"Emotional Intelligence and Investment Decision of Investors in Butwal Sub-Metropolitan City"

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Abstract

The study aims to explore the relationship between Self-Awareness, Self- Management, Motivation, Empathy, Relationship management and Investor Decision. It seeks to identify how different dimensions of Self-Awareness, Self- Management, Motivation, Empathy, and Relationship management influences Investor Decision. The study adopted a quantitative approach, gathering responses from 300 investors of stock market in Butwal sub-metropolitan city using a structured questionnaire, following a convenience sampling method. Data was analyzed using PLS-SEM software with different tools like assessment of measurement items fits. IPMA and implement bootstrapping techniques for hypotheses testing. The results revealed that Self-Awareness and Empathy are the key predictors of Investor Decision. It is evident that these factors are the major contributors to the Investor Decision. Therefore, the management of Investor of stock market should consider these aspects to enhance the Investor Decision. By understanding and reformulating policies based on these factors, there is a higher possibility of improving Investor Decision.

Keywords: *Self-Awareness, Self-Management, Motivation, Empathy, Relationship Management, Investor Decision, Stock Market, PLS-SEM, Quantitative Research.*

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I. Introduction

The growing reliance on emotional intelligence (EI) in investment decision-making has raised concerns over its significant role in financial markets, particularly in Nepal. In Butwal sub-metropolitan city, investors often face challenges such as emotional biases, impulsivity, and irrational decision-making that can lead to poor investment choices and financial loss (Breuer et al., 2014). The emotional pressures of fear, greed, and overconfidence can distort judgment, resulting in missed opportunities or excessive risk- taking (Camerer, 1997). As financial markets become more volatile and unpredictable, the need for a deeper understanding of how emotional intelligence influences investment decisions has never been more critical, particularly in emerging markets like Nepal. Emotional intelligence has been identified as a key factor in mitigating these challenges, allowing investors to make more rational decisions despite market fluctuations. EI contributes to self-awareness, empathy, and emotional regulation, enabling investors to better

understand their own emotions and the market dynamics (Goleman, 2006). In conjunction with financial knowledge, EI can enhance an investor's decision-making process by reducing the impact of behavioral biases, leading to more successful investments. Prior research has shown that emotionally intelligent investors tend to manage risks more effectively, predict market trends, and make informed decisions (Killian, 2012; Breuer et al., 2014). Financial knowledge plays a mediating role, empowering investors to utilize their emotional insights in combination with solid financial strategies for more sustainable financial outcomes. In contrast, failure to integrate these components may result in missed opportunities, financial loss, or poor investment choices, especially in the context of Butwal sub-metropolitan city local market.

While emotional intelligence and financial knowledge are widely recognized in investment decision-making, there remains a gap in research specifically exploring the combined effect of EI and financial knowledge on investors in Butwal sub-metropolitan city, Nepal. Most existing studies focus on generalized investment behavior or financial literacy, with little emphasis on the mediating role of financial knowledge in the context of emotional intelligence among Nepalese investors. This study aims to bridge this gap by focusing on how emotional intelligence influences investment decisions and how financial knowledge mediates this relationship, particularly in the unique socio-economic and cultural environment of Butwal sub-metropolitan city.

The concept of emotional intelligence has evolved over the years, beginning with early psychological theories and later popularized by Goleman (1995), who highlighted its relevance in both personal and professional settings. EI includes components such as self- awareness, emotional regulation, motivation, empathy, and social skills, all of which are crucial for navigating the complexities of investment decisions (Goleman, 2006). In the investment context, these elements enable individuals to recognize and manage their emotions, making more informed and balanced financial decisions (Camerer, 1997). In conjunction with financial knowledge, which involves understanding investment principles and strategies, EI can greatly enhance an investor's ability to make sound decisions despite emotional and cognitive biases.

The justification for conducting this research stems from its potential to benefit various stakeholders in Nepal's financial ecosystem. For investors, particularly those in Butwal sub-metropolitan cities, improving emotional intelligence and financial knowledge can lead to more rational, strategic investment decisions, ultimately enhancing financial outcomes. Commercial banks, policymakers, and financial institutions can also leverage these findings to design

educational programs and interventions that support informed investment decisions, particularly in rural and developing regions. Moreover, this research will contribute valuable insights for future researchers, particularly in the fields of behavioral finance and financial literacy, by exploring the relationship between emotional intelligence, financial knowledge, and investment decisions within the specific context of Nepal. Thus, this study can provide practical solutions to enhance investment practices and economic development in Butwal sub-metropolitan city and beyond.

II. Review of Literature

This section presents a literature review, focusing on the theoretical and empirical aspects relevant to the current research being pursued. The theoretical review examines related theories that support the link between the variables mentioned in the framework. Moreover, the empirical review incorporates the findings of previous research conducted on the same topic.

Self-Awareness and Investment Decision

Several psychological and financial theories support the relationship between self- awareness and investment decision-making. Emotional Intelligence (EI) Theory by Goleman (1995) emphasizes self-awareness as a crucial component of EI, enabling individuals to recognize their emotions and make rational financial decisions rather than being driven by impulse or biases. Investors with high self-awareness can assess their risk tolerance, financial goals, and behavioral biases, leading to more informed decision- making (Goleman, 1995). Similarly, Prospect Theory by Kahneman and Tversky (1979) explains how individuals evaluate potential gains and losses, often influenced by cognitive biases. Self-awareness helps investors recognize these biases, such as loss aversion, and mitigate their effects in decision-making (Kahneman & Tversky, 1979). Additionally, Behavioral Finance Theory (Shefrin, 2000) suggests that investors' emotions and cognitive errors significantly affect financial decisions. Self-aware investors are better equipped to manage psychological pitfalls such as overconfidence, herd behavior, and regret aversion, leading to more rational investment choices (Shefrin, 2000). Furthermore, Self-Regulation Theory (Baumeister & Vohs, 2004) highlights how self-awareness enables individuals to align their behavior with long-term financial goals by controlling impulsive actions and improving decision-making strategies. These theories collectively demonstrate that self- awareness plays a critical role in shaping investor behavior, enhancing rationality, and improving investment outcomes.

H1: Self-awareness has a significant positive effect on investor decision making.

Self- Management and Investment Decision

Several theories support the relationship between self-management and investment decision-making by highlighting the role of emotional regulation, discipline, and strategic thinking in financial choices. Emotional Intelligence (EI) Theory by Goleman (1995) identifies self-management as a core component of EI, emphasizing that individuals who can regulate their emotions make more rational and less impulsive investment decisions. Effective self-management helps investors remain patient during market fluctuations, avoiding panic selling or overtrading (Goleman, 1995). Self-Control Theory (Baumeister et al., 1994) further explains that individuals with high self-control can delay gratification, resist impulsive financial behaviors, and make long-term investment decisions that align with their financial goals (Baumeister et al., 1994). Behavioral Finance Theory (Shefrin, 2000) also underscores the importance of self-management in mitigating behavioral biases such as overconfidence, herding, and emotional trading, which can lead to suboptimal investment outcomes (Shefrin, 2000). Additionally, Regulatory Focus Theory (Higgins, 1997) differentiates between promotion-focused and prevention-focused decision-making, where effective self-management allows investors to balance risk-taking and cautious strategies, ensuring a well-rounded investment approach (Higgins, 1997). Dual-System Theory (Kahneman, 2011) also highlights how self-management helps investors regulate impulsive, intuitive decisions (System 1) and shift toward more deliberate, analytical reasoning (System 2), leading to more rational investment choices. These theories collectively suggest that strong self-management skills enhance investors' ability to control emotional reactions, reduce impulsive decision-making, and improve overall investment performance.

H2: Self-management has an insignificant positive effect on investor decision making. Motivation and Investment Decision

Several theories support the relationship between motivation and investment decision- making, highlighting how intrinsic and extrinsic motivators influence financial behavior. Self-Determination Theory (SDT) by Deci and Ryan (1985) explains that individuals with high intrinsic motivation, driven by personal growth and financial independence, are more likely to engage in disciplined and informed investment decision-making (Deci &

Ryan, 1985). Goal-Setting Theory by Locke and Latham (1990) also emphasizes that clear, challenging financial goals enhance motivation, leading investors to adopt strategic investment plans and persist through market fluctuations (Locke & Latham, 1990). Behavioral Finance Theory (Shefrin, 2000) suggests that motivated investors are more likely to overcome

psychological biases, such as loss aversion and overconfidence, to make rational decisions that align with their long-term objectives (Shefrin, 2000). Additionally, Expectancy Theory by Vroom (1964) posits that investors who believe their efforts will lead to desirable financial outcomes are more committed to research, risk assessment, and portfolio diversification (Vroom, 1964). Regulatory Focus Theory (Higgins, 1997) further differentiates between promotion-focused investors, who are motivated by potential gains, and prevention-focused investors, who seek to minimize risks—both of which shape investment strategies and decision-making (Higgins, 1997). These theories collectively indicate that motivation plays a critical role in driving investors' behavior, influencing their ability to set goals, manage risks, and persist in achieving financial success.

H3: Motivation has an insignificant positive effect on investor decision making. Empathy and Investment Decision

Several theories support the relationship between empathy and investment decision- making, emphasizing how understanding others' emotions, perspectives, and behaviors influences financial choices. Emotional Intelligence (EI) Theory by Goleman (1995) identifies empathy as a key component of EI, suggesting that empathetic investors can better assess market sentiment, understand the emotional reactions of other investors, and make more informed financial decisions (Goleman, 1995). Theory of Mind (Premack & Woodruff, 1978) also supports this relationship by explaining that individuals with high empathy can anticipate the behaviors and motivations of other market participants, allowing them to make strategic investment choices (Premack & Woodruff, 1978). Prospect Theory (Kahneman & Tversky, 1979) highlights how investors' decision- making is influenced by emotions and perceived losses or gains, and empathetic individuals may better understand and predict the behavioral biases of others, enabling them to navigate market trends more effectively (Kahneman & Tversky, 1979). Additionally, Social Impact Theory (Latané, 1981) suggests that investors who are sensitive to social

influences and group dynamics may consider ethical investing, socially responsible investments (SRI), or impact investing, driven by empathy toward societal and environmental concerns (Latané, 1981). Behavioral Finance Theory (Shefrin, 2000) further explains that investors who consider the emotions and behaviors of others are better equipped to avoid herd mentality and make more rational financial decisions. These theories collectively suggest

that empathy enhances investment decision-making by improving market awareness, reducing impulsive reactions, and fostering ethical investment choices.

H4: Empathy has a significant positive effect on investor decision making. Relationship Management and Investment Decision

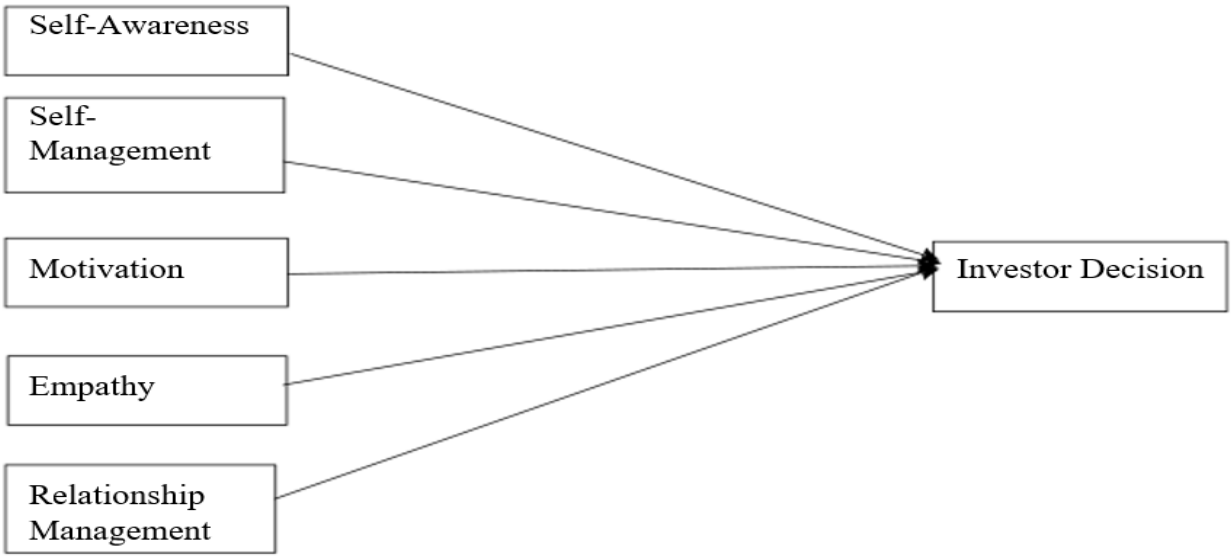
Several theories support the relationship between relationship management and investment decision-making, emphasizing the role of social interactions, trust, and collaboration in financial choices. Emotional Intelligence (EI) Theory by Goleman (1995) highlights relationship management as a key component of EI, suggesting that investors with strong interpersonal skills can effectively network, seek financial advice, and make informed investment decisions through collaboration (Goleman, 1995). Social Capital Theory (Coleman, 1988) further explains that investors who maintain strong professional and personal relationships benefit from shared knowledge, trust, and access to financial opportunities, leading to better decision-making (Coleman, 1988). Behavioral Finance Theory (Shefrin, 2000) suggests that relationship management influences investment behavior by shaping trust in financial advisors, mitigating emotional biases, and reducing herd behavior, which can lead to more rational investment choices (Shefrin, 2000). Trust Theory (Mayer et al., 1995) also supports this connection by emphasizing that trust in financial institutions, advisors, and peers plays a crucial role in investment decision-making, as high levels of trust lead to greater confidence in financial markets and reduced risk aversion (Mayer et al., 1995). Additionally, Social Influence Theory (Cialdini & Trost, 1998) explains how investors' decisions are shaped by their social environment, with strong relationship management helping individuals differentiate between valuable financial advice and misleading market trends. These theories collectively indicate that effective relationship management enhances investment decision-making by fostering trust, improving access to financial knowledge, and reducing the influence of emotional and cognitive biases.

H5: Relationship management has a significant positive effect on investor decision making.

Theoretical Framework

The research framework is the structure that illustrates the relationship among various variables. In this context, three variables are employed. Emotional intelligence is measured by five indicators Self Awareness, Self-Management, Motivation, Empathy, and Relationship Management as independent variables. While invertor Decision is used as the dependent variable. The research framework of the study is outlined below:

Figure 1 - *Theoretical Framework*



Note. Adapted from Tanvir et al. (2017)

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III. Research Methodology

This section deals with the research methods adopted by the researcher in conducting the research. It looks at the various methods and procedures of the research study adopted in conducting the study in order to address and answer the research problems and questions stipulated by the researcher. In this regard, It deals with different component of research design which guides researcher to decide the population and sample from the desired research area, techniques of approaching the sampled respondent, sources of data collection, research instrument used for data collection and different types of tools used to analyze the collected data. Thus, this section is organized in the following structure: research design, population, sample size, sampling technique, sources of data collection, data collection methods, tools used for data analysis.

Research Design

A research design is a structured plan that guides data collection and analysis, shaping the study (Cooper & Schindler, 2003). This study adopts Descriptive Research Design and Causal-Comparative Research Design to achieve its objectives.

Descriptive Research Design systematically presents characteristics, behaviors, or phenomena without altering variables. It identifies trends, patterns, and relationships within a population (Creswell, 2014). Causal-Comparative Research Design examines cause-and-effect relationships by comparing groups with existing differences, analyzing the impact of independent variables on dependent variables without direct manipulation (Fraenkel & Wallen, 2009). Likewise, Kerlinger (1986) highlights ex post facto research, where past independent variables are analyzed to assess their effects on dependent variables (Kerlinger, 1986; Pant, 2012, p. 117). Common statistical methods include the Spearman Rank Order Coefficient, Phi Correlation Coefficient, Regression, t-test, Chi- square, and Analysis of Variance (Isaac, 1978; Pant, 2012, p. 118).

By combining descriptive and causal-comparative designs, this study effectively examines variable relationships and their impact (Kerlinger, 1986), ensuring a structured and systematic approach.

Population and Sample size

The population of the study consists of respondents residing in Butwal sub-metropolitan city who do investment in the stock market. The total respondents who do investment cannot be identified so the population of the study is unknown. To address this, the sample size for an unknown population is calculated using **Cochran's formula** (Cochran, 1977).

n= Z p (1 − p)/ e Where Z = Given Z value based on confidence level (z = 2.576 for 99% level of confidence, 1.96 for 95% level of confidence, 1.645 for 90% level of confidence.

- p = Proportion of event of interest for the study (0.5)
- e= margin of error (it depends upon confidence level)

Thus, the calculated sample size of the study n = 384

Sampling method

The sampling method is selected to identify respondents from the overall population for data collection. In this study, the convenience sampling method is specifically employed to reach the respondents. Since the research focuses on Emotional Intelligence and Investment Decision of investors in Butwal sub-metropolitan city, Nepal, the convenience sampling technique is considered appropriate. This approach is justified because a comprehensive list of investors is not readily available. Therefore, the researcher has selected respondents based on accessibility and convenience.

Nature and Sources of Data Collection

This study primarily relies on quantitative data, which were collected from primary sources. A structured questionnaire was designed to gather first-hand information directly from respondents.

Survey Instrument

A self-structured questionnaire was used as the survey instrument for data collection. It was developed based on operational definitions from previous literature. The questionnaire employs a five-point Likert scale (1. Strongly Disagree 2. Disagree 3. Somewhat disagree 4.Netural 5.Somewhat agree 6. Agree 7. Strongly Agree) to gather responses from participants.

A set of questions was designed to measure each independent, dependent variable, totaling 30 items. To ensure clarity and accuracy, a pilot test was conducted by distributing the questionnaire to a sample of 30 respondents. Out of 450 distributed questionnaires, 396 were fully completed, yielding a response rate of 88%.

Statistical Tools

The study utilized various statistical tools based on the nature of the data. Descriptive statistics, including mean and standard deviation (SD), were computed to analyze and interpret customer responses. Additionally, a reliability test was conducted to assess the consistency of the research instrument. A normality test, specifically the Kolmogorov- Smirnov (K-S) test, was performed to evaluate the data's distribution.

After assessing normality, parametric and non-parametric tests were applied inferential statistics. Furthermore, correlation analysis was used to measure the relationship between variables.

IV. Results and Analysis

Measurement items assessment

Table: 1 - *Assessment of Measurement scale items*

Variables	Items	Outer loadings	VIF	Mean	Standard deviation
E1 <- Empathy	E1	0.867	2.854	5.956	1.388
	E2	0.911	4.011	5.817	1.494
	E3	0.915	4.216	5.715	1.637
	E4	0.739	1.826	5.027	1.766
	E5	0.759	1.69	5.512	1.691
ID1 <- Investor Decision	ID1	0.789	1.839	5.553	1.537
	ID2	0.81	2.315	5.729	1.496
	ID3	0.88	2.987	5.593	1.522
	ID4	0.864	3.627	4.936	1.731
	ID5	0.779	2.699	4.58	1.737
M1 <- Motivation	M1	0.899	3.153	4.725	1.876
	M2	0.881	3.091	4.346	1.98
	M3	0.84	2.4	4.38	2.066
	M4	0.816	2.3	3.902	1.952
	M5	0.918	4.208	4.22	1.965
RM1 <- Relationship	RM1	0.845	2.196	5.122	1.689
Management	RM2	0.808	2.09	5.193	1.789
	RM3	0.841	2.248	5.471	1.5
	RM4	0.77	1.818	5.773	1.551
	RM5	0.779	1.728	5.183	1.562
SA1 <- Self Awareness	SA1	0.698	1.459	5.173	1.702
	SA2	0.896	3.403	5.125	1.545
	SA3	0.789	2.187	4.695	1.803
	SA4	0.88	3.023	5.098	1.512
	SA5	0.862	2.575	5.122	1.689
SM1 <- Self	SM1	0.824	2.662	4.403	1.939
Management	SM2	0.836	2.962	4.861	1.861
	SM3	0.922	4.022	4.258	1.885
	SM4	0.893	3.503	4.22	1.956
	SM5	0.791	1.898	3.275	1.876

Table 1 presents the standardized outer loading and Variance Inflation Factor (VIF) of the scale items employed to measure the variables pertinent to this investigation. In accordance with Sarstedt et al. (2017), the outer loading of an item must exceed 0.698 to signify a substantial contribution of that item in assessing the associated variable. Therefore, all 30 scale items are preserved for subsequent analysis. Furthermore, the VIF values for each item are less than 5, thereby indicating no multicollinearity within the scale items (Sarstedt et al., 2014).

Most of the mean value in higher side representing agreeableness toward each statement. The SD value is small indicating less deviation (variation) in response therefore the data is suitable for the data analysis.

Quality criteria assessment

Table 2 - *Construct reliability and validity*

Variables	alpha	CR(rho_A)	CR (rho_C)	(AVE)
Empathy	0.894	0.9	0.923	0.708
Investor Decision	0.882	0.887	0.914	0.681
Motivation	0.921	0.932	0.94	0.76
Relationship Management	0.868	0.873	0.904	0.655
Self-Awareness	0.883	0.888	0.915	0.686
Self- Management	0.908	0.921	0.931	0.73

Table 2 contains the values of Cronbach's Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE) to evaluate the convergent validity of the variables employed in this study. The Cronbach's Alpha coefficients for all items exceed the threshold of 0.868, signifying the adequate contribution of each scale item in the assessment of related constructs (Bland & Altman, 1997). Furthermore, the CR values for rho_A and rho_C surpass the minimum criterion of 0.70, denoting a robust measure of internal consistency (Saari et al., 2021; Hair et al., 2022). The AVE values also exceed the pivotal threshold of 0.50, suggesting that each variable accounts for more than 50 percent of the explained variance. This finding confirms the establishment of convergent validity (Hair et al., 2022). Subsequently, the outcomes depicted in the table as mentioned above satisfy all requisite of quality criteria measures.

Discriminant validity

Table 3 - *Heterotrait-monotrait ratio of correlations (HTMT) matrix*

Variables	Empathy	Investor's Decision	Motivation	Relationship	Self-Awareness	Self-Management
Empathy						
Investor's Decision	**0.892**					
Motivation	0.535	**0.452**				
Relationship	0.8	0.879	**0.58**			
Self-Awareness	0.725	0.877	0.452	**0.946**		
Self-Management	0.472	0.461	0.889	0.583	**0.47**	

Table 3 contains the HTMT ratio of the correlation matrix, which evaluates the discriminant validity of the latent variables. The values of the HTMT ratio vary from 0.452 to 0.946. The HTMT ratio values need to remain below the critical threshold of 0.85; nevertheless, a range extending up to 0.90 is deemed acceptable, as posited by Henseler et al. (2015). Consequently, the presence of discriminant validity is confirmed among the reflective constructs (Hair & Alamer, 2022).

Table 4 - *Fornell-larcker criterion*

Variables	Empathy	Investor's Decision	Motivation	Relationship	Self-Awareness	Self-Management
Empathy	**0.842**					
Investor's Decision	0.798	**0.825**				
Motivation	0.495	0.416	**0.872**			
Relationship	0.709	0.781	0.527	**0.809**		
Self-Awareness	0.642	0.775	0.411	0.838	**0.828**	
Self-Management	-0.441	-0.428	-0.833	-0.53	-0.432	**0.855**

Table 4 displays the Fornell-Larcker Criterion, an important discriminant validity assessment in a structural equation model (SEM) (Fornell & Larcker, 1981). This criterion is satisfied when the average variance extracted (AVE) for every construct is higher than the squared correlation between that construct and any other construct in the model. The diagonal entries, the square root of AVE of every construct, are to be higher than the off- diagonal values for their corresponding columns and rows. As evident in Table 4, diagonal values (in bold) of Empathy (0.842), Investor decision (0.825), Motivation (0.872), Relationship management (0.809), Self-awareness (0.828), and Self-management (0.855) are all higher than their inter-construct correlations. This means the measurement model's discriminant validity is assured, implying that each construct is unique and taps into a distinct segment of variance (Hair et al., 2010). This ensures that the constructs do not overlap and that the measures are measuring what they should measure.

Model Fit Indices

The SRMR value of 0.082 slightly exceeds the ideal threshold of 0.08, but it is still within the acceptable limit, especially in exploratory research or social science studies using PLS-SEM.

This value implies that the discrepancy between the observed and predicted correlations is minimal and the overall model adequately fits the data.

Given that your model has strong reliability, convergent validity, and discriminant validity as demonstrated through the other tables (e.g., AVE > 0.50, loadings > 0.708, HTMT < 0.90) the slightly higher SRMR is not a major concern.

Structural equation model

Figure 2 - *Path Relationship Diagram*

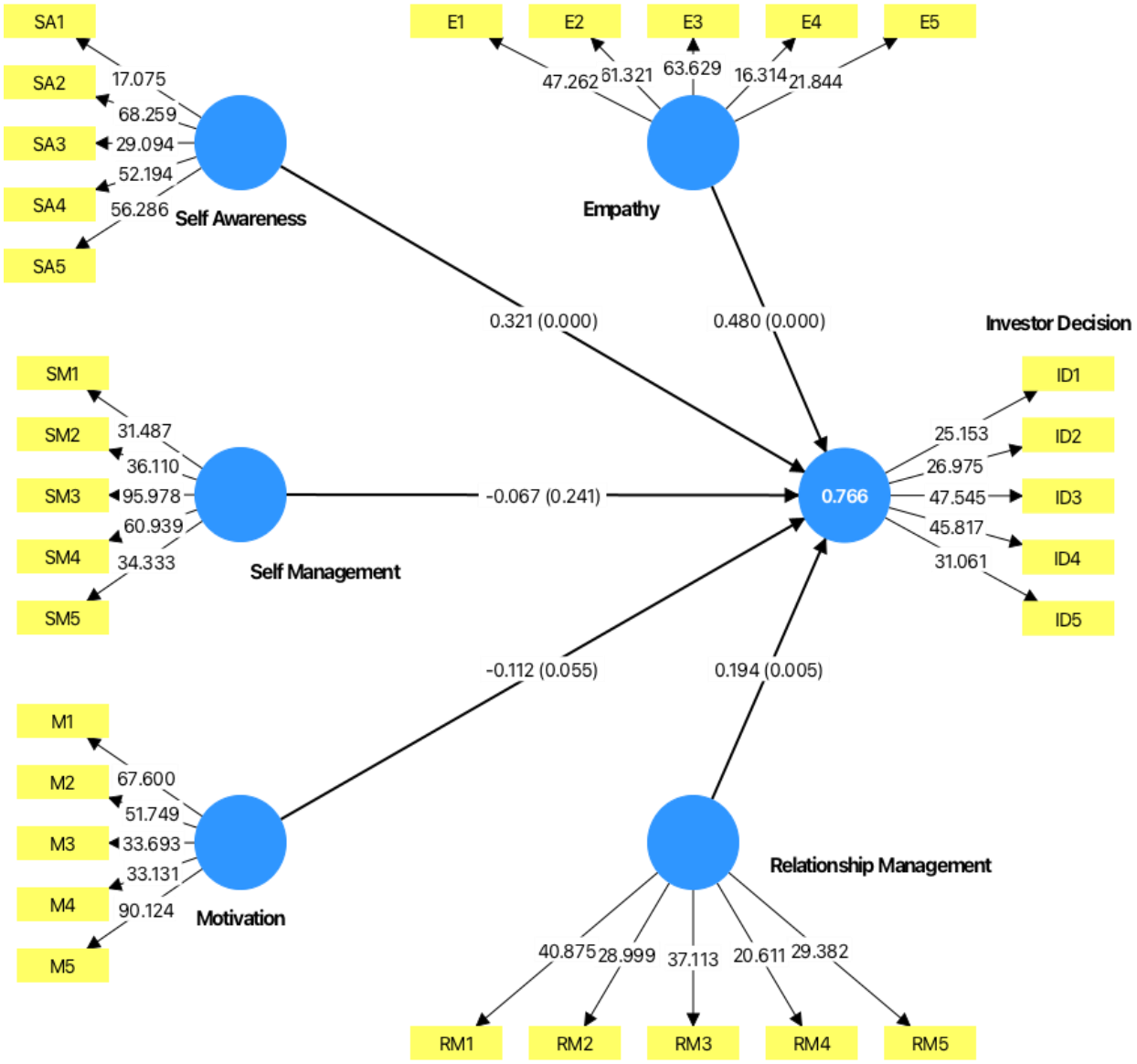


Table 6 - Hypotheses testing using bootstrapping

Hypotheses	β	Mean	STDEV	Confidence Interval		T statistics	P values	Decision
				2.50%	97.50%			
H1: Empathy -> Investor's Decision	0.48	0.484	0.061	0.367	0.605	7.838	0	Accepted
H2: Motivation -> Investor's Decision	0.109	0.111	0.069	-0.03	0.244	1.578	0.055	Rejected
H3: Relationship Management -> Investor's Decision	0.158	0.159	0.079	0.002	0.316	1.995	0.046	Accepted
H4: Self-Awareness -> Investor's Decision	0.569	0.567	0.066	0.43	0.685	8.659	0	Accepted
H5: Self-Management -> Investor's Decision	0.073	0.073	0.082	-0.083	0.236	0.897	0.241	Rejected

The finding of the study indicated that self-awareness, Relationship management and empathy positively and however investor decision positive and significantly i

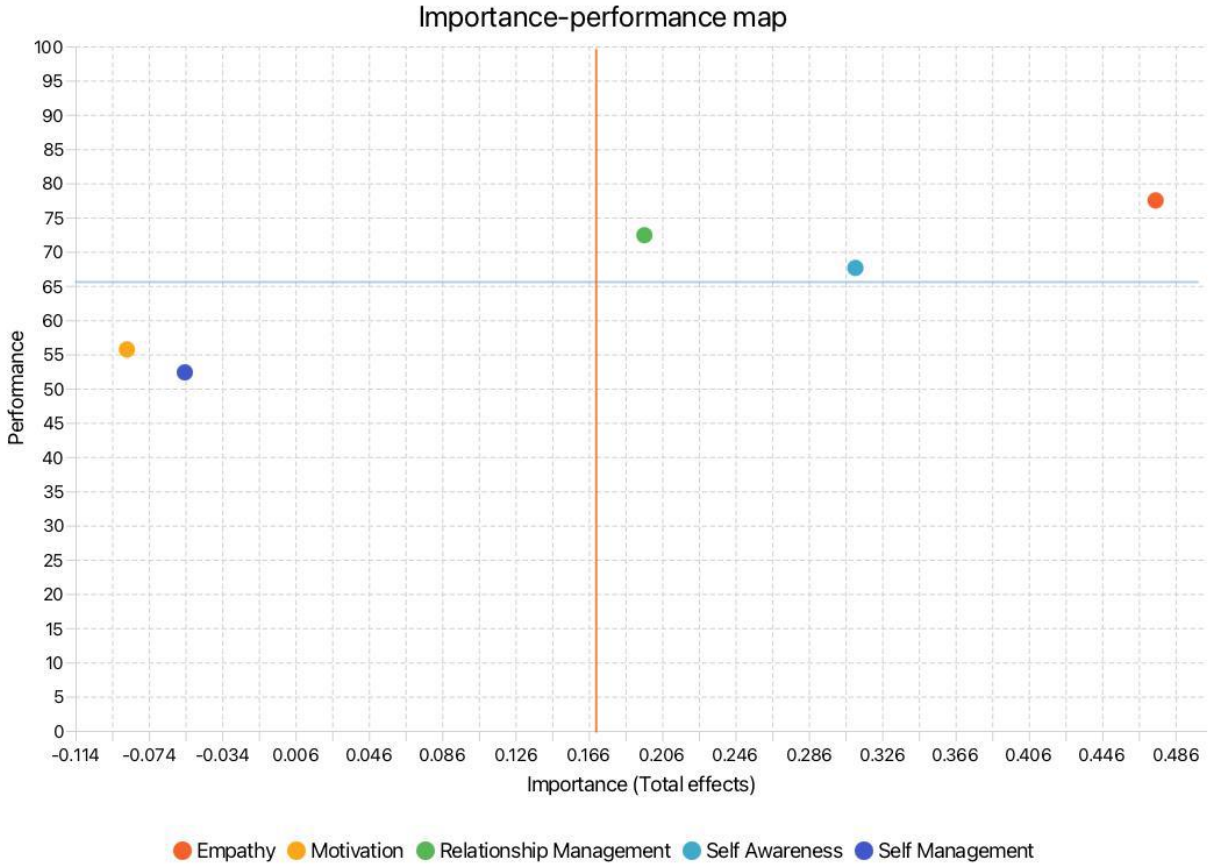
Figure 2 and Table 5 report the results of a bootstrapping analysis performed with 10,000 subsamples, which examine decisions regarding the proposed hypotheses. Hypotheses H1, H4, and H5 have achieved acceptance at a significance threshold 0.05. However, H2 and H3 are rejected as their p-value is above 0.05. These is a positive and significant impact of Self-awareness, Relationship management Empathy on investor decision .However there is a negative and insignificant impact of motivation and self-management.

Table 7 - *Importance performance Map Analysis*

Variables	LV performance	Importance
Empathy	77.486	0.475
Motivation	55.71	-0.086
Relationship Management	72.414	0.196
Self-Awareness	67.632	0.311
Self-Management	52.37	-0.054
Mean	**65.1224**	**0.1684**

Table 7 shows the total effects of Self-awareness, Self-management, Motivation, Empathy, and relationship management on investor decision attitude for the unstandardized effects. These effects are the same as the unstandardized weights of ordinary least square regression modelling (Hair et al. 2010). Furthermore, the performance of investor decision attitude was calculated as 72.562.

Notably, we derived the five quadrants successfully based on the mean values of the constructs' importance and performance value. As per Fig. 3, if we increase 1 unit in empathy performance increases from 77.484 to 78.486, motivation increases from 55.71to 56.71. Similarly, if we increased 1 unit in performance of transaction relationship management from 72.414 to 73.414, self-awareness performance increases from 67.632 to 68.632 then self-management use attitude grew to increase from 52.37 to 53 37. Therefore, out of the five determinants of investor usage attitude, the most critical factor was noted to be Empathy.



Findings of The Study

The analysis reveals that empathy, relationship management, and self-awareness significantly and positively influence investor decisions, with strong beta coefficients and p-values below 0.05, indicating their important role in shaping investor behavior. In contrast, motivation

and self-management do not show statistically significant effects, as their confidence intervals include zero and p-values exceed the conventional threshold, leading to their rejection as predictors in this context. Overall, emotional and interpersonal competencies appear crucial for investor decision-making, while motivation and self- management are less impactful based on the provided data.

V. Discussion

The findings of this research conducted in Butwal Sub-Metropolitan City, Nepal, align well with existing literature emphasizing the critical role of emotional intelligence (EI) in investment decision-making. Specifically, the significant positive effects of empathy, relationship management, and self-awareness on investor decisions corroborate prior studies that highlight how these emotional competencies enhance investors' ability to process information, manage interpersonal dynamics, and regulate emotional responses, leading to more rational and effective investment choices (Dissanayake et al., 2024; Fazal Hadi, 2017). Empathy and relationship management facilitate better understanding and trust-building, which are essential in financial contexts where social interactions influence decisions (Kuey, 2024; Ram & Jindal, 2020). Self-awareness enables investors to recognize their emotional states and biases, reducing impulsive or risk-averse behaviors that could impair investment outcomes (Nepjol, 2023). Conversely, the non-significant impact of motivation and self-management in this context may reflect the complex interplay of cultural and situational factors specific to the Nepalese investment environment, where external influences or financial literacy might moderate these relationships (Fazal Hadi, 2017). This nuanced insight supports arguments that while emotional intelligence broadly enhances investment decisions, its dimensions may vary in influence depending on contextual factors (Ram & Jindal, 2020). Overall, this study contributes to the growing body of evidence that emotional and interpersonal skills are vital for investors, suggesting that financial education programs in Nepal should incorporate emotional intelligence training alongside technical knowledge to improve investor outcomes.

VI. Conclusion and Implication

Conclusion

This study concludes that emotional intelligence plays a pivotal role in shaping the investment decisions of investors in Butwal Sub-Metropolitan City, Nepal. Specifically, empathy, relationship management, and self-awareness emerged as significant positive predictors, highlighting that

investors who possess strong emotional and interpersonal skills are more likely to make informed, rational, and effective investment choices. Conversely, motivation and self-management did not show significant influence, suggesting that not all dimensions of emotional intelligence uniformly impact investment behavior in this context. These findings underscore the importance of integrating emotional intelligence into investor education and advisory services to enhance decision quality and financial outcomes. Ultimately, fostering emotional competencies alongside financial literacy can contribute to more stable and confident investment environments, benefiting both individual investors and the broader financial market in Nepal.

Implications

The findings of this study have several important implications for investors, financial advisors, policymakers, and educational institutions in Butwal Sub-Metropolitan City and similar emerging markets. Firstly, the significant influence of empathy, relationship management, and self-awareness on investment decisions underscores the necessity of integrating emotional intelligence (EI) training into investor education programs. By enhancing these EI dimensions, investors are likely to make more rational, informed, and confident decisions, reducing the impact of emotional biases and impulsive behaviors that often lead to suboptimal investment outcomes (Tanvir, Sufyan, & Sarang, 2016; Dissanayake et al., 2024). Financial advisors and firms can leverage these insights by incorporating EI assessments and development workshops into their client services, fostering stronger client relationships and trust, which are crucial for long-term investment success (Kuey, 2024). For policymakers, the results suggest that regulatory frameworks and investor protection initiatives should consider the psychological and emotional aspects of investment behavior, not just financial literacy. This holistic approach can help in designing interventions that address both cognitive and emotional factors influencing investor decisions. Moreover, the non-significant impact of motivation and self- management in this context highlights the need for more context-specific research to understand how cultural, social, or economic factors may moderate the role of different EI components in investment behavior (Fazal Hadi, 2017). Overall, the study advocates for a broader perspective in investor education and support systems, emphasizing the development of emotional and interpersonal skills alongside traditional financial knowledge to enhance decision-making quality and market stability.

VII. References

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