International Journal of Environmental Sciences
ISSN: 2229-7359
Vol. 11 No. 19s, 2025
https://theaspd.com/index.php

A Study On The Role Of Emotional Intelligence On Investment Strategy Of Investors Decision-Making

[1]***Emilda Kannanthanam** and [2]**Dr. Madhavi R**
[1*]Research Scholar in Commerce, JAIN (Deemed-to-be University)
[2]Professor | Programme Coordinator, CMS Business School, Faculty of Management Studies, JAIN (Deemed-to-be University)
***Corresponding Author Email Id**- emildakm@gmail.com

Abstract
Investment Strategy refers to the approach investors use to allocate money across various opportunities to earn the highest possible return. According to studies, emotions significantly influence investor behavior. A high level of Emotional Intelligence (EI) involves the ability to accurately perceive, reason with, understand, and manage emotions in oneself and others. This study explores how investor decisions are shaped by their Emotional Intelligence. Relevant literature on emotional intelligence, investment decision-making, and investor attitudes was reviewed using resources such as EBSCO, Sage, Emerald, Google Scholar, ResearchGate, and the National Digital Library. Only recent and relevant papers were selected for review.
The study primarily aims to examine the relationship between Emotional Intelligence and investment strategies of individual investors, and to understand the importance of Emotional Intelligence in investment decision-making. Data was collected from retail investors in Kerala using a five-point Likert scale. Statistical tools, including descriptive statistics and inferential analyses like ANOVA, correlation, and regression, were employed.
The findings suggest a positive relationship between investor emotions and investment decisions.

PURPOSE OF THE STUDY

Investing is not a game where a person with an IQ of 160 is guaranteed to succeed more than someone with an IQ of 130 (Buffett, 1997). Even with average intelligence, having the temperament to control emotional impulses is essential. Emotional intelligence can make an investor a better decision-maker (Goleman, 1996). The stock market is subject to frequent fluctuations. Investors are constantly seeking profits and often find themselves in high-pressure situations, where managing emotions effectively is crucial for making sound decisions. Emotions can negatively impact investment decision-making, especially when investors make incorrect assumptions and cannot afford financial losses (Kahneman & Tversky, 1979).
This is where emotional intelligence plays a vital role in an investor's life.

REVIEW OF LITERATURRE

"Exploring the role of emotions and psychology in financial investment decisions in the Indian security market" Sushmita Goswami, Brijesh Kishore Goswami, Aeesya Panikar, and Avnish Sharma (2020). In addition to creating a demographic profile of investors, this study looked into how psychological and emotional aspects affect a person's decision to invest in stock in the Indian security market. Data were gathered from Uttar Pradesh's cities. Cluster analysis, the chi-square test, the ANOVA, and descriptive statistics were applied. The degree of income and education of respondents was shown to be strongly correlated with investor investing habits.

"Role of psychological factors in individual Investment decisions"- Haris Lubis, M.Dileep Kumar, P.Ikbar, and Saqib Muneer (2015). This study investigated the psychological variables influencing investment decision criteria. Personality qualities, emotional intelligence, financial literacy, and defensive systems. Customers of commercial and public banks provided the sample. It has been discovered that an individual's psychological characteristics influence their investment decisions.

Do investor emotions determine their Investment Decisions? By A.Charles, R. Kasilingam (2015). Investigated the emotional swing factors and how they affected investors' investment decisions. Cross-tabulation, ANOVA, and other statistical techniques were used to conduct the analyses. According to

research, investors might be classified as positive, negative, or neutral depending on how emotions influenced their decisions. Through the course of the investment life cycle, investors' emotions develop.
Working with Emotional Intelligence(book) by Daniel Goleman (1999). This book talked about the skills that distinguish star performers in the workplace. He mentioned that Emotional Intelligencewas the single most important factor not IQ, technical expertise or advanced degrees.
He also stated personal and social competencies.
Emotional Intelligence(book) by Daniel Goleman (Aug 1996). The author provided information in this book about what emotions are, their significance in life, how they affect your abilities both positively and negatively, and how to develop Emotional Intelligence Evidence from medical research was also offered.
The Intelligent Investor by Benjamin Graham (1949).The author points that to be an intelligent investor, he/she has to be disciplined, patient, and have the eagerness to learn new things. Emotions must be controlled and provide the formula for smart and successful investing.

- **Mayer and Salovey Ability Model**
- The ability model of Emotional Intelligence was created by Mayer, Saloyey and Caruso(2004) and proposes that information from the perceived knowledge and management of emotions is utilized to enhance thinking and direct decision-making.
- **Perception of Emotion –** refers to the ability of a person to recognize own and others emotions through different body language, tone, and facial expressions (Brackett et al., 2013).
- **Facilitating Thought** - The ability to manipulate people's emotions in order to promote thinking, problem-solving, logic, and focus.
- **Understanding emotions**- is the capacity to comprehend how various emotions may interact, evolve, and appear across time.
- **Managing Emotions –** the capacity to effectively handle the emotions.

OBJECTIVES

- To understand the significance of the Investment Strategy of retail investors and Emotional Intelligence during the process of decision making.
- To study the relationship among retail investor's Investment Strategy and Emotional Intelligence.

HYPOTHESIS

$1H_0$: Emotional Intelligence has no relationship with the Investment Strategy in the decision-making of retail investors.
$1H_1$: Emotional Intelligence has a relationship with the Investment Strategy in the decision-making of retail investors.
$2H_0$: Emotional Intelligence has no impact on the Investment Strategy in the decision-making of investors.
$2H_1$: Emotional Intelligence has an impact on the Investment Strategy in the decision-making of investors.

METHODOLOGY

Secondary data for this study were collected from a wide range of credible sources, including academic journals, research articles, books, newspapers, official websites, and studies conducted by reputable organizations. These sources provided a strong theoretical and empirical foundation for the research.
Primary data were collected in three key areas: Demographic Information: Nominal data were used to capture demographic variables such as age, gender, marital status, work experience, investment experience, and educational qualification. Emotional Intelligence: A standardized and validated scale developed by Schutte et al. (1998) was employed to measure Emotional Intelligence. Investment Strategy: A structured questionnaire based on a Likert scale was used to assess investment decision-making behavior.

Sample Design

Data collection was conducted through both email and manual distribution of the structured questionnaire. The study was confined to individual investors residing in Kerala, with four districts selected as sampling units: Ernakulam, Thrissur, Calicut, and Trivandrum. A total of 800 valid responses were collected and considered for analysis. The study specifically targeted individual retail investors who are active participants in the financial markets and currently residing in Kerala.

Respondent Profile
Age Groups: 20–29 years, 30–39 years, 40–49 years, and 50 years & above
Gender: Male, Female, Others
Marital Status: Single, Married
Investment Experience: 0–4 years, 5–9 years, 10–14 years, 15 years & above
Work Experience: 0–4 years, 5–9 years, 10–14 years, 15 years & above
Educational Qualification: Up to Intermediate, Graduate, Postgraduate, Others

DATA ANALYSIS

The current study places a strong emphasis on examining the connection between investors' Investment Decision-making and Emotional Intelligence Below shows the representation of data in graphs forms. The software choice for analysis used in the study is MS Excel and IBM SPSS.

Demographic Features

Age of investors

Table 1 Age of investors

Age			
Age	Frequency	Percent	Cumulative Percent
20-29 years	289	36.1	36.1
30-39 years	210	26.3	62.4
40-49 years	125	15.6	78.0
50 years and above	176	22.0	100.0
Total	800	100.0	

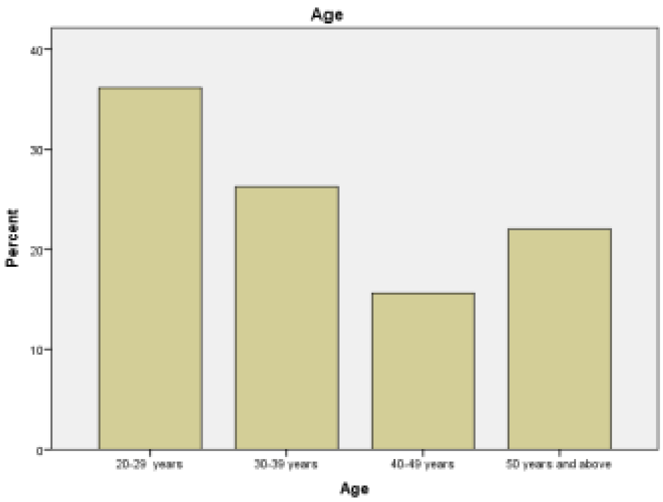


Figure 1 Age of the investors

The statistics was gathered from 800 investors in India. Moreover, the defendants were nominated from the numerous age category. The proportion of defendants belong to age category 20 to 29 years is 36.1% that is comparatively higher than the proportion of other defendant age. The proportion value of 30-39 is 26.3% that is the second uppermost value. The assessment of further age assemblies correspondingly above 50 years and above is 22%. Finally, the respondents of 40-49 years is 15.6 %.

2. Gender of investors

Table 2 2 Gender of the investors

Gender

Gender	Frequency	Percent	Cumulative Percent
Male	314	39.3	39.3
Female	486	60.8	100.0
Total	800	100.0	

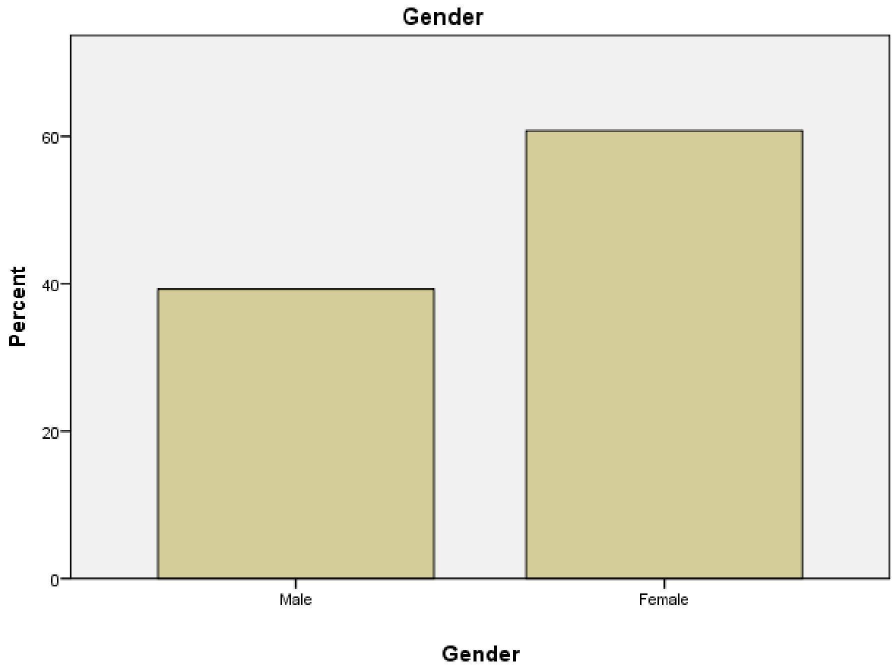


Figure 2 Gender of the investors

Figure 2 signifies that 60% defendants are female investors whereas 39.3% are male investors and flowed by 0.8% of others category. Explicitly amid 800 defendants, 314 defendants are men and 480 defendants are women and 6 defendants are in other category. Evidently, the female defendants are comparatively higher than men. Finally, the female communal contribute significantly for investigation.

3. Educational Qualification
Table 3 Educational Qualification of investors

Educational Qualification

Educational Qualification	Frequency	Percent	Cumulative Percent
Up to Intermediate	125	15.6	15.6
Graduate	276	34.5	50.1
Post Graduate and others	399	49.9	100.0
Total	800	100.0	

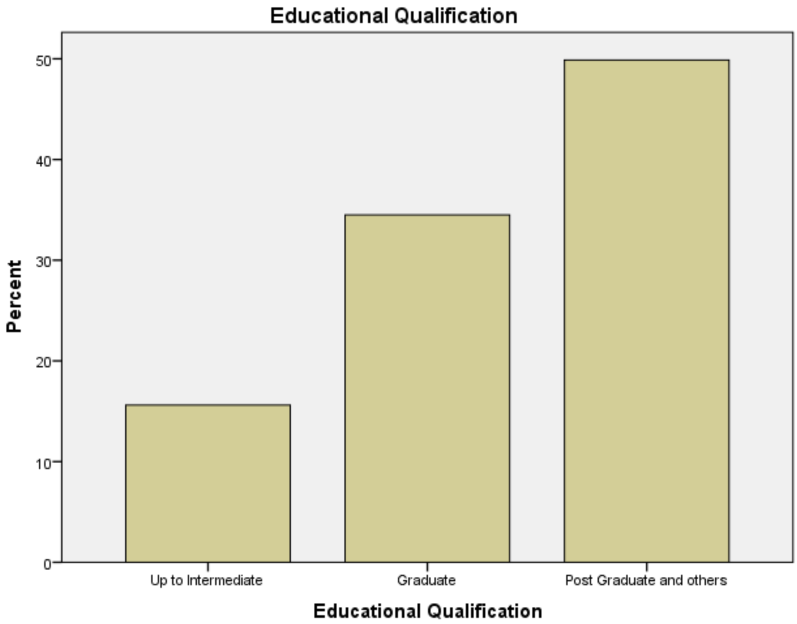


Figure 3 Educational qualification of investors
The table as well as figure 4.3 signified that 276 contributors out of total 800 are graduates. 399 contributors out of 800 are accomplished post graduates that was 50% of the total contributors. And then 125 of contributors out of 800 are furnished intermediates.

4. Marital status
Table 4 Marital status of investors

Marital Status

Marital Status	Frequency	Percent	Cumulative Percent
Single	370	46.3	46.3

Married	430	53.8	100.0
Total	800	100.0	

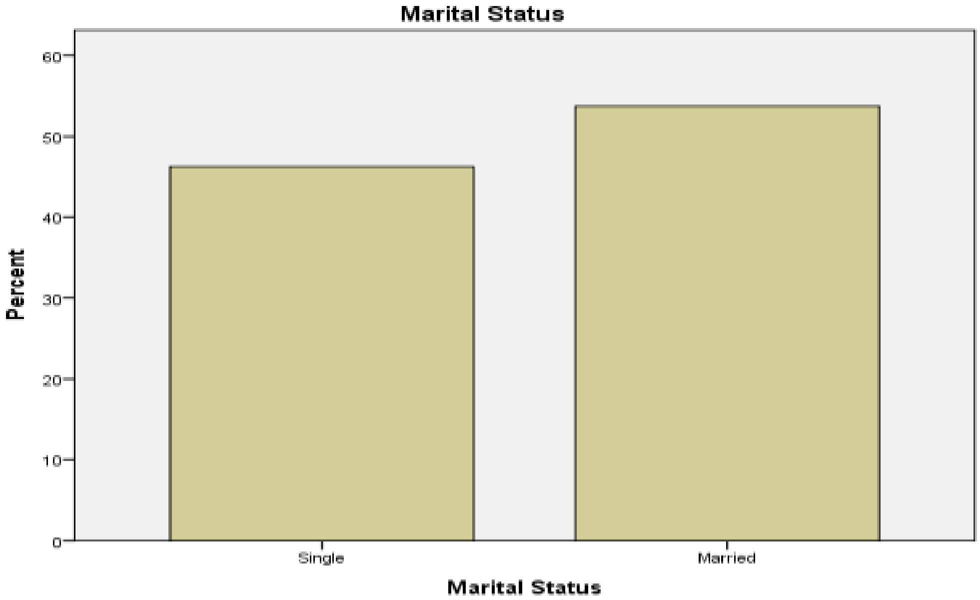
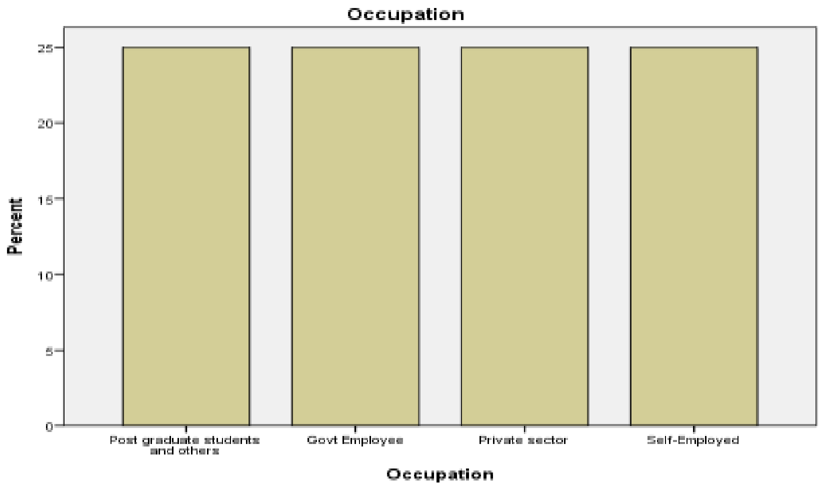


Figure 4 Marital status of the investors
The above table reveals the marital status of the investors. Among, them 46.3% are married investors and 53.8% are comes under the single category. Unmarried respondents contribute more for the research purposes.

5. Occupation

Occupation

Occupation	Frequency	Percent	Cumulative Percent
Post graduate students and others	200	25.0	25.0
Government Employee	200	25.0	50.0
Private sector	200	25.0	75.0
Self-Employed	200	25.0	100.0
Total	800	100.0	



6. Work experience
Table 6 Work experience of investors

Work Experience	Frequency	Percent	Cumulative Percent
0-4 years	260	32.5	32.5
5-9 years	276	34.5	67.0
10-14 years	126	15.8	82.8
15 years and above	138	17.3	100.0
Total	800	100.0	

Figure 6 Work experience of the investors

International Journal of Environmental Sciences
ISSN: 2229-7359
Vol. 11 No. 19s, 2025
https://theaspd.com/index.php

Table and Figure 4.5 illustrates the work experience of the investors 34.5% of the respondents are experienced for 5-9 years followed by 32.5 % of them for 0-4 years. 17.3% of them are experienced for 15 years and above. Finally, 15.8% of them experienced for 10-14 years.

7. Investment experience

Table 7 Investment experience of the investors

Investment Experience

Investment Experience	Frequency	Percent	Cumulative Percent
0-4 years	312	39.0	39.0
5-9 years	248	31.0	70.0
10-14 years	129	16.1	86.1
15 years and above	111	13.9	100.0
Total	800	100.0	

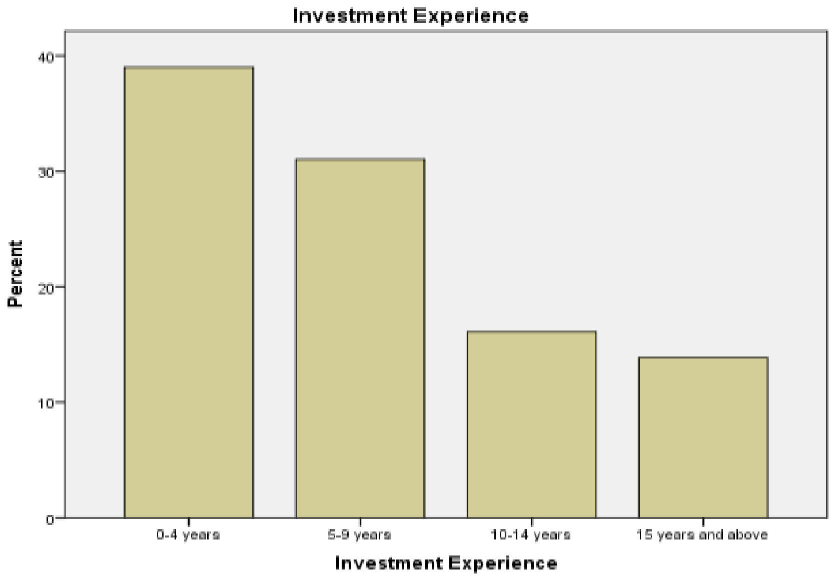


Figure 7 Investment experience

Table and Figure 7 reveals the investment experience of the respondents. 39% of them are investing for the period of 0-4 years. Followed by, 31% of them are investing for 5-9 years. 16.1 % of them are investing for 10-14 years. Finally, 13.9% of them are investing for the period of 15 years and above.

Analysis and Discussion

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Emotional Intelligence	800	1	5	3.46	.801

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Investment Strategy	800	1	5	3.32	.874

1H₀: *Emotional Intelligence has no relationship with the Investment Strategy in the decision-making of retail investors.*
1H₁: *Emotional Intelligence has a relationship with the Investment Strategy in the decision-making of retail investors.*

Correlations

			Investment Strategy
Spearman's rho	Emotional Intelligence	Correlation Coefficient	.530**
		Sig. (2-tailed)	.000
		N	800

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

Spearman's Correlation coefficients shows significantly positive value of 0.530 at 0.01 level significance between the independent variable (Emotional Intelligence) and dependent variable (Investment Strategy). Karl Pearson's Correlation coefficient shows a statistically significant positive value of 0.0542 at 0.01 level of significance between Emotional Intelligence and Productivity for academicians in higher education on the sample data.
Hence the alternative hypothesis is accepted, There is a relationship between Emotional Intelligence and Investment Strategy.

$2H_0$: *Emotional Intelligence has no impact on the Investment Strategy in the decision-making of investors.*
$2H_1$: *Emotional Intelligence has an impact on the Investment Strategy in the decision-making of investors.*

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.597[a]	.356	.356	.702

a. Predictors: (Constant), EMOTIONAL INTELLIGENCE

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	217.523	1	217.523	441.933	.000[b]
	Residual	392.782	798	.492		
	Total	610.305	799			

a. Dependent Variable: INVESTMENT STRATEGY
b. Predictors: (Constant), EMOTIONAL INTELLIGENCE

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.061	.110		9.633	.000

	EMOTIONAL INTELLIGENCE	.651	.031	.597	21.022	.000

a. Dependent Variable: INVESTMENT STRATEGY

The **Model Summary** table presents the values of **R** and **R Square**, where the **R Square** value indicates the proportion of variance in the dependent variable **(Investment Strategy)** that can be explained by the independent variable **(Emotional Intelligence)**. In this study, the R Square value is **0.356**, suggesting that approximately **35.6%** of the variability in Investment Strategy is explained by Emotional Intelligence.
The **ANOVA** table supports the significance of the regression model. The **p-value is less than 0.0005 ($p < 0.05$)**, indicating that the model significantly predicts the outcome variable. This confirms that Emotional Intelligence is a significant predictor of Investment Strategy among retail investors.

CONCLUSION

The present study aimed to examine the influence of emotional intelligence on investors' investment strategies. The findings indicate a positive association between the independent variables (emotional intelligence and demographic characteristics) and the dependent variable (Investment Strategy). Descriptive statistical analysis suggests that Indian investors generally exhibit an optimistic outlook toward their investments. Furthermore, the results from inferential analysis confirm that emotional intelligence significantly impacts investors' investment strategies. In addition, demographic characteristics of individual investors also play a role in shaping their investment decisions

REFERENCES

a. Abha, & Kumar, S. (2019). Do Emotional Intelligence Influence Investment decision-making among generation Y? *Think Journal India, 22*(10).
b. Bakar, S., & Chui Yi, A. N. (2016). The impact of psychological factors on investors' Decision making in the Malaysian stock market: A Case of Klang Valley and Pahang. *Procedia Economics and Finance, 35,* 319-328.
c. Barber, B. & Odean, T. (2001). Boys will be Boys: Gender, Overconfidence and Common Stock Investment.*The Quarterly Journal of Economics,* 261 – 292.
d. Charles, A., & Kasilingam, R. (2015). Do investor's emotions determine their investment decisions? *A Management Journal,* 6(2).
e. Goleman, D. (1996) *Emotional Intelligence: Why it can Matter More Than IQ*. Bloomsbury Publishing:
f. London, UK.
g. Goleman, D. (1998). *Working with Emotional Intelligence* New York: Bantam Books.
h. Goswami, S., Goswami, B. K., Panicker, A., & Sharma, A. (2020). Exploring the role of emotions and psychology in financial investment decisions in the Indian Securities market. *International Journal of Advanced Science and Technology, 29*(1), 532-547.
i. Hadi, F. (2017). Effect of Emotional Intelligenceon investment decision making with a moderating role of financial literacy. *China-USA Business Review, 16*(2), 53-62.
j. Hameed. A. (2012). A study on factors influencing investment decisions with special reference to individual investors in Tiruchirappalli district', Doctor of Philosophy, Jamal Mohamed College, Tiruchirappalli.
k. Johnsi, S., & Sunitha, K. (2018). Impact of personality and Emotional Intelligenceon investor behavior. *Journal of Management.*
l. Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica, 47*,263292.
m. Lucey, B. M., & Dowling, M. (2005). The role of feelings in investor decision-making. *Journal of Economic Surveys, 19*(2).
n. Mayer, J. D., Caruso, D. R., & Salovey, P. (1999). Emotional Intelligencemeets traditional standards for an intelligence. *Intelligence, 27*, 267 – 298.
o. Malik, S. Z., & Masood, S. (2015). Emotional Intelligenceand resistance to change: the mediating role of psychological capital in telecom sector of Pakistan. *Pakistan Journal of Commerce and Social Sciences,* 9(2), 485502.
p. Muttath, B. T., & Menachery, A. (2018). Impact of Emotional Intelligenceon investment decisions. *Journal of Management Research and Analysis, 5*(1), 255-260.
q. Pelger I., (2011). *Male Vs Female Business Owners: Are there differences in investment behavior? Department of Economics, University of Munich, Munich Discussion*, 2011-23.
r. Pervez, S. (2014). Effect of Emotional Intelligenceand financial literacy on investment decision making with a mediating role of risk perception. *Jinnah Business Review, 12*(2), 12-20.
s. Punia, N., Dutta, J., & Sharma, Y. (2015). Emotional intelligence: A theoretical framework. International *Journal of Scientific & Engineering Research,* 6(5).
t. Raheja, S. and Dhiman, B. (2019). Relationship between behavioral biases and investment decisions: the mediating role of risk tolerance. *DLSU Business and Economics Review, 29*(1), 31-39.

u. Raut, R. K., & Rohit. (2018). Investment decision-making process between different groups of investors: A study of Indian stock market. *Asia-Pacific Journal of Management Research and Innovation, 15.*

v. Sashikala, V. and Chitramani, P. (2017). A review on Emotional Intelligenceand investment behavior.*International Journal of Management, 8*(3), 32-41.

w. Saeed, U. (2018). Impact of financial literacy on investor decision-making.

x. Salvoy, P., & Mayor, J. D. (1990). Emotional Intelligence *Imagination, cognition and Personality, 9*(3), 185-211.

y. Schutte, N. S., Malouff, J. M., Hall, L. E., Haggerty, D. J., Cooper, J. T., Golden, C. J., & Dornheim, L.

z. (1998). Development and Validation of a measure of Emotional Intelligence *Pergamon*, 25, 167-711.

aa. Tanvir, M., Sufyan, M. and Ahsan, A. (2016). Investor's Emotional Intelligenceand impact on Investment decision. International. *Journal of Academic Research in Economics and Management Sciences, 5*(3), 12-28.

bb. Thorndike, E.L. (1920). Intelligence and its uses. *Harper's Magazine, 140*, 227-235. **WEBSITES** *BSE*

cc. *Registered Investors*. (2021). BSEIndia. https://www.bseindia.com/markets/keystatics/KeyStat_ClientStat.aspx

dd. Wallace. B. (2017, July 21). Emotional Intelligenceis necessary for you, in any field; here is why. *Business standards*.

ee. https://www.business-standard.com/article/current-affairs/emotional-intelligence-is-necessary-for-youinany-fieldhere-

ff. is-why-117071701188_1.html

gg. *Economic Review 2020*. (2021, January). Kerala State Planning Board. http://spb.kerala.gov.in

hh. Kerala lags in financial asset investments. (2018, January 9). *Hindu Business line.* .https://www.businessstandard.com/article/current-affairs/emotional-intelligence-is-necessary-for-youinany-fieldhere-is-why117071701188_1.html

ii. Leaders in DC squabble over who's smarter, here is the IQ score Warren Buffett is all you need to succeed. (2017 October 12). *CNBC.*