

# Investor's Emotional Intelligence and Impact on Investment Decision

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## Abstract

Emotion and perception are contexts of behavior finance which affects decision making from different perspectives. Emotion intelligence is being explored by this research and found in decisions of investments. Emotion intelligence was revealed by taking sample from Karachi, Lahore and Islamabad stock exchanges with a total sample of 225 investors was studied. On emotion intelligence linear and multi regression was applied with support of correlation. Majority of investors in study are male while they are having experience more than 1 year and investors are well educated. The results revealed that emotion intelligence is having significance impact on investment decisions and plays a vital role in selection of securities. Investors are having self-awareness, self-management, motivation and empathy but low concentration on relationship-management. The overall study revealed low emotion intelligence and much influence by decision. This research is important for investor, firms listed on stock market and new entrants while more significant to researcher to explore the investor behavior in different context in future.

**Keywords:** Emotion Intelligence, Self-Awareness, Self-Management, Motivation And Empathy, Relationship-Management.

## Introduction

Sentiments/emotions are derived from moods of individuals and mood affect the individual decision making which leads to stock aggregate outcomes/returns. (Lepori, 2015) and last closing of stock is also determinant of investor decision where they make decision according to the closing price on next day of stock opening (Duclos, 2015). .When individuals take decisions, most of the time they consider their decisions to be free from emotions, but the decision is outcome upon the past experience (positive or negative). The individuals are expecting to experience the same results in future as well. (Mellers, Schwartz, & Ritov, 1999).

Emotion Intelligence refers to recognize, interpret and use emotions in productive problem solving or decision making (Salovey and Mayer 1990; Mayer and Salovey 1997). Emotion intelligence is explained through research by different names (Dulewicz and Higgs, 2000)., Emotion Intelligence by Goleman in 1996, Emotional Literacy by Steiner in 1997, Emotional Quotient by Golman in 1996 and 1997b and Cooper in 1997, Personal intelligence

by Gardner in 1993, Social Intelligence by Thorndike in 1920 and interpersonal intelligence by Gardner and Hatch in 1989.

Emotional intelligence simply refers to; being aware of your own feelings, transformation of emotions into useful information and use of that productive information in decision making or problem solving.

Individuals differ from each other's in the way how they trigger emotions, how the emotions are being converted into useful information, and how they avoid the dominating emotions which may be harmful to them (Winter & Kuiper, 1997). In emotion intelligence (IE) emotions regulation and performance are two aspects which are important and being explored by the researchers taking sample tennis players by taking of sample 35 players. The researcher concluded that pressure changes the results if we include or excludes in emotion intelligence because self-confidence decreases by putting pressure upon individuals in decision makings (Laborde et al, 2014). Emotions and biases are integral part of human life and human consider it intentionally or unintentionally in their decisions. Investor takes investment decision very carefully by doing different analysis to take a calculated risk. Investors consider their own analysis and other's perceptions but between that emotions take place which causes perceptual biases among choosing best for their investments. Journals and books covers what kind of emotions people have but for companies and those end target is investor should know what kind of emotions they have, when they are being dominated by their emotions, and how to minimize the effects of emotions on investors.

Emotion intelligence is important capability which reveals the capability of individual's negotiations and it an investor is good in detecting the emotion of member of environment, it can also contribute in good decision making of individuals (Debusk and Austin, 2011). Emotion intelligence is always present in individual decision making (Webb et al., 2014). Investor decision is most of the time effected when they recall the previous experience they had in similar situations ( Sevdalis et al., 2007). Emotions have negative impact on investment decisions and performance because investors are hate lose which they may face if their taken decisions results are negative ((Kahneman & Tversky, 1979; Shefrin & Statman, 1985; Benartzi & Thaler, 1995; Stracca, 2004; Shiv, Loewenstein, Bechara et al., 2005; Statman, Fisher & Anginer, 2008).

Analysis of retail Investors revealed positivity being found by researcher and concluded that there is a positive and significant relationship between emotional intelligence and investor decision making process. Many biases being created in this process which effect the whole systematic process of stock investments. Changes in investor emotions create differences among the risk behavior of investors as well (Pirayesh, 2014). Stock investment profile which show about the investor preferences and hurdle they face in investment is going to guide investors and firms in long and short run. As investment process will focus upon the best investment choice and avoid certain steps being identified by this research which causes problem.

This research covered the emotional intelligence of investors and consideration of emotions in their decision makings. The researcher explored emotional intelligence during investment process. This research explored the basic common emotions investors have during decision makings and differences due to that their decision is affected.

#### **Problem Area indication by Previous Research:**

Webb et al (2014) directed researcher to investigate emotion intelligence domains of decision-making while Sevdalis et al (2007) individual differences in behavioral decisions

where how they manage emotions is being avoided by the researcher which refers to the context of emotion intelligence. Laborde et al. (2014) recommended finding emotional intelligence and finding more differences in individuals in different contexts. Abreu and Mendes (2012) directed researcher to study the information perceiving utilization and use in decision makings. Mitroi and Oproiu (2014) directed future researcher towards psychological profile dissimilarities and factors effect investor financial decision makings.

Ameriks, Wranik and Salovey (2009) explained emotion intelligence with the model of Mayer and Salovey (1997) and linking it with personality characteristics. The model researcher used is among the basics of emotional intelligence. The researcher in their research also suggested the perceptual biases available among investors which effects the investor decisions. Charles and Kasilingam (2014) highlighted the investor's personality and effect due to emotions. The researcher used the Big Five model of personality predictor and highlighted the change in emotion from time to time called Emotional Swing. Investor's rationality is suggested in their research which is called the biases of investors.

This literature and research raised two problems, how the emotion are being managed and used in decision making which ultimate answer is emotion intelligence.

### **Literature Review**

Investor decision is one of the most important decisions in stock exchanges investments. Investment decision is being made after fundamental and technical analysis but on different stages of analysis people lose their patient being dominated by emotions (Ciarrochi et al., 2000, 2001). After such mistakes investor loses their financial saving and creates future biases in investments. Emotional intelligence (Mayer & Salovey, 1993) is a characteristic which played as vital role in investment decision makings. According to Goleman (2006) Emotional intelligence helps investor to have better decision making.

Moods, Emotions and attitudes are results of different brain system of Investors. Brain system makes investor different by use of risk in their decision makings like risk taking and avoiding. The researcher also explored the fact of investor emotions and risk preference which causes biases of decisions. The investment strategy and risk assessment also varies depending upon the previous experience of investors (Richard, 2008). Emotion intelligence should be used in corporate financial decision (budgeting, evaluation, capital structure choice, working capital management, inventories, and dividend decisions) and emotion capital should be employed with human capital as well to decrease the biases in decision making of investment. The decision maker should have ability to detect others feeling and emotions and control own emotions; these two are analyzed by using abilities and skills to make best decision of investments (Idris, 2014).

Seo and Barrett (2007) explored the emotional impact on decision making, and related it to the effective experience of investors. The researcher concluded with results that those investors who are being dominated by emotions during investment, it's bad for them, but those investor who experienced and know to control their emotions, make better decision. People's feelings are inseparable, so it depends upon individual how to minimize their impact on decision makings.

Successful decision is result of different factors in which social setting is main element which makes human able to understand the emotions of oneself and others. Reason and emotions creates biases depend upon the strength of reason and control of people's upon emotions (Frith and Singer, 2008; Richard, 2008). The stronger the reason and control upon emotions will create less biases. The factor which increases our reasoning ability are sense of

fairness, trust, framing and fear of mind. Social motivation control these emotions and biases results at end (Frith and Singer, 2008).

People make decisions in different scenarios: individually or in interactive environments, either cooperating or negotiating. Despite of the contextual problem (coordination or negotiation), effective communication must be supported on three main aspects: knowledge of the domain (general vocabulary and specific technical concepts), knowledge of the language used (in terms of syntax, semantic, and timing), and assertiveness, that is, the ability to express own or personal ideas with clarity, without showing aggressiveness or passiveness. Any problem existing over these three main aspects will probably affect negatively the accomplishment of goals. Which leads us to the following question: Would be emotions a central component of assertiveness, and how could it be used by intelligent agents (Paniagua, Primo and Cubillos, 2014).

The researchers explained emotions and biases in reference of stock market. Emotions and psychological biases are end results in form of stock movement and in general they represent the psychological profile of market players. The influence of other element includes in end results as well. The investor interpret the market data as per their understanding which leads to their end decision of investment. Professional knowledge, other perceptions and internal emotions plays a very vital role in their decisions. Detecting the errors at different stages of investment will be useful for investors (Mitroi and Opriou, 2014).

Ameriks, Wranik and Salovey (2009) concluded their research with emotional intelligence and investor behavior. The researcher explained the personality of investor by using 2 variable of UPPS impulsive behavior scale are urgency (difficulty in responding to unpleasant emotions) and lack of premeditation (not to delay for careful planning). Big five personality model was used for personality of investors. The researcher pinpointed the biases and errors investor make in their decision making and concluded that financial goals are not being covered by research. Charles and Kasilingam (2014) explored that whether the emotions really determine the investor personality. The researchers used the emotional swing and changes in personality of investors and linked it with Big five model of personality. Researchers concluded that cognitive and emotion ability of investors' are two sides of coin, and these two sides determine the success and failure of their decisions. Researchers also concluded that the intuition ability is not being used by investor in their decision makings.

Emotion intelligence should be used in corporate financial decision (budgeting, evaluation, capital structure choice, working capital management, inventories, and dividend decisions) and emotion capital should be employed with human capital as well to decrease the biases in decision making of investment. The decision maker should have ability to detect others feeling and emotions and control own emotions; these two are analyzed by using abilities and skills to make best decision of investments (Idris, 2014). Cognitive abilities and stock investments have positive relationship with each other. Direct and indirect investment in mutual funds and stock was dependents upon the cognitive skills of investor ages more than 50 in European countries and being driven by information in stock market (Christelis et al, 2010).

Research also revealed emotion process and its impact decision and performance of traders. Emotions affect the decision process of investor and environment is a source of perceptual biases they face during the process leads to failure in end goals. The researchers concluded that emotion disturbs the investors and that investor who control emotions and use it efficiently in decision making. When emotions dominate their decision than effect is not specified due to fear of risk in their cognitive process (Creevy et al, 2011). Investor

judgments are also explored by researcher Investment decision process. These judgments were related to speculators but research revealed that speculators know how to control emotions and when to stop investment and start. The successful speculators strongly follow their intuitions (Slovic, 1972).

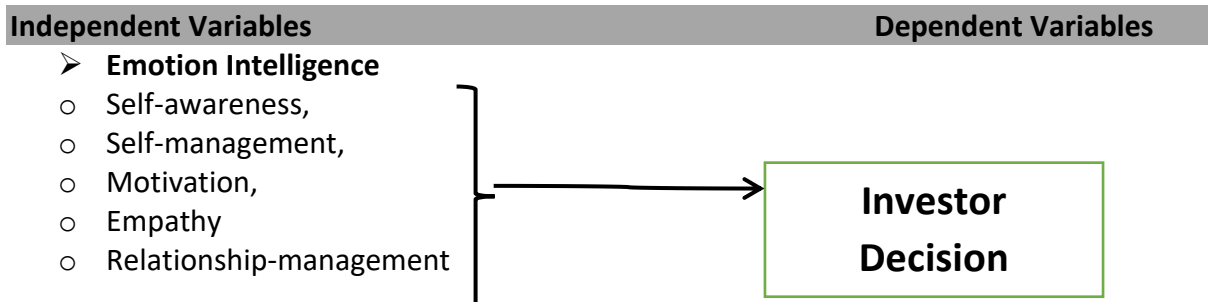
Parker et al. (2004) explored the role of emotional intelligence in success of university students and found a very positive correlation between these two variables. Emotional Intelligence (EI) Increases from early childhood to middle age and more success determines the more social competences and level of emotional intelligence. Brackett et al. (2004) explored the relationship between every day behavior and EI and revealed the significant impact and relation between each other's. These results were revealed by using Big Five personality model and confirmed the space between daily life behavior and emotional intelligence. The researcher also revealed that over a different cycle of ages it's different among Genders.

Results of negative events in life have a negative impact upon future decision and investor's EI. Emotional self-Awareness, emotional expression, emotional self-Control and particularly emotional self-Management were variables used to find the negative and positive events impact on investor psychology. These results were from population of United States, United Kingdom and Australia (Armstrong, 2011). Positive emotions facilitate the emotional intelligence process of individuals which also facilitates the effective thinking and problem solving as well (Abe, 2011) but if pressure is there in decision making it's going to change the emotional intelligence results at the end of decision (Laborde et al, 2014).

Debusk and Austin (2011) culture effect in emotional intelligence which is most important research being done in area of emotional intelligence. They concluded that people are very good in detecting the emotions (facial expression) of people who belong to their own culture but cross cultural this ability is very low or not being found. Different situation like happy, angry and sad were being detected by people in their own cultures but in other cultures they failed. Laborde et al (2014) also revealed the results by putting pressure in emotional intelligence while making decisions which differs from individual to individuals. Edger, Mcrorie and Sneddon (2012) found empirical link between EI and Personality of individuals and concluded that emotional management is different from individual to individual which results in different emotional intelligence and decision making.

Sentiments have impact on investment decisions and returns which is being found in 18 International countries including US and also revealed the impact of culture of vast level that countries where awareness is not much strong in society, investors are going to follow herd behavior which gives a direction of being dominated by emotions (Schmeling, 2009). Systematic risk is being found by using technical analysis for stock investment decisions, but investors sentiments are also systematic risk because returns and sentiments are positively correlated with each other and changes happens with the results (Lee et al., 2002). In expansion the analysis for stock investors are considered very effectively but in recession the investor decision is being dominated by emotion and sentiments. The most common analysis are portfolio returns, book to market equity ratios, age of firm, return volatility, growth opportunities, and etc. (Chung et al., 2012). Dergiades (2012) explained the relation between investor sentiments and profitability of US stock and revealed that investor sentiments have a very positive and significant impact upon the returns of stock.

**Theoretical Framework**



**Methodology**

This research is quantitative and followed the methodologies of Goleman (1996) for emotion intelligence and the questionnaire of Emotion intelligence was adopted of Goleman (1996) five dimensions of emotion intelligence (self-awareness, self-management, motivation, empathy and relationship-management) and was changed according to need of stock market and investment dimensions. The questionnaire of emotion intelligence contained 30 items in which each variable have 5 elements. These five elements were close ended and having Likert scale methodology which was followed the way of , 0=almost never, 1=rarely, 2=some times, 3= usually and 4= almost always.

On startup of research main target population was only the convenient stock market which was Islamabad but for more better results the data collection was expanded to Karachi and Lahore stock exchanges. Convenient sampling (non-probability) technique was used to collect the data from respondents. 225 Investors were studied for this study from all three stock exchanges of Pakistan (75 from Islamabad, Lahore and Karachi Stock Exchanges) . The research data was analyzed by using SPSS 20.0 and the test applied are Descriptive statistics, frequencies, Cronbach’s alpha, regression (linear and multi) and correlation (Pearson),. Every test of SPSS had specific requirement for research which helped to explore the demographics and acceptance of hypothesis. Microsoft Excel (2007) was used to extract tables for analysis of demographics of emotional intelligence for this research. Reliability were checked by the use of Cronbach’s alpha are follows and as per the reliability requirement the Cronbach’s Alpha is greater than .60 which states a high reliability of results.

<b>Emotion intelligence</b>	
Cronbach's Alpha	N of Items
.778	30

While each variable’s questions were deeply discussed with supervisor (research expert) which was being changes accordance with requirements of study. This reveals high reliability of the research questionnaire and its findings.



## Analysis and Discussion

Emotion intelligence Questionnaire		
Gender		
Male	204	90.7%
Female	21	9.3%
Total	225	
Investment Exposure/Experience of stock Market		
>1 Year	9	4.0%
1-3 Years	25	11.3%
3-5 Years	131	58.2%
<5 Years	60	26.7%
Total	225	
Age groups		
>24 Years	11	4.9%
25-34 Years	19	8.4%
35-44 Years	90	40%
45-54 Years	97	43%
55-65 Years	8	3.6%
<65 Years	0	0
Nationality		
Pakistani	225	100%
Others	0	0%
Total	225	

Emotion intelligence Questionnaire		
Occupation		
Student	8	3.6%
Govt Employee	15	2.2%
Private Employee	178	79.1%
Other	34	15.1%
Average Monthly Investments		
>20,000	12	5.3%
20,000 to 40,000	38	16.9%
41,000 to 50,000	34	15.1%
<51,000	141	62.7%
Stock Knowledge Rating		
Excellent	38	16.9%
Better	129	57.3%
Good	27	12%
Average	27	12%
Needs improvements	4	1.8%

Education of the Respondents		
Primary	0	0
Matric	0	0
Undergraduate	31	13.8%
Graduate	166	73.8%
Others	28	12.4%

Out of 225 investors, 90.7% investors were male while only 9.3% were female while in investment experience majority of respondents are having experience more than 1 year. Where in emotion intelligence respondents 58.2% are having experience 3-5 years and 26% are having experience more than 5% which reveals that majority of stock investors are having much experience of stock investments. Overall much of investors are having experiences more than 3 years which is indicating a positive sign that investor are experienced and having extensive knowledge of stock market. Age groups were divided in six categories where 10 years gap was given to each range and started from 24 years and ended at more than 65 years. Majority of the respondents are having more than 35 years which is agreeing with experience factors in biography. More than 30% investors are in the range of 35-44 years of

age. Majority of respondents are educated and in emotional intelligence respondents 73% are graduate while 13% are undergraduate and 12.4% are in the category of others which represent the higher education or professional diplomas like ACCA, ACMA etc. In biography of emotion intelligence responses, 79% are private employees which includes own businesses or working with some private firms. 15.1% are in category of others which included doing some business with working in firms which is also known as part time business or side business.

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Self-Awareness	225	2.7253	.44373	-1.577	.162	4.836	.323
Self-Management	225	2.6676	.52548	-1.597	.162	2.013	.323
Motivation	225	2.8756	.46616	-2.048	.162	4.451	.323
Empathy	225	2.6187	.49227	-1.288	.162	2.349	.323
Relationship-Management	225	1.9813	.65616	.271	.162	-.357	.323
Decision Making	225	2.9164	.59413	-1.958	.162	3.866	.323
Valid N (list wise)	225						

Self-awareness Mean is 2.73 which states that majority of respondents are having high self-awareness and Std. deviation represent the variation in respondents answer which is 44.73%. The Mean of self-management is 2.67 which is out 4 and represent that majority of respondent are having good self-management which say that respondents are able to handle their emotions in hazards situation and they can hide their emotion and take good decisions in end.

Motivation is having Mean of 2.88 which is highest in independent variables which states that majority of investors are motivated to achieve investment goals and their investment is moving in right direction. The standard deviation in respondent’s responses is 46.66%. Empathy Mean is 2.62 which indicates that majority of can understand the other investor emotions and feedback and they can use that in their decision making in a better way. The standard deviation in response is 49.22%. Relationship-management is having the lowest Mean which is 1.89 which directs us that majority of investors are having low relationship management and they dissatisfied with relationship-management in investment decisions. The standard deviation of responses is 65.61% which is highest among all variables. Decision making is having Mean 2.91 which indicates that respondent value the emotion intelligence role in decision and emotion presence in decision making for investment. The standard variation of responses is 59%.

**H1:** There is a significant impact of emotion intelligence on investor decisions.

Independent Variable	Dependent Variable: Investor Decision						Hypothesis Decision
	R	R <sup>2</sup>	F	B	t	Sig.	Accepted
Emption Intelligence	.672	.452	183.710	.222	13.554	.000	

The above table represents that emotion intelligence (self-awareness, self-management, empathy, motivation and relationship management) were significant predictor of Investor decision. Linear regression results show that, EI is having significant relation and impact on investor decisions. R represents the quality of measurement of dependent variable



or Correlation coefficient which is 67.2%, and R<sup>2</sup> is the variance in investor decision shown by emotional intelligence which is 45.2%.  $\beta$  shows the variation occurs in dependent variable due to independent variable, if 1% change happens in EI it going to bring .22% changes in Investor decision.  $\beta$  (.452) is highly significant at P=.000.

So upon the above arguments and results the Null hypothesis is rejected and Alternate is accepted. It is concluded that there is a significant impact of emotion intelligence on Investor Decision.

**H1a:** Self-Awareness is having significant impact on investor decision.

Independent Variable	Dependent Variable: Investor Decision						Hypothesis Decision
	R	R <sup>2</sup>	F	B	t	Sig.	
Self-Awareness	.454	.206	57.82	.608	7.604	.000	<b>Accepted</b>

The above table represents that self-awareness (action explanation, my insight, feedback understanding, accuracy and past events) were significant predictor of Investor decision. Linear regression results show that, self-awareness is having significant relation and impact on investor decisions. Correlation coefficient is 45.4% which shows the quality of measurement of dependent variable, and R<sup>2</sup> is the variance in investor decision shown by self-awareness which is 45.2%.  $\beta$  shows the variation occurs in independent variable due to dependent variable, which is .608 if one unit change happens in independent variable.  $\beta$  (.608) is highly significant at P=.000 (P<.05), o upon the above arguments and results the Null hypothesis is rejected and Alternate is accepted. It is concluded that there is a significant impact of self-awareness on Investor Decision.

**H1b:** Self-management is having significant impact on investor decision.

Independent Variable	Dependent Variable: Investor Decision						Hypothesis Decision
	R	R <sup>2</sup>	F	B	t	Sig.	
Self-Management	.645	.416	158.92	.729	12.606	.000	<b>Accepted</b>

The above table represents that self-management (calmness, angry with changes, unlucky feeling, irritation in setbacks and leave investment) were significant predictor of Investor decision. Linear regression results show that, self-management is having significant relation and impact on investor decisions. Correlation coefficient is 64.5% which shows the quality of measurement of dependent variable, and R<sup>2</sup> is the variance in investor decision shown by self-management which is 41.6%.  $\beta$  shows the variation occurs in independent variable due to dependent variable, which is .729 if one unit change happens in independent variable.  $\beta$  (.729) is highly significant at P=.000 (P<.05), o upon the above arguments and results the Null hypothesis is rejected and Alternate is accepted. It is concluded that there is a significant impact of self-awareness on Investor Decision.

**H1c:** Motivation effects investor decision.

Independent Variable	Dependent Variable: Investor Decision						Hypothesis Decision
	R	R <sup>2</sup>	F	B	t	Sig.	
Motivation	.690	.476	202.909	.880	14.245	.000	<b>Accepted</b>

Motivation (financial goals, investment decision, encounter's handlings, excitement and consistency) were significant predictor of Investor decision. Linear regression results show that, motivation is having significant relation and impact on investor decisions. Correlation coefficient is 69% which shows the quality of measurement of dependent variable, and  $R^2$  is the variance in investor decision shown by motivation which is 47.6%.  $\beta$  shows the variation occurs in independent variable due to dependent variable, which is .880 if one unit change happens in independent variable.  $\beta$  (.880) is highly significant at  $P=.000$  ( $P<.05$ ), upon the above results the Null hypothesis is rejected and Alternate is accepted. It is concluded that there is a significant impact of motivation on Investor Decision.

**H<sub>1d</sub>**: Empathy is having significant impact on investor decision.

Independent Variable	Dependent Variable: Investor Decision						Hypothesis Decision
	R	R <sup>2</sup>	F	B	t	Sig.	<b>Accepted</b>
Empathy	.587	.345	117.370	.709	10.834	.000	

Empathy (Better than others, consistent improvements, read emotions, unpredictability and leader consideration by others) were significant predictor of Investor decision. Linear regression results show that, empathy is having significant relation and impact on investor decisions. Correlation coefficient is 58.7% which shows the quality of measurement of dependent variable, and  $R^2$  is the variance in investor decision shown by empathy which is 34.5%.  $\beta$  shows the variation occurs in independent variable due to dependent variable, which is .709 if one unit change happens in independent variable.  $\beta$  (.709) is highly significant at  $P=.000$  ( $P<.05$ ), upon the above results the Null hypothesis is rejected and Alternate is accepted. It is concluded that there is a significant impact of empathy on Investor Decision.

**H<sub>1e</sub>**: Relationship-management is having significant impact on investor decision.

Independent Variable	Dependent Variable: Investor Decision						Hypothesis Decision
	R	R <sup>2</sup>	F	B	t	Sig.	<b>Rejected</b>
Relationship-Management	.089	.008	1.779	.081	1.334	.184	

Relationship-management (people dealing, comfort level, success, dealing emotional level and hopeless investor) were significant predictor of Investor decision. Linear regression results show that, relationship-management is having insignificant relation and impact on investor decisions. Correlation coefficient is 8.9% which shows the quality of measurement of dependent variable, and  $R^2$  is the variance in investor decision shown by self-management which is .8%.  $\beta$  shows the variation occurs in independent variable due to dependent variable, which is .081 if one unit change happens in independent variable.  $\beta$  (.081) is highly significant at  $P=.000$  ( $P<.05$ ), upon the above results the Null hypothesis is accepted and Alternate is rejected. It is concluded that there is a no significant impact of empathy on Investor Decision.

R	R2	Adjusted R2	SE
0.765	0.585	.576	.38705

**Analysis of Variance**

	Sum of square	df	mean square	F	P
Regression	46.622	5	9.252	61.763	.000
Residual	32.807	219	0.150		
Total	79.069	224			

**Regression Analysis**

Independent variable	B	SE	Beta	t	p
<b>(Constant)</b>	-.073	.189		-.338	.698
<b>Self-Awareness</b>	-.064	.087	-.048	-.739	.461
<b>Self-Management</b>	.423	.060	.374	7.015	.000
<b>Motivation</b>	.558	.092	.438	6.050	.000
<b>Empathy</b>	.117	.0448	.069	2.61	.000
<b>Relationship-Management</b>	.063	.045	.069	1.403	.162

To explore the results and to predict the goodness-of-fit for the regression model, R, R2 and F ratio were explained. R represents the multiple correlation coefficients, and R2 represents the coefficient of determination. R of independent variables (Self-awareness, self-management, motivation, empathy, and relationship-management) on dependent variable (Investor Decision) which is 76.5% and it indicates that investor decision is accurately measured with high level of quality of dependent variable. R2 is .585 which represents that 58.5% variation in dependent variable occurred due to independent variables. F represents the occurrence of results either by chance or through scientific research and it showed a value of 61.763 at higher level of significance.

Beta coefficient is used to reveal the relative importance of 5 dimensions of independent variables contribution in dependent variable (investor decision) and relative importance of all 5 dimensions. B3 is having the highest values which is .438, B2 is on 2nd and value is .374 and on 3rd B4 is .069 at significance level of P=.000. B represent that one unit increase in motivation is going to increase investor decision by .438 and respectively.

Self-awareness and relationship management are insignificant, and self-awareness is even having negative impact on investor decision which contradicts with the hypothesis individual testing results. At this stage the researcher is suggesting future investors to conduct more detailed study on this variable to find out the actual results. So on the basis of these results the researcher is only rejecting the H1e and accepting the H1, H1a, H1b, H1c, and H1d.

		Decision Making	Emotion Intelligence
Pearson Correlation	Decision Making	1.000	.672
	Emotion Intelligence	.672	1.000
Sig. (1-tailed)	Decision Making	.	.000
	Emotion Intelligence	.000	.
N	Decision Making	225	225
	Emotion Intelligence	225	225

The above table represents the strong and highly significant positive correlation between investor decision and emotion intelligence of investor. The positive relationship is also stating because higher the emotion intelligence in which the investor not only understand itself emotions but considers the others feedback, match it with international motivation and goals

and then consider it decision making to make best choice of investments. If investor considers only himself or only others, it will lead to biases of investment which is deeply explained in next section of analysis. Emotion intelligence have a positive  $r=.225$  at significant level ( $p=.000$ ).

### **Conclusion**

This study was conducted to find out the emotion intelligence in decisions of stock investors. Emotion intelligence was found from five dimension of Goleman (self-awareness, self-management, motivation, empathy and relationship management). After getting responses from 225 stock investors of Karachi, Lahore and Islamabad stock exchanges it is being explored that emotion intelligence do have impact on investor decisions and confirmed with past literature (Debusk and Austin, 2011; Idris, 2014; Creevy et al, 2011). This study not only revealed the total emotion intelligence but found every dimension role in decision making and further explored that self-awareness is most important part of investment decision which is followed self-management and motivation. Motivation helps investor to specify their goals and commitments toward achievements while the self-awareness helps them to know about their self that what strengths and weakness they possess. Self-management helps investor to take right decision in hazard and difficult situations where they may be dominated by emotions and ultimately will have to bear loss in future. Chung et al. (2012) had highlighted this problem that with low self-management investors will be dominated by emotions. Empathy role was being found and concluded that stock investors are good in detecting the other feeling in different situations of stock investments while the relationship-management is not found in decision makings.

This study has following limitations which can be fulfilled by future researcher for better results,

- The majority of the respondents are male investors and female ratio is very low so in future this limitation removal can lead to better research.
- This research data is based upon the responses of investors, stock return is not being analyzed in the time period of the study.

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