

# The credibility of the information of Financial Journalism: how it influences in investment decisions made by private investors. A qualitative analysis

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## Abstract

This work tries to analyze whether economic information in newspapers is perceived as a credible source for individuals to make their investment decisions considering two main aspects: they have little knowledge in this matter and they do not have many resources to invest much money in financial products. In this way, we have focused our investigation on economic behaviours of “non experts” individuals and the reasons of their decisions which are, at last, based on journalistic financial information.

**Keywords:** Motivation, mutual funds, shares, personal interviews, group meetings.

**Descriptors Econlit:** A120 - Relation of Economics to Other Disciplines G000 - Financial Economics: General; G230 - Pension Funds; Other Private Financial Institutions; Institutional Investors.

## Análisis cualitativo de la credibilidad de la información periodística bursátil para la toma de decisiones de inversión entre los particulares.

## Abstract

Este trabajo analiza la percepción de la información periodística bursátil como fuente creíble para decisiones de inversión de particulares sin conocimientos ni recursos suficientes para invertir cantidades apreciables en productos financieros, pero que utilizan sus excedentes atraídos por el “efecto imitación” de otras clases sociales con mayores recursos para los que invertir forma parte de su cotidianidad económica, preferentemente desde una óptica psicológica, para destacar las actitudes y razones de sus decisiones y su relación con la información. Por ello, se optó por desarrollar el estudio a través de técnicas cualitativas y no tanto cuantitativas.

**Palabras clave:** Motivación, fondos de inversión acciones, entrevistas personales, reuniones de grupo

## Referencia normalizada

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## 1. Introduction

### 1.1. Objectives and justification

The reason for focus the research on individuals with no great knowledge or experience on the investment in financial products (what we call “non-experts private investors”), is determined by the fact that “sophisticated” investors manage market information far enough efficiently in order to make decisions to buy / sell and, therefore, it would be useless to investigate about their perceptions of information and also about their supports that they are sufficiently known, as the most recent researches have showed (MURPHY, 2005).

### 1.2. The hypotheses to work on

The general hypothesis raises the fact that if the culture and the Spanish financial activities have evolved considerably in recent decades, this has led to the emergence in the market for financial products to people away from the financial world, specifically in Stock Exchange and Mutual Funds; precisely this phenomenon is the framework which fits the general hypothesis whose statement is expressed as follows:

“The greatest cultural and financial activity of people with no experience in capital markets can require knowledge of the market based on news reports to make decisions on stock purchase / sale of financial products and that information must possess credibility”.

With regard to savings and investment decisions of individuals that are not experts in financial markets:

H1: The savings and investment decisions of private experts are not influenced by the administrative system of their household economies.

H2: The ideologies and values regarding saving by private experts, are linked to future spending target to purchase goods and services.

H3: The administration of the surpluses in the “cost / income ratio” of non-experts private, if it is high, it may be invested in financial products.

H4: If the financial products can be known enough by non-experts private investors, they will invest their surplus money based on the characteristics of each product.

Regarding the attitudes towards the stock market reports, we have these hypotheses:

H5: The stock market reports must be clear and transparent to be useful at the time a real or hypothetical financial investment decision that will take place in close term.

H6: It must be demanded a high level of professional qualifications of stock market reports.

H7: To meet its objectives, stock market reports must be free of intentional and unintentional errors.

H8: The stock market reports must be based on the credibility and reputation of the reporters, mass media and media required for broadcast them.

## **2. The methodological framework**

### **2.1. Main features of sources of stock market reports**

Newspapers are the main source through which investors take the necessary information to conduct market operations.

Therefore, we consider “source” the next elements: The individual that facilitates a clue or information behind the news, the institutions that through their press offices, provide information to various mass media and the geographical area that is generating the news due to any reason at that tr can be informed about his current or future financial situation, it has been necessary to reduce the area of study of all newspapers in only a few (the most used and known), because a detailed analyse of all the press is out of the purpose of the present work.

### **2.2. Major news financial sources for investors. ime. Furthermore, and given the diversity of alternative newspapers that an investo**

#### **2.2.1. Some preliminary considerations**

Of note is the fact that the pages devoted to the markets information is diminishing rapidly in daily press. Given the dynamism of markets and the agility to operate on them, generally the information published is already “obsolete”. There are alternative means (internet, television, mobile) that provide such data, and also a growing interest from investors in intraday transactions (purchases and sales in the same session). All this, of course, supported by a technology that makes it available to anyone who until recently was exclusive property of stock market operators.

#### **2.2.2. The major financial newspapers in Spain**

In Spain, there are basically four newspapers: *Expansión*, *Cinco Días*, *La Gaceta de los Negocios* and *The Economist*.

The latest study by the Center for Sociological Research (CIS, 2006) sample with regard to the print and digital, the most widely read newspapers in Spain are *General Information*, followed by *Sports and Economic news*. Only 2 out of 10 Spanish that read, opt for economic newspapers. Usually the reader of such information, are usually men between 25 and 54 years old upper class and upper middle class with university education who say they read more on weekends than on weekdays.

### **2.3. The credibility of the source of journalism: Main Components**

The importance of a credible source has been analyzed from various perspectives. The origins lie mostly in Hovland and Weiss (1951) who studied the credibility of the source through the formulation of a number of general themes to two groups of university students coming from different sources of hypothetical credibility. From the results, it was extracted two important conclusions: First, Credibility is based primarily on the competence or ability of the sender and second, the reliability is linked with concepts such as “security” or “character” of the information provided, rotating around the idea of “honesty”. Berlo, Lambert and Mertz (1966) found three factors which in turn included several concepts: First, “capacity” to the extent that information is a compendium of different elements: “trainnig”, “experience”, “information itself”,

“culture” “competences”, “skills” or “intelligence”; second, “security” in terms of “honesty”, “fair”, “seek”, “selfless” or “ethics”; and finally, the factor of “dynamism” as a source of being “aggressive”, “determined”, “frank”, “valiant”, “active” or “strong”.

Therefore, any credible source has to be, before all, ethical and must include three key factors (CARRERA VILLAR, 1981): First, a component of competence, expertise or authority in the matter. Second, an “ethical reliability”, ie that the information provided is equipped with elements that revolve around the concept of “honesty”. Third, the information must have a certain “dynamic” and a “social efficiency”, as well.

The credibility of the source consists of the Trilogy: Competence / Reliability / Dynamism, to varying degrees, depending on the source of information concerned.

#### **2.4. The investigation of motivations: Their significance**

This work follows mainly qualitative analysis, because in order to investigate the motivations of the investor arising from the markets information, it is required essentially to analyse the causes of their behaviour overall affected principally by psychological factors, a bit away from quantitative studies. Also, given that this has to have the speech of those involved in the decision processes, qualitative research using the polling method, or any other, would be useless for the purpose of this research. In this line, we have decided not to develop methods of study based on direct observation of behaviour and hence, also, these have been left out observation techniques.

In short, the nucleus of this analysis focuses on an attempt to detect the presence of major psychological axes in the issues mentioned above. This work, has tried to highlight the study of subjective reality that corresponds to the behaviour of individuals forming the group of investors that invest specifically in the stock market and mutual funds and their relationship with the specialized press that covers this information.

A number of publications have used the research motivations in an effort to establish 1) their influence on readers, 2) a better definition of the type of readers who select a more effective description of the reaction to the editorial material and 3) the potential transfer of this relationship towards greater effectiveness of propaganda (ANDREU, 2006).

First, the main reason for the rapid development of research on motivation has been the recognition that one of the most critical needs that has to be considered, it is a better understanding of the hidden motives of potential buyers.

A second reason is the failure of current techniques used in marketing research to provide satisfactory answers to the “why” of human behaviour. The more experienced social researchers in a variety of ways personal interviews and also in building questions for questionnaires, have come to realize that respondents are often unable to consciously reveal their motivations. Meanwhile, persistent psychological studies have proven that humans are generally the less able to present verbally their strongest motivational impulses. The sense of failure in assessing the motives by ordinary methods of investigation is thus another reason that has led researchers to seek new approaches to the problem (FERNÁNDEZ ABASCAL, 2,003).

With all this, the investigation of motivation can be defined as “the use of social science techniques to discover and evaluate the fundamental motivational forces or impulses that impel human behaviour” (DEBORDES, 2002). Therefore, the motivation is the “why” of behaviour, not the “how” of behaviour.

## **2.5. The techniques used for the study: in-depth interviews and group techniques**

### **2.5.1. The in-depth interview**

The depth interview (GRANDE ESTEBAN y ABASCAL FERNÁNDEZ, 1999), is any dynamical situation, that puts in relatively deep levels, interactions of two people, the interviewer and interviewee, in which one of them, the interviewer has a given control of the process. In short, it is an unstructured personal interview, which looks for, individually, that each interviewee to freely express their opinions and beliefs on any subject under a specific analysis. Therefore, the base and the success of this technique lie in getting the interviewee to be able to reveal their feelings and basic attitudes, much deeper than it would be a superficial answer, and therefore to get as much information as possible. For its part, the interview in depth should not exceed, on average, two hours, and often recorded with the ultimate objective to analyze more carefully the responses and, in first term, thus to create a much more relaxed environment, than in the case of the need to take notes by the interviewer. The in-depth interview always must have the tacit approval and knowledge of the interviewee.

### **2.5.2. Techniques of group**

Techniques of group are qualitative methods that, independently or in combination with other techniques (e.g. in-depth interview), they are going to provide information on aspects such as: 1) previous information; 2) about a particular case before having any knowledge of it; 3) the determination of attitudes, opinions, beliefs, motivations and habits of people; or 4) to obtain additional information concerning a particular topic or issue that was not clear enough in previous research.

All of which makes this technique to be particularly suitable for the purpose of this research.

In each group meeting is of particular importance, to define and clarify in advance the objectives as a key step for developing it. It is therefore necessary that the investigator must establish the terms of his purpose. In this sense, a procedure often used is a first contact between the researcher and the client so that he may undergo a series of questions and answers about the area under study and ensure the topics of discussion during the process with the aim of avoiding misunderstandings that may lead to wrong results.

With respect to group size, it is important to remark that small groups have the advantage that they can be more easily controlled by the moderator of the session established, although mostly could suffer from a lack of enough stimulation and interaction between the individuals involved. By contrast, large groups are difficult to handle and may even hinder the possible dialogue between all members. Therefore, most specialists in the art generally agree that the most appropriate group size is between six and ten members (RABADÁN y ALTO, 2003). On the other hand, the group

thus formed, it is usually considered for later analysis (for instance in depth interviews). It is rare that the members of the group may be reluctant to the use of appliances, in any case, as we have mentioned before, it is necessary to warn the group the intention to record the session either by visual means, tape recorders, microphones or any other instruments.

### **3. Results**

#### **3.1. First step: the questionnaire / script**

For the collection of information, both in-depth interviews and group meetings, we used hyphen “guidance”, containing various items related to revenues, billings and payments activities, expenditures, savings, investments, banking and financial services, financial products and the way to get market information from a specific journalistic source (newspapers, radio and internet).

#### **3.2. Second step: in-depth interviews**

##### **3.2.1. Methodology.**

We highlighted twelve interviews of all depth interviews that are characterized by a type of conducted interviews with the “open technique”, as follows:

Prior to all, we had an informal dialogue, several minutes long, with each of the interviewees, in order to obtain a climate of trust between interviewer and interviewee. Second, we allowed the interviewee to speak without asking him questions included in the questionnaire / script. Then we bring him to deepen the topics of interest to our research included in the questionnaire-script. Following this, we presented the objectives of the interview, giving the freedom to the interviewee to let him show his own behaviour, attitudes and motivations along the meeting. The duration of the interviews was not, in any case, less than thirty minutes and no more than fifty minutes. The development of the interviews was recorded on audio tape and its contents transcribed verbatim afterwards.

As determined a priori, all interviewees had the following profile:

1. - Males heads of family, and that according to reliable studies, they make preferently the investment decisions.
2. - Individuals that belong to the average Spanish family in terms of number of members (except in one case: with no children).
3. - Over forty years.
4. - That they have in some way, different relationships with financial institutions.
5. - With some experience, real or referential, with financial products covered by this investigation.

##### **3.2.2. - Limitations of the information collected.**

The reaction almost unanimously of the interviewees to the issue to be addressed in the interviews was one of mistrust. This attitude is revealed clearly by observing the change in their behaviour in sentences such as “Let’s talk about money, if you wish”, when recording.

On the other hand, in a significant percentage of cases, the spouse or partner is responsible for the majority of the economic management of the household. In this regard it is noteworthy that male individuals, even with a friendly and positive attitude in the minutes before getting to the main point, they change their mood to a more evasive and elusive on issues concerning with their economic situation.

In fact, they activate mechanisms of rationalization, in order to try to hide, at least, significant details that might seem embarrassing or too descriptive of their economic reality.

This leads to an objective limitation when we collected information, for two reasons: First, the interviewee avoids answers related to specific issues and secondly, since the person involved in some of the specific issues throughout the meeting is not taking part in the interview, he has no option to express their own views because he is absent. It should thus be concluded that, a priori, to interview both adult members of the family it could be minimized both limitations that are pointed here, and even ease the situation of inhibition or mistrust of spouse who has been interviewed because they have the support and encouragement to one another. This is already reflected in the results of the investigation.

### **3.2.3 Summary of the basic ideas emerging**

The way to generate household income is a determining factor in explaining the behavior against the alternative costs, investments and financial savings respectively. So: First, with constant and consistent income (as an employees) tend to spend more, immediately. With no steady income or non-homogeneous (self-employed) tend to restrict immediate costs to maintain or generate a surplus. Second, with constant and consistent incomes, they accept to participate in financial investments. With no steady income or non-homogeneous, they prefer to flee this type of investment, because of mistrust or fear to no control their income. Third, with constant and consistent incomes, they tend to use their financial savings as a kind of springboard to potential future expenses. With no steady income or non-homogeneous, they tend to use the financial savings to build up reserves with which to address future contingencies because of the uncertainty around at current times.

In terms of investment, this is surely the subject of greater conflict because of its complexity and its character as a “financial risk”.

In summary, we remark the following points:

1. “Off the record” it can be implied that, at present, there are now emerging various forms of investment alternatives that are not being used so far, for example jewels, gold, silver diamonds, etc.
2. The image showed by banks differs from its objective consideration (i.e. as entrepreneurs), from subjective considerations, where banks are considered, in general, as “shops where you buy, sell, change, and money is hidden” in a proactively and aggressively way, as well as Savings Banks that are also considered as “money stores”, but in a more moderated way.
3. Each decision to withdraw money from the Bank and the act of taking him home also involves a ritual act of control, but the effectiveness of this control covers

- only the total withdrawal, but not if it is done in small amounts; in this case the withdrawal of amounts occurs sporadically and sometimes it is justified, due to some feeling of “insecurity or embarrassment” to be controlled by employees.
4. The interrelationships between banks and users are crucial. For example, in very small neighbourhoods where “everybody knows about everybody”, the choice of the financial institution is “fairly forced”, which means that clients choose the bank because he knows the people who is working in it, instead of choosing the bank based on its name or reputation.
  5. The existence of specialist individuals or companies in most financial institutions, is almost nil, because they either are unaware of its existence itself (which is more common) or because it is not very adequate for the business of the office both because of physical distance (the offices are often sited away from the client) and personal reasons (the language is not easy to follow or understand.)

Mutual funds, meanwhile, represent the financial product most known and used in various forms. In this line: 1) for older people, it is very important the “precautionary motive” when investing in funds. It stresses the importance of safety and, thus, they prefer Fixed Income Funds and Guaranteed Funds. Moreover, for young people, dominates the “speculative motive”, something “risky” (Mixed Funds and Fixed Income and Equities). However, they look for some safety by choosing to buy this type of funds in management companies belonging to banks or savings banks.

On the other hand, invest in stocks is seldom done in stock market directly, specifying “how troublesome” it is to go to the stock market. It is more usual to give orders by going to the Bank or else by telephone. In any case: First, stock market transactions are very rare among this group we are studying (non experts individuals) and, if they have securities anyway, maybe as a result of the advice of a friend, by inheritance or suggested by financial institutions themselves. Likewise, those additional elements of the holding of shares (subscription rights, dividends, bonus shares ...), are virtually unknown (“... I do not understand what this is for...”).

As regards the stock market reports, this type of information it is not intentionally picked; on the contrary, it “comes up” when reading a newspaper, by watching TV, when listening to the radio or while navigating in the internet. This information, though relatively small and concentrated in a few data (the stock index or the price of oil) seems sufficient, and in general, it is worthless to look for more. However, there are important exceptions respecting to holders of mutual funds, that they have little knowing of these financial products (“Why, when interest rates rise, the lower the value of the Fixed Income Fund?”). This group look up intentionally press pages devoted to stock information, and some of them, connect with other media information (specific TV channels, some radio stations, certain websites ...), just “to see how this is going ...” This includes both stock and mutual funds investors.

The credibility of the information market is accompanied by the following issues: First, with respect to financial education of the investor, he is able to discern what they call “objective journalist” and, in general, they believe that the financial information is reliable. Secondly, the experiences, positive (“they are an excellent guide”)

or negative (“not return to confide in what they will say hereafter”), of investors that have “been guided” by mass media of finance: both positive and negative experiences appear throughout this investigation.

### **3.3. Third step: the group meetings**

The qualitative study of this research is complemented by several group meetings, which we highlight four, all held in Madrid: Two with individuals with an average high-income (more than 100,000 euro per year) and two other persons whose revenues were around 50,000 euro per year. These meetings were developed according to the procedure and the approach usually used in such techniques. The average duration was around one hour and forty minutes. With the complicity of the attendees, the meetings were taped and transcribed completely and literally. Also, according to the general objective of the present investigation, in the case of financial behaviour of the participants we have not limited our study on conducts that they should have really been manifested by participants, but rather we have focused on the discourse that occurs in relation to such behaviours. That is, we have researched not what people do, but what they says they do and what they think about what they say they do.

The study does not point an observation of actual economic behaviour, but the discourse underlying around the different aspects of household economy.

#### **3.3.1. Summary of the basic ideas emerging**

The family management, it is structured around two very different types of realities: On one hand, a number of objective facts which define the functioning of the economy of the family: So, the amount of income, the payment terms if it is regular and constant or random, whether or not there is family support from one spouse to another, the possibility of having a prior estate as an inheritance, succession or gift, number of children in the household, more or less frequent occurrence of contingencies and contingency that rise to extra cost, type of family housing scheme, rental, home ownership, with or without a mortgage, etc.. On the other hand, in regard to behaviours, such as certain behaviours to how to save or invest, how income is distributed according to expenditure and incomes, how is the family accounting, attitudes about Banks and Savings Banks?, ways to invest or to save money, etc.. Everyone is concerned with all of these aspects, to the extent that the “domestic economies” suffer different situations that demand a direct or an indirect control of its capital, depending on their particular economic situation and the economic reality. In a broad sense, we are talking about situations that represent behaviours that reflect actions with which a particular “family” affected by the current situation, tends to handle and face to, when given an objective reality.

The family administration, therefore, is not a behaviour with a high component of irrationality, but it is an action with no control at all. Few seem to know how much they spend, what they spend for, how often they spend the money, etc. Virtually no one seems to know why or what for they spend on what you spend, beyond what would a set of superficial reasons and sometimes rather naive. Therefore, the administrative system of each family, globally considered, is confused and without control of the de-

tails; consequently, it is sometimes misleading. And what is more, our participants themselves along our research, have showed contradictions between the true factors and realities of the topic we were discussing at that time, and what each person were thinking separately about what they knew and what they could explain.

All the time, costs tend to rise out of control above those that individuals expect. If there is no a detailed annotation of each expense on the very moment that occurs, one loses information about the amounts of capital inflows and outflows. And no family follows an accounting system that lets them know that information. However, each family establishes and maintains an “internal financial pattern”, i.e., certain goods and services they may expect given their level of income. So, each family tries to adjust its incomes to its expenses.

Concerning with how the money is distributed by individuals who took part in group meetings, we found two well-defined dimensions, an objective dimension and a subjective one.

The first one (the objective dimension), deals with the way to manage money by the family economy according to the distribution itself (where money goes and what for) and in second term, its administration (how is it allocated to different needs) Ultimately, a distribution of money in terms of overheads and the need to control the amount of money for these costs: what would be a spatial distribution of liquidity at a certain temporal rhythm.

For its part, the subjective dimension of money is a function based on of the phrases, ideas or attitudes of individuals in order to value in a certain way, money. Here are some examples: “I only see the money if I see it cash”, “If I keep money in my pocket I will spend more”, “If I pay by credit card I won’t realize the expense”; “If I do not have any control of my money, I shall spend more”, “If I partitioned the withdrawal of money from the Bank I will spend less” or “If I compare prices I could better monitor my spending”, “among others ..”

With all this, individuals try to conceive the money with an objective dimension from the subjective perceptions that they have of the money, either through some kind of own or innate accounting, to enable them to directly monitor their expenses, or through direct manipulation of money “in the pocket”, which makes them to ignore the use of credit cards or checks to pay for ordinary expenses and it makes them lose that sense of perceived value with liquidity “in the hand”.

Mutual Funds are the financial product most known and used. Ages do not affect this case nor high incomes. In fact, it is the logic way of using the surplus money: to spend more and to invest more, too. And since the consumption reaches its saturation point, Mutual Funds are one of the most attractive ways for investments. The general classifications are very well known by the highest income group. But they find it more difficult “to define them separately”. Actually, they are capable to distinguish different types of Mutual funds in terms of risk: high risk, Equity Funds; low risk, Fixed Income Funds. They do not go further from that.

On the other hand, concerning to the investment in shares, this way of investment it is almost for specific individuals (or “knowledgeable people”, as named by some). Almost no one operates directly in the stock market, as we have detected from the re-

sults obtained in the interviews, that it is more often to give these orders buy / sell to their banks.

The language of the stock market is best known for high-income groups than lower income groups, including terms such as “subscription rights”, “PER ratio” or “dividend” that they remain a mystery for lower income groups that, moreover, they do not show much interest in deciphering. In contrast, high-income groups intend to answer about these matters but they dodge the question when they are asked directly or else they do not answer the question or they answer it incorrectly.

The stock exchange reports are intentionally sought by people belonging to higher income groups who own mutual funds or stocks (which are the least). However, those who seek it, read carefully the comments of the experts and examine the value of mutual funds. The rest only read the economic news at one glance (since they are more interested in sports or policy, in this order) and they pay attention only to graphs of the securities. In high-income groups we can find some isolated cases of people that purchase specialized newspapers on Economics and follow financial mass media (TV or radio) specialized in economics.

As in the case of interviews, the credibility of the stock information is related to: First, the financial education of the person, who generally believes that the information given by experts is reliable and it is a useful guide for their investment. Secondly, the experiences of individuals: They come with words of praise to the stock reports that they followed based on the recommendations of experts and, as a result, they realized gains on their investments. There are also those whose experience was “disastrous” because they lost money by ignoring the diagnoses of experts.

However, from the exchange experiences in the group meetings we obtained a richer and compelling information than in-depth interviews. Therefore, it can be argued that, despite some “weak” dissenting, in general, it is possible to recognize the usefulness of the information of financial markets and also its high degree of credibility.

#### **4. Hypotheses testing and conclusions derived from them**

Throughout this research we have obtained enough information, in order to verify the validity of the hypotheses set forth, or where appropriate, the possibility of rejection. Indeed, when we were performing the testing of hypotheses there have been a number of conclusions derived from them, that it can be seen as ideas that have emerged over the work done, as series of concrete answers to the questions raised phrased so that it can be understood the significance of the findings and propositions derived from the hypotheses.

##### **4.1. The most important conclusions that have been collected throughout the investigation**

These are in substance the following:

First, investment in financial products in general and company and Mutual funds in particular by people who have no knowledge or resources to devote some of their surplus money to it, it is a practice that it is done now and then and under unpre-

dictable ways, without responding never or almost never to a rational deliberative process in which the stock market reports can be viewed as a valuable tools for decision making.

Second, the type of investors that has been analysed in this work (the so called, non- experts investors) seek their financial information mainly in banks and savings banks in which they have deposited their liquidity, looking for personal advice from financial experts working in these institutions. Few of them invest based on the stock market reports.

Third, market reports, when accessed, are too technical and, therefore, it is considered to be made by experts and for experts, mainly. It could be the lack of effort in the codification of the message by the informant, according to the group of particular investors analysed in this work. However, these reports perfectly fulfill their task of information to the group of experienced investors in equity markets.

Fourth, in regard to these opinions, and always with reference purposes, the group of “non expert investors” demands clearly and transparency of market reports done by highly skilled professionals, errors free and based on the credibility of sources. The veracity of the information’s value is the most defendant part in the market reports.

Fifth, when making a stock investment, investors look first the reputation and experience of the entity that manages them (banks or savings banks) instead of brokerage houses.

Finally, and in summary it is important to know also the meaning of terms used in technical language of stock market. For that, it is necessary to claim for more financial programs or special pages to make it more understandable and accessible to not professional investors. And above all, take the time to think and analyze where allocate ones money to invest in financial products.

## **4.2. Hypotheses Testing**

H1: The family administration is not only highly irrational, but also deeply out of control. This hypothesis seems to be accepted due to the deficiencies inherent in the system of administration in families that also is corresponded with their savings and investment decisions, which they are erratic, occasional and unpredictable in all cases and, when conducted, they are result of an imprecise calculation of the income distribution between investments and expenses, including financing alternatives.

H2: This hypothesis is approved since this research has shown that when it recognizes a volunteer effort to make savings is with the intention to “spend it soon”. Therefore, the savings seems to be justified when it is linked to an immediate consume, or to obtain a specific benefit by acquiring goods and services. Hence, the stock exchange does not imply a financial alternative desirable, because this financial investment looks for maintaining the expected benefit at the expense of giving up short-term liquidity. This clearly mark the underlying notion that people is away from the financial markets not only by the lack of surplus money, but for the consideration of such surplus of money as a purchasing power in other markets in the short -term.

- H3: While it seems at odds with the above hypothesis, this hypothesis is however an important exception in cases of quite high incomes and that exceed the level of coverage of those considered for basic needs. This hypothesis, meanwhile, also supports some nuances arising from erratic behaviour of a family that stated in the Hypotheses 1, it is not evident that there be a financial investment decision in the long term, such as, for example, planning a cumulative saving for purchase of financial products later on. What has been detected in this study is that for those that send their surpluses on financial investment, savings occur “naturally” by a slower rise in living standards relative to the speed of generation income. There is a gap between the level of earnings and consumption, which produces a savings and channel them towards the purchase of financial products.
- H4: No doubt this hypothesis has a higher level of complexity for being approved or rejected, as a consequence of the limited knowledge possessed by individuals covered by our investigation of the functioning of capital markets, in particular, actions and Mutual Funds. Indeed, although some individuals follow a certain economic logic of investing their surplus money in financial products and also claim to know enough, this fact is difficult to assume to verify the hypothesis, since this knowledge is, except very few exceptions, references to “hearsay” because they are unable to clearly distinguish the characteristics of each financial product. The hypothesis is therefore valid, because financial products are not sufficiently known by the group that has been under investigation, since this knowledge is not subjective, but the result of personal guidance of professionals from financial institutions or, in some cases, from superficial information of the entities that offer the products.
- H5: This hypothesis was verified as a result of the opinions and attitudes that were detected among respondents given their lack of knowledge of the market reports, as it was detected throughout the research process that it was discussed earlier. In this sense, the hypothesis is approved from the moment that those views are focused on the need for clear and transparent market reports, which it means that information must be adjusted to the degree of understanding of the non- professional investors to incorporate a sense of veracity; the scepticism in the language of economics - finance is seen as a confusing element to all who wish to invest in the capital markets either directly (through the negotiation of its own assets) or indirectly (through the purchase of financial products, such as mutual funds). Consequently, the information provided should be comprehensive, complete and selfless.
- H6: This hypothesis poses a major problem for receptors of the stock market reports since, as discussed in the preceding paragraphs, qualifications in the area in which they operate is perceived as a guarantee of their work and contributes to credibility of their work. Some indicators of the professionalism of the reporters who specialize in stock market news reporting have been highlighted in this research, both explicitly and implicitly. Thus, we remark once more, the important need to dominate the field on which they report, and in specific cases, an accurate recognition of financial products on the market. The ability of expression is another indicator that it is fairly require for professionals in the stock market news reports. The domain of technical vocabulary it is not so much the value required, as the need for

a vocabulary that can be understood by the recipients thereof, in a kind of consensus among those who speak and those who listen as required in the process of interpersonal communication and here is extrapolated to the one-way intervention by the journalist who writes and the reader who faces to this information to understand it. This is precisely one of the greatest challenges facing financial newspapers in order to achieve the degree of credibility demanded by their readers.

- H7: The modern concept of quality imported from Japanese production ideology that defines the concept of total quality as “zero defects”, checks the validity of the hypothesis when applied to the world of stock market reports. In this, according to the results of our research, it is not admissible mistakes (“defects”) because they greatly affect investment decisions. These decisions also can be severely damaged if they receive information with errors in calculations or even mistakes in predictions, advices or opinions of asset managers. Some people equate the stock market reports to weather information. However, there is a basic difference between the two, as the latter does not directly affect the recipients of the same and, moreover, it requires no assumption of responsibility by the issuing professional. In contrast, the financial report expands its sphere of influence if it makes a mistake. The consequences are reflected immediately in negative results on individuals who have entrusted their capital guided by the indications and the need to pay for those mistakes that are almost always attributed to external factors beyond the report itself (a computer failure, an eventuality not covered, etc.) and never on the issuer of such distorted or erratic information.
- H8: This scenario focuses on what might be called “source image”, extensively studied in the fields of political propaganda and advertising. In the present research has drifted into the professional market news reporting issues and to the means by which circulate their messages, was clearly demonstrated and verified in accordance with the facts and opinions that have been collected and analyzed. Thus, although the repertoire of concepts used to determine the credibility of its source of information is very broad market, reputation and the truth of what they say are the two basic determinants of the image of the journalist and of the environment or support of such information and thereby reinforce the idea of credibility in their operations, and analyzed. Reputation refers to the perception of the source as “famous”, “reputation” or “prestige” among other epithets received by the groups among which conducted the research. Regardless of whether the truth is essential in interpersonal communications, the accuracy in the field of news reporting market must necessarily refer to their objectivity, trying to solve a real problem of potential recipients, preventing the message is misleading to be presented in a misleading or incomplete, eliminating any intention partisan or biased by interests outside their work.

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