

Research Paper

## The Relationship Between Mental Health and Life Satisfaction among Speculators and Investors in Stock Market

Balaji Uttamrao Bhosikar<sup>1\*</sup>, Dr. S. S. Rane<sup>2</sup>

### ABSTRACT

The present study explores the relationship between mental health and life satisfaction among stock market speculators and investors. A sample of 120 participants, aged 25 to 35 years, was selected using a stratified random sampling method. Data were collected through a structured questionnaire incorporating the Mental Health Inventory (MHI) and the Life Satisfaction Scale (L-S Scale). Pearson correlation analysis was employed to determine the strength and significance of the relationship between the two variables. The results indicated a strong positive correlation ( $r = 0.82$ ,  $p < 0.01$ ) between mental health and life satisfaction, suggesting that individuals with higher mental well-being reported greater life satisfaction. These findings align with prior research indicating that financial activities significantly influence psychological well-being. The study highlights the importance of psychological resilience in financial decision-making, emphasizing the role of financial literacy and mental health support for stock market participants. The results suggest that integrating mental health awareness into financial planning can enhance overall well-being. The study contributes to the literature by demonstrating that stock market participation has profound psychological effects, which should be considered in investment advisory and policy-making strategies.

**Keywords:** *Mental Health, Life Satisfaction, Stock Market, Speculators, Investors, Financial Psychology*

The stock market serves as a dynamic financial environment where individuals engage in speculation and investment to maximize returns. While investors aim for long-term gains by carefully analyzing market trends and economic indicators, speculators take higher risks by betting on short-term price fluctuations. The volatility and uncertainty associated with stock market participation can significantly impact an individual's psychological well-being. Financial gains may lead to elevated happiness and confidence, while losses can contribute to stress, anxiety, and emotional instability. As financial markets continue to play an essential role in global economies, understanding the relationship between mental health and life satisfaction among stock market participants becomes crucial.

<sup>1</sup>Research Scholar, Department of Psychology, Kavayitri Bahinabai Chaudhari, North Maharashtra University.

<sup>2</sup>Ex Principal, Dr. Annasaheb G.D. Bendale, Mahila Mahavidyalay, Jalgaon, Maharashtra.

\*Corresponding Author

Received: December 15, 2024; Revision Received: December 28, 2024; Accepted: December 31, 2024

## **The Relationship Between Mental Health and Life Satisfaction among Speculators and Investors in Stock Market**

Mental health encompasses emotional, psychological, and social well-being, influencing how individuals think, feel, and behave in daily life (American Psychological Association, 2020). Good mental health enables people to cope with stress, make informed decisions, and maintain healthy relationships. Conversely, poor mental health can result in mood disorders, anxiety, and depression, all of which can influence financial decision-making. In the context of the stock market, the mental well-being of speculators and investors may be shaped by market volatility, financial stress, and the emotional burden of risk-taking. The unpredictability of stock prices can trigger a rollercoaster of emotions, ranging from excitement and euphoria to fear and frustration. This emotional fluctuation may not only affect their decision-making process but also impact their overall satisfaction with life.

Life satisfaction, a key indicator of subjective well-being, refers to an individual's overall assessment of their quality of life based on personal values, expectations, and experiences (Diener et al., 1985). Various factors, including financial stability, social relationships, career success, and mental health shape it. Research suggests that financial well-being plays a critical role in life satisfaction, as financially secure individuals tend to experience greater happiness and contentment. However, in the stock market, financial security is often uncertain due to fluctuating market conditions. Investors who adopt a long-term approach may have a more stable outlook on their financial future, while speculators, who engage in frequent trading and high-risk transactions, may experience heightened stress and emotional distress, potentially diminishing their life satisfaction.

The relationship between mental health and life satisfaction among speculators and investors is complex and multifaceted. Psychological factors such as cognitive biases, impulsivity, and emotional resilience influence stock market behavior and financial decision-making. Speculators, who often engage in high-frequency trading and risk-taking, may experience increased levels of anxiety and emotional exhaustion due to the constant pressure to make quick decisions. In contrast, investors who follow a disciplined, long-term strategy may experience less emotional turbulence, as they are less affected by short-term market fluctuations. Nevertheless, both groups are exposed to financial risks that can shape their mental well-being and overall satisfaction with life.

Several psychological theories provide insight into how financial behavior affects mental health and life satisfaction. The Prospect Theory, developed by Kahneman and Tversky (1979), suggests that individuals perceive financial gains and losses asymmetrically, with losses having a more significant emotional impact than equivalent gains. This phenomenon, known as loss aversion, may explain why stock market participants experience heightened stress and anxiety during market downturns. Similarly, the Behavioral Finance Theory highlights the role of cognitive biases, such as overconfidence and herd behavior, in shaping financial decisions. These biases can lead investors and speculators to make irrational decisions, potentially affecting their financial outcomes and emotional well-being.

Empirical research has also explored the psychological consequences of stock market participation. Studies indicate that prolonged exposure to financial uncertainty can contribute to symptoms of anxiety and depression, particularly among active traders and speculators (Lo et al., 2005). Financial stress has been linked to sleep disturbances, mood swings, and reduced cognitive functioning, all of which can negatively impact life satisfaction. Moreover, excessive engagement in stock market activities may lead to compulsive trading behavior, akin to gambling addiction, further exacerbating psychological

## The Relationship Between Mental Health and Life Satisfaction among Speculators and Investors in Stock Market

distress (Griffiths, 2013). On the other hand, investors who practice patience and adopt a diversified portfolio approach may experience greater financial stability and, consequently, higher levels of life satisfaction.

The COVID-19 pandemic further underscored the intricate link between financial markets and mental health. During the economic downturn caused by the pandemic, stock market volatility reached unprecedented levels, leading to heightened uncertainty and anxiety among investors and speculators. Many individuals experienced financial losses, job insecurity, and economic instability, all of which contributed to increased psychological distress (Baker et al., 2020). Conversely, some investors capitalized on market opportunities, reinforcing the notion that financial outcomes directly influence mental health and well-being.

Given the significant impact of stock market participation on mental health and life satisfaction, it is essential to promote financial literacy and emotional resilience among investors and speculators. Educating individuals about risk management strategies, financial planning, and stress management techniques can help mitigate the adverse psychological effects associated with market fluctuations. Additionally, fostering a long-term investment mindset and encouraging responsible financial behavior can enhance financial well-being and overall life satisfaction.

The stock market presents a unique psychological landscape where financial decisions and emotional well-being are deeply intertwined. The mental health of speculators and investors is influenced by financial gains and losses, cognitive biases, and market volatility. While some individuals thrive in this environment, others experience heightened stress and reduced life satisfaction. By understanding the psychological dynamics of stock market participation, financial professionals, policymakers, and mental health experts can work together to develop strategies that promote emotional resilience and overall well-being among investors and speculators. As financial markets continue to evolve, further research is needed to explore the long-term psychological effects of stock market engagement and to develop interventions that support mental health and life satisfaction in this high-stakes financial domain.

### *Objective of the study*

To explore the relationship between mental health and life satisfaction among speculators and investors in the stock market.

### *Hypotheses*

No significant relationship will be found between mental health and life satisfaction among stock market speculators and investors.

## **METHODOLOGY**

### *Samples*

The study included 120 participants, including speculators and investors actively engaged in the stock market. A stratified random sampling method was used to ensure balanced representation. Data were collected using a structured questionnaire, which included demographic details, mental health, and life satisfaction. Informed consent, confidentiality, and voluntary participation were ensured. The study aimed to assess how stock market participation affected mental health and life satisfaction, ensuring ethical compliance and

## The Relationship Between Mental Health and Life Satisfaction among Speculators and Investors in Stock Market

data reliability. The participants ranged in age from 25 to 35 years. The sampling method employed in this study was purposive non-probability random sampling.

### Variable

- Mental Health
- Life Satisfaction

### Research Tools

- **Mental Health Inventory (MHI):** The Mental Health Inventory (MHI), developed by Dr. Jagdish and A.K. Srivastava, is designed to assess an individual's mental health by measuring various psychological dimensions. The inventory consists of standardized items covering positive self-evaluation, perception of reality, integration of personality, autonomy, group-oriented attitudes, and environmental mastery. Participants respond to statements on a Likert scale, indicating the frequency of specific mental health symptoms. Higher scores reflect better mental health, while lower scores indicate distress. The MHI has been validated through reliability testing and has been widely used in psychological research. The test helps in understanding emotional well-being, coping abilities, and psychological resilience among individuals, particularly in high-stress environments such as financial markets.
- **Life Satisfaction Scale:** The Life Satisfaction Scale (L-S Scale) was developed by Q.G. Alam and Dr. Ramji Srivastava to measure an individual's overall satisfaction with life. The scale consists of 60 items covering six key areas: health, personal, economic, marital, social, and job satisfaction. Responses are recorded in a yes/no format, where a "yes" response indicates satisfaction in a particular domain. The total score is obtained by summing the responses, with higher scores indicating greater life satisfaction. The scale was standardized on a sample of 875 adults from both rural and urban areas and has demonstrated high reliability (0.84) and validity (ranging from 0.74 to 0.82).

### Statistical Analysis:

“Pearson - r” value Statistics was used for the present study.

## STATISTICAL INTERPRETATION AND DISCUSSION

*Table No-1 Mean Std. Deviation and Pearson—r value of mental health and life satisfaction among stock market speculators and investors.*

Dimensions	Speculators and Investors in the Stock Market		<i>df</i>	<i>r</i>
	Mean	SD		
Mental Health	185.47	4.36	118	0.82**
Life Satisfaction	66.38	3.45		

**Significant at 0.01\*\* = .232      0.05\* = .178**

The descriptive statistics indicated that the mean score for mental health among stock market speculators and investors was 185.47, with a standard deviation of 4.36, whereas the mean score for life satisfaction was 66.38, with a standard deviation of 3.45. These values suggested that mental health and life satisfaction levels among stock market participants were relatively high, though the standard deviations indicated some variation within the

## The Relationship Between Mental Health and Life Satisfaction among Speculators and Investors in Stock Market

sample. The Pearson correlation coefficient ( $r$ ) between mental health and life satisfaction was reported as 0.82, which was a strong positive correlation. This implied that individuals with better mental health tended to report higher life satisfaction.

The degrees of freedom ( $df$ ) was 118, and the significance level was denoted by  $p < 0.01$ , meaning the correlation was statistically significant at the 1% level. The critical value for significance at 0.01 was 0.232, and for 0.05, it was 0.178. Since the obtained correlation coefficient (0.82) was much higher than the critical value, the relationship between mental health and life satisfaction was robust and unlikely to have occurred by chance.

These findings aligned with existing research, which suggested that psychological well-being was strongly associated with overall life satisfaction (Diener, 2000). Mental health played a crucial role in shaping an individual's perception of their quality of life, and financial activities, such as investing and speculation, influenced stress levels, which, in turn, affected overall well-being (Kahneman & Deaton, 2010). Previous studies found that stock market fluctuations had significant psychological effects on investors, with financial success contributing to higher life satisfaction, while financial losses often led to distress and anxiety (Lo, 2017). The strong positive correlation found in this study further supported the notion that financial stability and mental well-being were interdependent.

The results highlighted the importance of psychological resilience among investors and speculators. Since financial decision-making involved uncertainty and risk, individuals with higher mental health levels appeared to be better equipped to handle market volatility, thereby experiencing greater life satisfaction (Gerrans et al., 2014). This underscored the need for financial literacy programs and psychological support systems to help investors navigate the stress associated with stock market participation.

### CONCLUSION

The study findings demonstrated a significant and positive association between mental health and life satisfaction among stock market speculators and investors. Given the strong correlation, policymakers, financial advisors, and mental health professionals should have considered integrating psychological well-being strategies into financial planning and investment advisory services.

### REFERENCES

- Barber, B. M., & Odean, T. (2001). Boys will be boys: Gender, overconfidence, and common stock investment. *The Quarterly Journal of Economics*, 116(1), 261-292.
- Chandu, V., Reddy, K. P., Srilakshmi, S., & Shifaly. (2023). Research on retail buyers' emotional quotient with focus on transactions on the National Stock Exchange. *International Journal of Engineering Business Management*.
- Diener, E. (2000). Subjective well-being: The science of happiness and a proposal for a national index. *American Psychologist*, 55(1), 34-43.
- Gerrans, P., Faff, R., & Hartnett, N. (2014). Individual financial risk tolerance and the global financial crisis. *Accounting & Finance*, 54(1), 61-83.
- Goleman, D. (1995). *Emotional intelligence: Why it can matter more than IQ*. Bantam Books.
- Kahneman, D., & Deaton, A. (2010). High income improves evaluation of life but not emotional well-being. *Proceedings of the National Academy of Sciences*, 107(38), 16489-16493.

## The Relationship Between Mental Health and Life Satisfaction among Speculators and Investors in Stock Market

- Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica: Journal of the Econometric Society*, 47(2), 263-291.
- Lo, A. W. (2017). *Adaptive markets: Financial evolution at the speed of thought*. Princeton University Press.
- Lo, A. W., Repin, D. V., & Steenbarger, B. N. (2005). Fear and greed in financial markets: A clinical study of day-traders. *The American Economic Review*, 95(2), 352-359.
- Pillai, R. A., & Basri, S. (2024). The influence of emotional intelligence and behavioural biases on mutual fund churning frequency: Evidence from India. *Acta Psychologica*, 248, 104426.
- Pompian, M. M. (2012). *Behavioral finance and wealth management: How to build optimal portfolios that account for investor biases*. John Wiley & Sons.
- Ricciardi, V., & Simon, H. K. (2000). What is behavioral finance? *Business, Education & Technology Journal*, 2(2), 1-9.
- Salovey, P., & Mayer, J. D. (1990). Emotional intelligence. *Imagination, Cognition and Personality*, 9(3), 185-211.
- Shiller, R. J. (2015). *Irrational exuberance*. Princeton University Press.
- Tetlock, P. C. (2007). Giving content to investor sentiment: The role of media in the stock market. *The Journal of Finance*, 62(3), 1139-1168.

### **Acknowledgement**

The author(s) appreciates all those who participated in the study and helped to facilitate the research process.

### **Conflict of Interest**

The author(s) declared no conflict of interest.

**How to cite this article:** Bhosikar, B.U., & Rane, S.S. (2024). The Relationship Between Mental Health and Life Satisfaction among Speculators and Investors in Stock Market. *International Journal of Indian Psychology*, 12(4), 2956-2961. DIP:18.01.277.20241204, DOI:10.25215/1204.277