

- 1) Chi-square = 13.41, df = 9, $p < 0.15$
- 2) GFI = 0.97
- 3) AGFI = 0.87
- 4) RMSE = 0.07
- 5) CFI = 0.97
- 6) NFI = 0.93

However, the path coefficient of the interaction terms was $b = -0.01$, $t = -0.05$, showing that hypothesis 3 was not supported. This was interpreted to imply that affective reactivity and affective influence regulation contribute to decision performance additively, and not interactively.

4.3 Mediation Effect

Hypothesis 4 states that affective influence regulation mediates the relationship between emotion differentiation and decision performance. It was tested by developing an appropriate model. The results of SEM show that the path coefficient from positive emotion differentiation to affective influence regulation is not significant, but the path coefficient from negative emotion differentiation to affective influence regulation is positive and significant. The conclusion is that participants who can differentiate negative emotions are less influenced by their emotional feelings in determining the level of risk in their daily stock portfolio.

Two new models were developed at this point of time. One was a partial mediation model and the other was a non mediated model. The SEM results suggest that the partial mediation model fit the data well, but does not differ significantly from the hypothesized model. The non mediated model did not fit the data well.

5. Discussion and Conclusion

The popular belief in decision theory that “cooler head prevails” is contradicted by the findings of this study. The study evidently shows that feelings and emotions can have positive effects on decision performance. In particular, people who experienced their feelings with greater intensity achieved higher decision performance. Another popular belief, namely “Don’t let your emotions run your life,” was supported by the study showing that people who could keep their feelings from having direct impact on their decisions achieved higher decision performance. The popular regulation “Ignore your emotions” appears not to be the right answer for effective regulation of feelings and their influence on decision-making.

Feelings are an indispensable part of life and are powerful enough to influence (both benefit and harm) choices and decisions. It is important to understand the role of emotions in decision-making and more research in this area must be welcome.

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