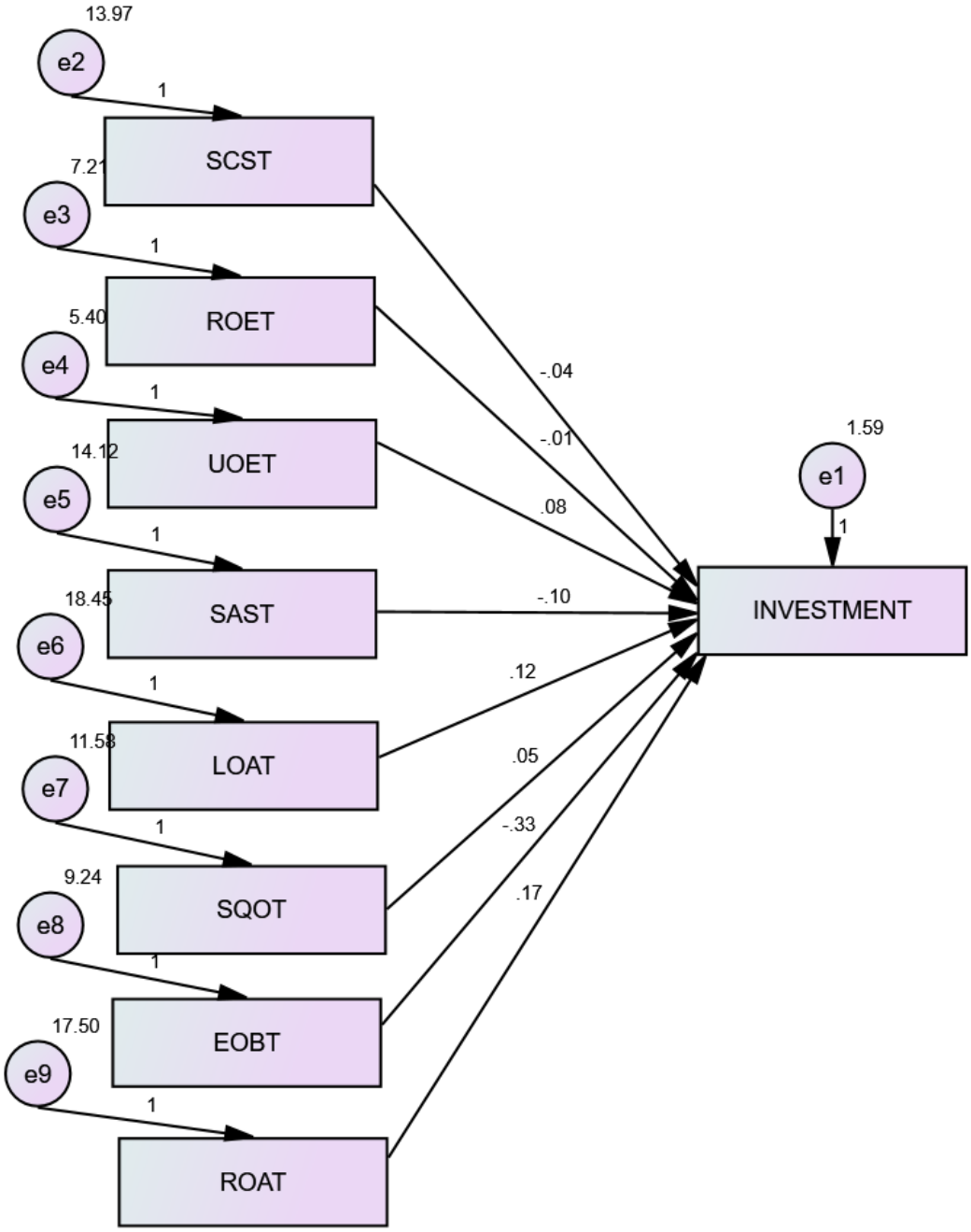

Figure 1

SEM for Investment Decisions