

**FRAMING EFFECT IN INVESTMENT DECISION
OF YOUNG PROFESSIONAL INVESTORS
IN SELECTED AREAS OF CAVITE**

THESIS

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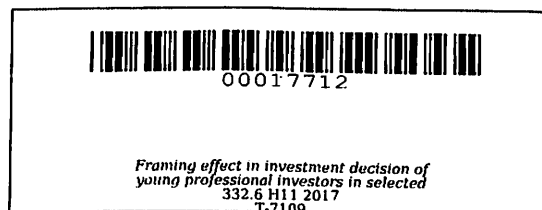
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ABSTRACT

HABABA, SAMANTHA DENISE C., IMPERIAL, PRINCESS E., LUMAGUI, REA LYN D. Framing effect in investment decision of young professional investors in selected areas of Cavite. Undergraduate Thesis Bachelor of Science in Business Management major in Financial Management. Cavite State University, Indang Cavite. May 2017. Adviser Ms. Jenny Beb Ebo.

The study was conducted to determine the framing effect in investment decision of young professional investors in selected areas of Cavite. Specifically, the study aimed to determine the socio socio-economic profile of the young professional investors in selected areas of Cavite, determine the significant relationship between the socio-economic profile of young professional investors and their investment decision, determine the saving and investment objectives of young professional investors, determine the current and preferred investment avenues of young professional investors to recognize the framing effect, determine investment behavior of young professional investors based on the different framing in each avenues and lastly, to determine and investment mistakes commonly committed by young professional investors caused by framing.

The study was conducted in selected areas of Cavite namely: General Trias, Trece Martires City, Indang, Tanza, Silang and Dasmariñas City. The participants of the study were 160 young professional investors who are in aged bracket of 25 - 35 years old that has at least 5,000 worth of investment and consider as white collar worker or a graduate of college degree and also living in any areas of Cavite.

Frequency counts, mean, percentage and standard deviation were used in the study. T- Test was used to determine the difference between framing effect in different investment avenues and the investor's investment decision while Chi- square was used to determine the significant relationship between the socio- economic profile of young professional investors and their investment decision.

Based on the results, most of young professional investors are female, age ranged from 20 - 24 years old, single, college graduate, have a professional job, with a monthly income ranged from 30,000 - 40,000 and have 1- 4 years of investment experience.

The study also revealed that the respondents current investment avenues was Stocks and the respondents preferred investment avenues were Stocks, real estate, insurance and franchising.

The study also found out that most common investment mistakes of the young professional investors was of not asking for financial advices and also because speculating instead of investing. The study revealed that relationship between the socio- economic profile of young professional investors and their investment decision varies depending on how the investment situation was framed and also what type of investment avenues.

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INTRODUCTION

One of the most popular tool used to save money is to invest. Nowadays most people including young professionals have investments and plan to invest. Expert said it is good to start to invest at a very young age because there is enough time to spend in investment, with a risk and play along with the dynamic environment of the market. Investment mistake is a common situation to first timer investors. Mistake making a decision to invest is part of the learning process in investing, and sometimes committing mistakes has an effect psychologically on behalf of the investor.

Deciding to invest is a challenging action for the investors. In every investment a certain amount of risk and improper evaluation may lead to incorrect conclusions, where framing effect takes place. According to Shafir and LeBoeuf (2002), framing has been a major topic of research in the Psychology of judgment and decision making is widely viewed as carrying significant implications for the rationality debate. Framing effect is a