

# Entrepreneur's Awareness and Risk Perception to Equity Market on Stock Investing

**Leomar Miano**

College of Administration, Business, Hospitality, and Accountancy (CABHA), Southern Luzon State University, Lucban, Quezon, Philippines

**Email address:**

leomar\_miano@yahoo.com

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**Abstract:** This study determined the awareness and risk perception of entrepreneurs to equity market with their motivation to engage in stock investing. Specifically it aimed to accomplish the following: (1) Determine background characteristics of the selected entrepreneurs and their business (2) Determine the awareness to equity market as to investing through Stock Exchange Market and investing through Over-the-Counter Market, (3) Determine the risk perception to equity market as to Aggressive Risk Tolerance, Moderate Risk Tolerance and Conservative Risk Tolerance, (4) Determine the motivation to engage in stock investing in terms of Conservative Investing and Aggressive Investment Strategy, (5) Determine the relationship of the entrepreneurs' profile with their motivation to invest in equity market, and (6) Determine the relationship of awareness and risk perception to equity market with the entrepreneurs' motivation to engage in stock investing. The researchers used descriptive-correlational design with 360 respondents who were selected among the sole-proprietor entrepreneurs of Lucena City. A self-constructed questionnaire was utilized having a 4-point scale with ordinal codes. Part one is the background characteristics, second part is the awareness to equity market, third part is the risk perception to equity market, and the last part is the motivation to engage in stock investing. Frequency, weighted mean, and chi-square were used for the interpretation of data. Based on the results, there is evidence that the awareness and risk perception of the respondents in all industries has no relationship with their motivation to engage in stock investing.

**Keywords:** Awareness, Risk Perception, Equity Market, Motivation to Invest

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## 1. Introduction

Globally, investing on stocks has been one of the trends in generating more money. Many companies can easily sell their stocks to the public with the easier means of reaching their potential investors with the use of modern technology as the aspiring people who aims to invest can conveniently buy the companies' stocks and properly allocate their funds and thus, adding to their plan on financial freedom.

Upon this, the growing rate of foreign investments conquers the Philippine market as foreign direct investments in the country increased by 94.9% in 2016. Bangko Sentral ng Pilipinas stated that these strong results led up investors' confidence in the Philippine economy on the back of sound macroeconomic fundamentals and robust growth [1].

The Philippines is one of the developing countries across Asia and because of this, Filipinos are given better chance at

being more strategic in earning money. Businesses in Manila, as the country's capital, and business experts see it as a growing potential for development. However, the Filipinos deliberately do not challenge themselves into expansion or going in for other money-generating activities and tend to cling to the traditional ways including the non-embracement of the use of modern technology [2].

Filipinos today are given opportunities to place, save, or put their money and earnings into several investments such as savings accounts, pooled funds, insurance policies and stock market. Out of these, trading stocks could prove to be the one that gives the highest returns [3].

Investing on stocks is one of the recommended activities for entrepreneurs since it would generate more funds and thus, reducing credit troubles. [2] The credit investigation in the country needed a lot of documentation before any grant that results to be a hindrance for the growth of the business.

Upon observation made by the researchers, it is found that the entrepreneurs of Lucena City, Quezon Province who are not presently engaged in stock investing since the businesses are successful and looking to be more profitable with reconstruction, product upgrade, and expansion which can be achieved if the entrepreneurs choose to generate more money in stock investing. Thus, determining their awareness of the stock market itself and their risk perception in relation with their motivation to invest will help a lot. Investing on stocks occurs in the stock market on either Stock Exchange or in the Over-the-Counter (OTC) markets. Philippine Stock Exchange is the national stock exchange in the Philippines where there are held publicly-listed securities while the Over-the-Counter (OTC) markets are decentralized organizations which does not meet the stock exchange listing requirements. Both can be ways of investing on stocks. Filipinos are known to have potential in success in the business industry but lacks the motivation to do so with hindrances like the high credit requirements, lack of encouragement [2]. The success of some of the entrepreneurs can be a basis for also succeeding in the stock investing as long as the formulas, determination, and passion can also be applied with the motivating factors that make their businesses successful. Engaging to investment of stocks requires ample time and attention since the money invested can gain profit or create losses. [3] cites pieces of advice before trading stocks: (1) Know your investment goal (2) Know what the stock market is (3) Know your risk profile (4) Set aside money when going into stocks and (5) Allot time for investing. Through this, aspiring traders can lay out a plan for the future allocation of money and most like to reduce the risk of loss. The problem determined by the researchers is the relationship of the awareness and risk perception of the entrepreneurs on equity or stock market which shows as factors affecting their motivation to invest on stocks.

The entrepreneurs show passion for giving service and goods that they chose openly to offer and contributing the needs and wants of the community in return for a profit which can be useful characteristics in engaging on investment on stocks that may be hindered by their perception on the risks and their lack of knowledge thereof or their awareness. The purpose of this study is to determine the relationship of the awareness and risk perception of the entrepreneurs who are not presently engaged in stock investing in Lucena City, Quezon Province in the equity market and its relation with their motivation to engage to stock investing.

### **1.1. Entrepreneurs**

An entrepreneur is known as a person who innovates a certain product or process upon running his or her own small business. This individual assumes the risk and rewards of the venture. He or she plays an essential role in the economy with the establishment and creation of new ideas in gaining profit and adding more income.

The entrepreneur may gain a successful business with the proper strategizing and organizing. Upon establishing the

business, it is important to know the sources of funds or capital for the conduct of business operations. Such sources may be banks or any financial institutions that grant borrowings or credit for business purposes to be paid by principal plus interest. Aside from loans, another mode of generation of funds is by gaining interest and dividends in investment on stocks. A stock is also called a share or equity. It is a type of security that represents ownership or claims in a corporation. Owners are entitled for the company's earnings and have rights depending on the classification of stocks [4].

Growth stocks are from corporations which have fast growth rate in terms of net income, revenue and assets like Globe Telecom and Filinvest Land, Incorporated. Cyclical stocks are those in which the companies' earnings and prices move with the changes in the country's economy like the Ayala Land Corporation. Defensive stocks are from companies that are not yet generating profit like the Onico Corporation and Island Mining Corporation. These stocks may be sold, bought or invested through the equity market.

### **1.2. Equity Market**

The equity market or stock market is where publicly held and not publicly held companies' issue and trade stocks by means of stock exchanges or over-the-counter (OTC) markets. In a free market economy, the stock market is considered as an essential component because it gives companies access to the capital or assets for a portion of ownership to the corporation. With this, the investments by the public pave the way for the increase in the sum of capital without internal sacrifices or risking the current wealth of the corporation.

One benefit for the investors is that they have the privilege to participate in the financial achievements of the corporation whom shares they hold, when the corporations are profitable, the equity market investors are paid by means of dividends from selling of appreciated stocks called the capital gains. The disadvantage of this is that at the time of loss in the corporation, the investors are expected to lose money which is when the investors must sell their shares at a loss [4]. In a local sense, almost the same principles lie on the concept in stock market in the Philippines, but with different regulations as the stock market in other countries. In the country, stock market is divided into the national stock exchange or the Philippine Stock Exchange (PSE) and Over-the-Counter (OTC) market.

### **1.3. Stock Exchange**

The exchange may also facilitate for the buying and selling of other securities investments. This exchange functions as a continuous auction market with a central location which is the floor of the exchange. It is required for a security to be listed before it can be traded in the stock exchange. A central location is installed for the keeping of records but such is not linked on a physical place. Instead, it uses network of electronic connections which is advantageous because it

reduces the cost of transactions and increases the speed of the trading process. The trading in the exchange involves brokers who are members of the exchange. Through time, venues for trade have existed such as Electronic Communication Networks (ECNs), dark pools and others which took some portion of investment activities out of the traditional stock exchanges. A stock does not necessarily have to be issued in the stock exchange itself. The trading of stocks may also be facilitated in the OTC market. It is where derivatives and bonds are usually traded. The known exchanges in the world are the New York Stock Exchange (NYSE), NASDAQ, Japan Exchange Group-Tokyo, London Stock Exchange and a lot more. In the Philippines, the exchange market is called the Philippine Stock Exchange (PSE) [5].

#### **1.4. Stock Exchange in the Philippines**

The Philippine Stock Exchange (PSE) or the —Pamilihang Sapi ng Pilipinas || is the national stock exchange in the Philippines. It has a continuous operation since its establishment in 1927. The exchange is composed of a fifteen-member board of directors with Jose T. Pardo as the chairman. It has two trading floors located in Metro Manila; the headquarters at the PSE Plaza Ayala Triangle, Ayala Tower One in the Makati Central Business District and at the PSE Centre Tektite Towers, Ortigas Center in Pasig. The PSE Composite Index (PSEi) is composed of thirty listed companies. The selection of corporations is based on specific set of standards or criteria. Trading in the PSE pre-opens at nine o'clock in the morning and closes at three-thirty o'clock in the afternoon [6].

#### **1.5. Over-the-Counter (OTC) Market**

The OTC market has never existed as a physical place unlike the stock exchanges. It is less formal but well-organized network of trading relationships which are centered on numerous dealers. These dealers or referred as market makers quote prices at which they intend to sell (ask or offer) and buy (bid) to other dealers or to other clients. They can withdraw from their activities at any time which can cause the inability of trading operations [7].

#### **1.6. Over-the-Counter Market in the Philippines**

Stock brokers and dealers may offer great deals in investing on stocks. Upon starting to engage in stock investing, it may be done personally or having an online account by finding licensed stock brokers. Some owners may offer a minimum of five thousand pesos to start investing on stocks exactly like deposit accounts on commercial banks. Some requirements may be needed like valid IDs, manual signature and application form for which the brokers will provide. It is only logical to invest on corporations which are performing well in terms of earnings and profitability. It is common for investors to diversify their portfolio by investing on both risky and risk-free securities. Different strategies may be offered by the brokers for their clients or the investors [8, 9]. The Top Ten

Accredited Philippine Stock Market Brokers that potential investors can place their capital in and avoid being scammed. Abacus Securities Corporation is one of the oldest brokerage houses in the Philippines and leading in terms of financial services that focuses on capital market investments. Wealth Securities is known as keeping keen eye on small corporations with strong growth potential.

Rizal Commercial Banking Corporation Securities, Inc. (RCBC) is an online stockbroker service that allows the investors to be updated to the changes in the stock market. Their system helps investors trade better at their convenience. Trade Asia Yap Entrade, Inc. transacts on clients who require online financial services with real-time stock trading stock quotes and corporate updates. Bank of the Philippine Islands Trade Broker (BPI) offers ease on the transaction of buying and selling of securities from the investors' bank account to their investment portfolio. First Metro Securities Brokerage Corporation (First Metro Sec) is the investment arm of Metropolitan Bank and Trust Company (Metrobank). It is a stock brokerage firm which is licensed to trade in the PSE. This firm offers trading activities as well as accurate market research and investor education progress. Philstock.ph by Accord Capital actively participates in trading activities and help investors preserve the purchasing power of their savings and add term value to their investment.

Col Financial offers insight and 24/7 access to account and portfolio, mobile access and extensive investor education, timely strategy and more. With the vast pool of options of firms to choose from, the question of capacity and capability to handle investment lies on who can engage in stock investment which can be Filipinos who generate enough earnings to use in investing on stocks such as entrepreneurs.

#### **1.7. Risk Perception on Equity Market as to Aggressive Risk Tolerance**

Aggressive investors are considered to be those who are willing to potentially lose money to a great extent in gaining better results [10]. Investors want to show that they cannot be beaten by the trend of the market and thus, they should know that by engaging continuously in the market activities, they may be exposed to great risks. These investors could lose until forty percent (40%) of their investment which may take a long time to recover. It is essential to hold cash for any unsuspected withdrawals and opportunities or buying other securities.

The Invincible nowadays or typically younger investors have tendencies to invest large amounts of capital periodically from their income gained from employment. The aggressive investors want to accumulate large amounts of money fast and have enough income from sources like employment and believe to have plenty of time to recover the losses. This kind of bravery usually leads to downfall. Aggressive investors are typically achieving large long-term returns which rapidly increase faster than taxes and inflation. When the financial and capital markets increase, the aggressive investors are expected to realize their double-digit

percentage returns [11].

### ***1.8. Risk Perception on Equity Market as to Moderate Risk Tolerance***

Moderate investors engage on income through securities for purposes like sustainability and for basic needs of their families unlike many aggressive investors who have goals to maximizing their wealth for business. The portfolios of these investors are often becoming more conservative as time goes by. They accept substantial amount of losses and gains. Some of them are using their portfolios for early retirements or any purpose out of mere necessity. The common reasons for being a conservative investor are for education funding or retirement fund. These investors want to earn good amount of returns and are aware of the risk that they are taking. Their portfolios are balanced mix of viable assets and conservatively managed bonds [11].

### ***1.9. Risk Perception on Equity Market as to Conservative Risk Tolerance***

Conservative investors manage their investment with low risk tolerance and aims to maintain their initial capital [10]. This type of investors does not concern himself upon learning of a downside fluctuation with the market and would always give attention to securities with possibility of earning. Some conservative investors are those on tight budgets and barely making a living as it is and are afraid of losing money or reaching their bank account to zero. Their portfolios gain minimal amount of earning through the years and has low growth on the securities that they have bought. The majority of their money are held in cash and usually short to intermediate term maturity bonds. Even with choosing buying securities with low chances of losses, risks can never be eliminated when investing.

### ***1.10. Motivation to Engage in Stock Investing***

One must be appropriately motivated to put effort in building investment experiences. The moral dimension should not affect the way the investors invest their money for the goal of maximizing their wealth. Being focused on the gains of the securities bought, the investors experience large disappointment at times when their losses are high and with that, they lose their motivation to engage on investing [12].

Conservative investing is believed to a strategy in preserving the initial capital invested on stocks or other forms of securities which has lower risks. Conservative investors have risk tolerance from low to slightly moderate. These investors are uncomfortable in choosing to invest on stocks which are calculated to have higher risk because of the threat of losses. cited five rules in using conservative investing as a strategy for a successful portfolio. First, the days of generating five to 6 percent (5-6%) in tax-free municipal bonds are over. Today, government securities are having lower rates through the years. Second, diversification out of fixed income is mandatory. Even with fixed income and threat of losses with risky stocks, it is essential to still choose and buy securities

that are susceptible to high risk for a more diversified portfolio. Third, there are such things as conservative equity investments. Equity markets are historically viewed to be more risky than fixed income due to their volatility but the gains will be a contributor in the growth of the securities bought. Fourth, there is a balance between the risk and return on investment. It is difficult for a conservative strategy to have losses but it not impossible. Fifth, beware of investments that don't provide income. These securities often have losses and mostly don't provide profit.

An aggressive investment strategy is when investors want to maximize their wealth by buying securities with higher risk of gains but have also high risk of loss. The goal of this strategy is to gain larger amount of profit even with the large chance of losses. This strategy is suitable for the middle aged investors because it enables them to ride through the fluctuations of the market with their higher chance of gaining more capital in case of losses due to their possibility of flexible income (—Aggressive Investment Strategy, n.d.)

## **2. Research Methodology**

This is a correlational study. It aimed to identify the relationship between the awareness and risk perception on equity market and the entrepreneurs' motivation to invest on stocks. The mentioned design was used by the researchers to know as to whether and how the independent variables: awareness and risk perception were related to the dependent variable: entrepreneurs' motivation to invest in stocks, with the respondents as the moderator variable. Entrepreneurs having business located in Lucena, City Quezon Province served as the respondents and moderator variable of this study. The sample size was chosen through a proportionate stratified random sampling to identify the sample needed in each stratum which represents the existing industries in the city. A sample of three hundred sixty (360) entrepreneurs was computed through the use of Slovin's Formula from the overall population of three thousand five hundred seventy-one (3571) entrepreneurs. The respondents were selected proportionately and equally among each stratum to which the researchers conducted the study. These entrepreneurs were carefully chosen for the information desired by the researchers to achieve the objectives at hand.

The respondents answered an unstructured questionnaire. The statements came from the related literature and studies and were validated by a licensed stock broker, Mr. JC Bisnar to know the reliability of the self-made questions. Although it was difficult to develop a perfectly reliable questionnaire, it was reasonable to design a questionnaire that approaches a consistent level of response. The questionnaire consists of demographic information of the entrepreneurs; their level of awareness as to stock exchange or over the counter market; the risk perception to equity market as to aggressive, moderate or conservative risk tolerance, and their motivation to engage in stock investing as to aggressive or conservative investing.

A numerical value of (1-4) was assigned to each potential

choice as to the level of awareness to stock exchange market and over-the-counter market with 1 as Not at all Aware; 2 as Slightly Aware; 3 as Moderately Aware; and 4 as Extremely Aware. The risk perception (as to aggressive, moderate and conservative risk tolerance) and motivation (as to conservative and aggressive investing) of the entrepreneurs also used the numerical value of (1-4) with 1 as Strongly Disagree; 2 as Disagree; 3 as Agree; and 4 as Strongly Agree. If the respondents agreed with conservative investment strategy then they were considered as highly motivated to engage on stock investing using this strategy and disagree means less motivated. On the other hand, if they agreed with the conditions of aggressive investment strategy, then they were highly motivated to engage on stock investing using this strategy and disagree also means less motivated. The weighted mean of all the results collected were computed at the end of the survey conducted by the proponents.

### 3. Results

#### 3.1. Profile of Respondents

The researchers identified the respondents based on the business industry they are currently engaged in, their age bracket, and their estimated annual net income bracket.

*Table 1. Estimated Annual Net Income Bracket.*

Estimated Annual Income	Frequency	Percentage
Less than P499,999	346	96.11%
P500,000 - P999,999	14	3.89%
Total	360	100

The table below shows all the existing business industry in Lucena City, Quezon Province based from the information given by the Lucena City Hall to the proponents of this study. The frequency and percentage of the respondents with Retailers having the largest number of respondents (108 – 30%) and Banks and Other Financial Institutions and Other Business having the lowest (2 – 0.56%) which means that in the gathered data of the researchers, most of the entrepreneurs in Lucena City are engaged in retailing business and least of the sample are those who operates Banks and other Financial Institution as well as those classified as Other Business which composed of driving school, training and learning school.

*Table 2. Business Industry Currently Engaged In.*

Business Industry	Frequency	%
Amusement Places	5	1.39
Banks and Other Financial Institutions	2	0.56
Café, Restaurants, Food Caterers	33	9.17
Contractors/General Engineering	9	2.50
Exempted Business	8	2.22
Lessors-Commercial	26	7.22
Lessors-Residential	7	1.94
Manufacturers	3	0.83
Manufacturers-Essential	20	5.56
Other Business (Driving School, Learning and Training Centers)	2	0.56
Printing and Publication	3	0.83

Business Industry	Frequency	%
Retailers	108	30.00
Retailers-Essential	49	13.61
Services	70	19.44
Wholesalers	9	2.50
Wholesalers-Essential	6	1.67
TOTAL	360	100

The table shows that majority of the respondents' age ranges from 30-44 y/o which represents 55.56% of the sample. Next is 45-59 y/o which represents 40.56% of the sample, 18-29 which only has 3.89% and there is no respondents' age that ranges from 60 and above which means that majority of the entrepreneurs in Lucena City who were asked to be respondents are from ages 30-44 which suggests that the entrepreneurs in Lucena City in this age are more likely to have their own businesses.

*Table 3. Age Bracket.*

Age Bracket	Frequency	Percentage
18-29	14	3.89%
30-44	200	55.56%
45-59	146	40.56%
Total	360	100

The annual income of the respondents based on the table above shows that most of them answered less than P499,999 which represents 96.11% of the sample. This suggests that many businesses in Lucena City do not exceed the proponents' annual income bracket of above P 1,000,000. However, most of the respondents owned small enterprises, so having an income below P499,999 is acceptable.

#### 3.2. Awareness to Equity Market

The results are based on the respondents' awareness on equity market as to investing to Stock Exchange Market and Over-the-Counter Markets. The awareness of entrepreneurs in the listed 16 industries was already summarized below in order to be viewed and interpreted clearly.

*Table 4. Investing through Stock Exchange Market.*

Business Industry	Mean	Level of Awareness
Amusement Places	2.56	Moderately Aware
Banks and Other Financial Institutions	3.25	Extremely Aware
Café, Restaurants, Food Caterers	2.60	Moderately Aware
Contractors/General Engineering	2.25	Slightly Aware
Exempted Business	1.74	Not at all Aware
Lessors-Commercial	2.28	Slightly Aware
Lessors-Residential	2.06	Slightly Aware
Manufacturers	2.37	Slightly Aware
Manufacturers-Essential	1.49	Not at all Aware
Other Business	2.75	Moderately Aware
Printing and Publication	2.40	Slightly Aware
Retailers	1.11	Not at all Aware
Retailers-Essential	1.54	Not at all Aware
Services	2.61	Moderately Aware
Wholesalers	2.13	Slightly Aware
Wholesalers-Essential	1.87	Slightly Aware

The table above shows the summary of the awareness of entrepreneurs to stock exchange market which belong in the

listed 16 industries with their corresponding overall weighted mean that determined their level of awareness. All of these data came from the research instrument that the respondents answered as part of the study. As revealed in the table, those entrepreneurs from the industries of Exempted Business (1.74), Manufacturers-Essential (1.49), Retailers (1.11) and Retailers-Essential (1.54) are the ones who are not at all aware to the existence of the stock exchange market, while the rest are aware of it. Therefore, majority of the entrepreneurs in Lucena City are still not aware of the existence of stock exchange market which came from the large population of retailers.

The table above summarizes the level of awareness,

*Table 5. Investing through Stock Exchange Market– Frequency and Percentage.*

Business Industry	Frequency	Percentage	Level of Awareness
Amusement Places	5	1.39%	Moderately Aware
Banks and Other Financial Institutions	2	0.56%	Extremely Aware
Café, Restaurants, Food Caterers	33	9.17%	Moderately Aware
Contractors/General Engineering	9	2.50%	Slightly Aware
Exempted Business	8	2.22%	Not at all Aware
Lessors-Commercial	26	7.22%	Slightly Aware
Lessors-Residential	7	1.94%	Slightly Aware
Manufacturers	3	0.83%	Slightly Aware
Manufacturers-Essential	20	5.56%	Not at all Aware
Other Business	2	0.56%	Moderately Aware
Printing and Publication	3	0.83%	Slightly Aware
Retailers	108	30.00%	Not at all Aware
Retailers-Essential	49	13.61%	Not at all Aware
Services	70	19.44%	Moderately Aware
Wholesalers	9	2.50%	Slightly Aware
Wholesalers-Essential	6	1.67%	Slightly Aware
TOTAL	360	100.00%	

The high percentage of respondents which are proven not at all aware of the stock exchange market suggests that more than half of the entrepreneurs (51.39%) in Lucena City, Quezon Province are still not familiar with stock investing and definitely have not engage to this type of market. However, those entrepreneurs who are proven slightly aware (17.49%), moderately aware (30.56%), and extremely aware (0.56%) of the stock exchange market only composed 48.61% of the total sample.

*Table 6. Investing through to Stock Exchange Market–Total Percentage.*

Percentage	Level of Awareness
0.56%	Extremely Aware
30.56%	Moderately Aware
17.49%	Slightly Aware
51.39%	Not at all Aware
100%	

The below table shows the overall weighted mean of the answers of entrepreneurs in each industry and their corresponding level of awareness. This table suggests that majority are not at aware and slightly aware; these respondents are conduct in their daily operations without or small knowledge of a capital-generating opportunity which is the investment on stocks and some are moderately aware and extremely aware; these respondents know that such capital-generating opportunity exists.

number of entrepreneurs in each industry, and percentage that they represent from the total sample which are all based from the data gathered by the proponents of this study. It suggests that the retailers whom were found out to have the highest number of entrepreneurs having frequency of 108 are not at all aware of the stock exchange market with overall weighted mean of 30.00%. While the entrepreneurs in Banks and other Financial Institution with frequency of 2 and overall weighted mean of 0.56% and other Business which have the least number of respondents with frequency of 2 and overall weighted mean of 0.56% are extremely aware and moderately aware of the stock exchange market respectively.

*Table 7. Investing through Over-the-Counter Market.*

Business Industry	Mean	Level of Awareness
Amusement Places	2.12	Slightly Aware
Banks and Other Financial Institutions	2.90	Moderately Aware
Café, Restaurants, Food Caterers	2.46	Slightly Aware
Contractors/General Engineering	1.79	Slightly Aware
Exempted Business	1.54	Not at all Aware
Lessors-Commercial	2.03	Slightly Aware
Lessors-Residential	1.71	Not at all Aware
Manufacturers	1.90	Slightly Aware
Manufacturers-Essential	1.37	Not at all Aware
Other Business	2.65	Moderately Aware
Printing and Publication	1.87	Slightly Aware
Retailers	1.06	Not at all Aware
Retailers-Essential	1.53	Not at all aware
Services	2.46	Slightly Aware
Wholesalers	1.73	Not at all Aware
Wholesalers-Essential	1.70	Not at all Aware

The table above summarizes the level of awareness, number of entrepreneurs in each industry, and percentage that they represent from the total sample which are all based from the data gathered by the proponents of this study. This means that each frequency represents the part of the total respondents as well as the percentage and as presented in the table, the highest awareness of the respondents is moderately aware which suggests that the respondents are knowledgeable of the general existence of the OTC market

but still lack essential facts on the system and processes involved. However, the majority who are not at all aware of the existence of over-the-counter market suggests that these

entrepreneurs have not encountered and probably have not invested in this type of market.

**Table 8.** Investing through Over-the-Counter Market-Frequency and Percentage.

Business Industry	f	Percentage	Level of Awareness
Amusement Places	5	1.39%	Slightly Aware
Banks and Other Financial Institutions	2	0.56%	Moderately Aware
Café, Restaurants, Food Caterers	33	9.17%	Slightly Aware
Contractors/General Engineering	9	2.50%	Slightly Aware
Exempted Business	8	2.22%	Not at all Aware
Lessors-Commercial	26	7.22%	Slightly Aware
Lessors-Residential	7	1.94%	Not at all Aware
Manufacturers	3	0.83%	Slightly Aware
Manufacturers-Essential	20	5.56%	Not at all Aware
Other Business	2	0.56%	Moderately Aware
Printing and Publication	3	0.83%	Slightly Aware
Retailers	108	30.00%	Not at all Aware
Retailers-Essential	49	13.61%	Not at all Aware
Services	70	19.44%	Slightly Aware
Wholesalers	9	2.50%	Not at all Aware
Wholesalers-Essential	6	1.67%	Not at all Aware
TOTAL	360	100.00%	

It can be clearly seen on the table above that 57.5% of the total respondents are not at all aware of over-the-counter market which means that they have minimal knowledge of this market and lessens their ideas in generating more capital in expanding or improving their business. Moreover, 41.38% are slightly aware and 1.12% are moderately aware.

**Table 9.** Investing through to Over-the-Counter Market-Total Percentage.

Percentage	Level of Awareness
1.12%	Moderately Aware
41.38%	Slightly Aware
57.5%	Not at all Aware
100%	

### 3.3. Risk Perception to Equity Market

The results are based on the respondents' risk perception to equity market as to aggressive, moderate, and conservative risk tolerance. The following tables are divided in three sets—risk perception as to aggressive, moderate and conservative investing. The proponents of this study chose to know if the respondents agree or disagree with the statements given. The purpose of dividing the questionnaire is done for each industry to be able to analyze and interpret it clearly for the readers and for future researches. A checklist was given to the respondents with 1 for Strongly Disagree, 2 for Disagree, 3 for Agree and 4 for Strongly Agree. A total of 30 statements (10 for every set) are answered by the respondents.

**Table 10.** Aggressive Risk Tolerance.

Business Industry	Mean	Interpretation
Amusement Places	1.92	Disagree
Banks and Other Financial Institutions	2.35	Disagree
Café, Restaurants, Food Caterers	2.38	Disagree
Contractors/General Engineering	2.13	Disagree
Exempted Business	1.94	Disagree
Lessors-Commercial	2.10	Disagree

Business Industry	Mean	Interpretation
Lessors-Residential	2.06	Disagree
Manufacturers	1.67	Strongly Disagree
Manufacturers-Essential	2.11	Disagree
Other Business	2.35	Disagree
Printing and Publication	1.83	Disagree
Retailers	1.10	Strongly Disagree
Retailers-Essential	1.55	Strongly Disagree
Services	2.16	Disagree
Wholesalers	2.03	Disagree
Wholesalers-Essential	1.87	Disagree

The table shows the overall weighted mean and its corresponding interpretation of the entrepreneurs' answers in each industry about their perception with aggressive risk tolerance or simply high risk and high return. It can be observed above that there are only two variations of answer-Disagree and Strongly Disagree. This only suggests that entrepreneurs in Manufacturers, Retailers and Retailers-Essential who answered Strongly Disagree, would definitely avoid high risk in their investments if they would engage in stock investing. Moreover, the majority who answered disagree suggests that they would still avoid high risk in their investments but might agree in time when they decided to risk their capital for larger return.

**Table 11.** Moderate Risk Tolerance.

Business Industry	Mean	Interpretation
Amusement Places	2.68	Agree
Banks and Other Financial Institutions	3.05	Agree
Café, Restaurants, Food Caterers	2.65	Agree
Contractors/General Engineering	2.67	Agree
Exempted Business	2.71	Agree
Lessors-Commercial	2.92	Agree
Lessors-Residential	2.74	Agree
Manufacturers	2.50	Agree
Manufacturers-Essential	2.70	Agree
Other Business	2.75	Agree
Printing and Publication	2.63	Agree
Retailers	2.04	Disagree

Business Industry	Mean	Interpretation
Retailers-Essential	2.15	Disagree
Services	2.65	Agree
Wholesalers	2.81	Agree
Wholesalers-Essential	2.72	Agree

The results showed that majority of the respondents answered agree as determined by their overall weighted mean. It can also be seen that there are still some who answered Disagree and are not in favor of the moderate risk and moderate loss, which particularly came from the Retailers having overall weighted mean of 2.04 and Retailers-Essential having overall weighted mean of 2.15 industries. It can also suggests that those who answered agree can endure a short-term loss of principal and lower degree of liquidity in exchange for long term appreciation and those who disagree are still reluctant in engaging with this because of the moderate risk of loss they will encounter.

*Table 12. Conservative Risk Tolerance.*

Business Industry	Mean	Interpretation
Amusement Places	2.56	Agree

*Table 13. Risk Perception to Equity Market – Summary.*

Industry	Aggressive	Moderate	Conservative
Amusement Places	Disagree	Agree	Agree
Banks and Other Financial Institutions	Disagree	Agree	Agree
Café, Restaurants and Caterers	Disagree	Agree	Disagree
Contractors/General Engineering	Disagree	Agree	Disagree
Exempted Business	Disagree	Agree	Disagree
Lessors-Commercial	Disagree	Agree	Disagree
Lessors-Residential	Disagree	Agree	Disagree
Manufacturers	Strongly Disagree	Agree	Disagree
Manufacturers-Essential	Disagree	Agree	Agree
Other Business	Disagree	Agree	Agree
Printing and Publication	Disagree	Agree	Agree
Retailers	Strongly Disagree	Disagree	Agree
Retailers-Essential	Strongly Disagree	Disagree	Agree
Services	Disagree	Agree	Disagree
Wholesalers	Disagree	Agree	Agree
Wholesalers-Essential	Disagree	Agree	Agree

The table above summarizes the risk perception of entrepreneurs in each industry as to what kind of investor they will be—aggressive, moderate or conservative, if they would engage in stock investing. The respondents mostly disagree with the aggressive investing because of the high risk of loss but some agree because of the high rate of gains. Many agrees with the moderate because of the well-diversified idea of portfolio with the mix of risky and risk-free securities but still some disagree because of the possible moderate risk of loss. The respondents mostly agree with the conservative risk tolerance because of the minimal amount of loss but still disagree because of the slow and small amount of gains realized.

*Table 14. Risk Perception to Equity Market –Total Percentage.*

Aggressive		Moderate		Conservative	
Disagree	Agree	Disagree	Agree	Disagree	Agree
100%	0%	43.61%	56.39%	43.32%	56.68%

Business Industry	Mean	Interpretation
Banks and Other Financial Institution	2.50	Agree
Café, Restaurants, Food Caterers	2.45	Disagree
Contractors/General Engineering	2.49	Disagree
Exempted Business	2.44	Disagree
Lessors-Commercial	2.45	Disagree
Lessors-Residential	2.47	Disagree
Manufacturers	2.40	Disagree
Manufacturers-Essential	2.76	Agree
Other Business	2.50	Agree
Printing and Publication	2.53	Agree
Retailers	2.85	Agree
Retailers-Essential	2.85	Agree
Services	2.45	Disagree
Wholesalers	2.56	Agree
Wholesalers-Essential	2.53	Agree

The table shows that majority of the respondents agree with conservative risk tolerance which means that if they would engage in stock investing, they will be the investors who can wait for the return of their investment, with low risk and gain minimal loss but some disagree with the conditions because of the slow gaining of profit or income of their investment.

Results showed that if entrepreneurs in each industry “Agree” with that type of risk tolerance then they would more likely choose that kind of risk for their investments and on the other hand, “Disagree” means that he will more likely avoid that kind of risk in order to protect his investments.

The table shows the rate of the respondents’ answer wherein the respondents do not favor the aggressive risk tolerance because of the high loss, many agrees with the moderate risk tolerance with percentage of disagree of 43.61% and agree of 56.39% because of the mix of securities and also majority agrees with the conservative because of the small possibility of loss.

### 3.4. Motivation to Engage in Stock Investing

The tables shown below are the results of the entrepreneurs’ motivation to invest on Equity Market which was divided in two sets—Conservative Investing and Aggressive Investing. Every respondent answered 5

statements in each set with 1 as Strongly Disagree, 2 as Disagree, 3 as Agree and 4 as Strongly Agree. These results are evidence to know which entrepreneurs in each industry are conservative or aggressive investors if they were to invest on either of the Stock Exchange or Over-the-Counter Market.

**Table 15. Conservative Investing.**

Business Industry	Mean	Interpretation
Amusement Places	2.84	Agree
Banks and Other Financial Institutions	2.80	Agree
Café, Restaurants, Food Caterers	2.84	Agree
Contractors/General Engineering	2.89	Agree
Exempted Business	3.10	Agree
Lessors-Commercial	2.94	Agree
Lessors-Residential	2.91	Agree
Manufacturers	3.53	Strongly Agree
Manufacturers-Essential	2.82	Agree
Other Business	3.00	Agree
Printing and Publication	3.27	Strongly Agree
Retailers	3.07	Agree
Retailers-Essential	3.08	Agree
Services	3.04	Agree
Wholesalers	2.84	Agree
Wholesalers-Essential	3.20	Agree

The table revealed that all of the respondents strongly agree and agree with conservative investment strategy which means that they are highly motivated to engage in stock investing using this kind of strategy because they believed in preserving the initial capital invested on stocks or other forms of securities which has lower risks. They are the investors who have risk tolerance from low to slightly moderate. These investors are uncomfortable in choosing to invest on stocks which are calculated to have higher risk because of the threat of losses. The industries that answered

strongly agree are the Manufacturers with overall mean of 3.53% and Printing and Publication with overall mean of 3.27%.

**Table 16. Aggressive Investing.**

Business Industry	Mean	Interpretation
Amusement Places	2.44	Disagree
Banks and Other Financial Institutions	2.40	Disagree
Café, Restaurants, Food Caterers	2.78	Agree
Contractors/General	3.00	Agree
Exempted Business	2.15	Disagree
Lessors-Commercial	2.34	Disagree
Lessors-Residential	2.43	Disagree
Manufacturers	2.13	Disagree
Manufacturers-Essential	2.83	Agree
Other Business	2.00	Disagree
Printing and Publication	2.20	Disagree
Retailers	2.13	Disagree
Retailers-Essential	2.09	Disagree
Services	2.28	Disagree
Wholesalers	2.29	Disagree
Wholesalers-Essential	2.10	Disagree

It can be seen on the table from the previous page that majority of the respondents answered disagree with the conditions of aggressive investment strategy. This only means that they are less motivated to engage in stock investing using this kind of strategy because they do not want to maximize their wealth by buying securities with higher risk of gains but have also high risk of loss. The goal of this strategy is to gain larger amount of profit even with the large chance of losses and these entrepreneurs don't want that kind of risks in their investments.

**Table 17. Motivation to Engage in Stock Investing – Summary.**

Business Industry	F	Percentage	Level of Motivation
Amusement Places	5	1.39%	Conservative Investing
Banks and Other Financial Institutions	2	0.56%	Conservative Investing
Café, Restaurants, Food Caterers	33	9.17%	Conservative Investing
Contractors/General Engineering	9	2.50%	Aggressive Investing
Exempted Business	8	2.22%	Conservative Investing
Lessors-Commercial	26	7.22%	Conservative Investing
Lessors-Residential	7	1.94%	Conservative Investing
Manufacturers	3	0.83%	Conservative Investing
Manufacturers-Essential	20	5.56%	Aggressive Investing
Other Business	2	0.56%	Conservative Investing
Printing and Publication	3	0.83%	Conservative Investing
Retailers	108	30.00%	Conservative Investing
Retailers-Essential	49	13.61%	Conservative Investing
Services	70	19.44%	Conservative Investing
Wholesalers	9	2.50%	Conservative Investing
Wholesalers-Essential	6	1.67%	Conservative Investing
TOTAL	360	100.00%	

Most of the respondents agree and are considered as highly motivated to invest in stocks using conservative investment strategy because this strategy gave conditions which are more favorable for the respondents like the minimal amount of loss that they can have and does not bother with the amount of time that they can realize their profit. While the entrepreneurs

who disagree with Aggressive investment strategy are considered as less motivated to use this kind of strategy if they would engage in stock investing because of large amount of loss that they might encounter and high risk in their investments.

### 3.5. Relationship of Entrepreneurs' Profile with their Motivation to Invest in Equity Market

The results of the relationship of the entrepreneurs' profile particularly the business they are currently engaged in, their age bracket and annual net income with their motivation to engage in stock investing can be found on the following tables below.

**Table 18.** Relationship of Entrepreneurs' Profile with their Motivation to Invest in Equity Market.

Demographic Profile	p-value	Interpretation
Business Industry	0.0000	Significant
Age Bracket	0.0023	Significant
Annual Net Income	0.5797	Not Significant

p-value: 0.05.

Since 0.0000 is less than the p-value (0.05), there is enough evidence to say that the business industry that the respondents are currently engaged in has a relationship with their motivation to invest in equity market.

Since 0.0023 is less than the p-value (0.05), there is enough evidence to say that the respondents' age bracket has a relationship with their motivation to invest in equity market.

Since 0.5797 is greater than the p-value (0.05), there is enough evidence to say that the respondents' estimated

annual net income has no relationship with their motivation to invest in equity market.

3.5. Relationship of Awareness and Risk Perception to Equity Market with the Entrepreneurs' Motivation to Engage in Stock Investing.

The results of the relationship of Awareness and Risk Perception to Equity Market with the Entrepreneurs' Motivation to Engage in Stock Investing, which is the main objective of this study are shown on the table below.

This shows that even with the awareness and risk tolerance of the respondents, some are still not motivated to engage in investing on stocks because of the possible other factors stopping them from doing so like lack of time and reluctance to use their capital. This shows that the awareness and risk perception also have an impact but not limited to these in their motivation to engage in stock investing.

In summary, based on the results above, there is clear evidence that the awareness and risk perception of the respondents in all industry has NO RELATIONSHIP with their motivation to engage in Stock Investing. This study proved that there are still a lot of entrepreneurs who does not have enough knowledge, understanding and experience about stocks and equity market that eventually lead them to limit themselves and avoid anything that they do not usually do or engage in, especially from any new long term investments that will definitely help them in the future particularly in capital appreciation for their businesses.

**Table 19.** Relationship of Awareness and Risk Perception to Motivation.

Business Industry	p-value of Awareness	p-value of risk	Relationship to Motivation
Amusement Places	0.4210	0.8310	No Relationship
Banks and Other Financial Institutions	0.2290	0.6040	No Relationship
Café, Restaurants, Food Caterers	Cannot be computed	0.9670	No Relationship
Contractors/General Engineering	0.7550	0.8060	No Relationship
Exempted Business	0.4830	0.7910	No Relationship
Lessors-Commercial	0.6140	0.4950	No Relationship
Lessors-Residential	0.3740	0.7060	No Relationship
Manufacturers	0.9590	0.8130	No Relationship
Manufacturers-Essential	0.7410	0.6830	No Relationship
Other Business	0.5600	0.0640	No Relationship
Printing and Publication	0.2520	0.0640	No Relationship
Retailers	0.3440	0.6520	No Relationship
Retailers-Essential	0.0590	0.7900	No Relationship
Services	0.4060	0.6000	No Relationship
Wholesalers	0.8820	0.2640	No Relationship
Wholesalers-Essential	0.4320	0.9560	No Relationship

## 4. Conclusions

Most of the respondents garnering the largest number were from the retailers and the least were from the banks and financial institutions. As to investing through stock exchange market, the high percentage of respondents which were proven not aware at all of the stock exchange market suggested that more than half of the entrepreneurs in Lucena City, Quezon Province were still not familiar with stock investing and definitely have not engaged to this type of market. As to investing through over-the-counter market, most of the respondents were not aware at all of the OTC

market. As to Aggressive Risk Tolerance, all of the respondents in different industries answered disagree. As to Moderate Risk Tolerance, most of the respondents agreed with moderate risk tolerance. As to Conservative Risk Tolerance, most of the respondents said they agreed. Therefore, the respondents were considered to be more tolerant to moderate and conservative risk. The respondents proved to agree more on the conservative investing strategy in connection with their motivation to engage in investing on stocks. The business industry that the respondents were currently engaged in as well as their age has a relationship with their motivation to invest in equity market which suggests that their exposure and experience in managing their

business affairs affects with their motivation to invest on stocks. Meanwhile, their annual income bracket had no relationship at all with their motivation to engage on stocks which suggested that the respondents did not rely on their profit for them to be motivated to invest on such. The awareness and risk perception of the respondents in all industry had no relationship with their motivation to engage in Stock Investing which suggested that their knowledge no matter how aware or not they may be on the market did not immediately motivated them to invest and although the risks may be low or high, it will still not push them to invest unless they were driven by other variables.

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