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Entrepreneurial Orientation and Risky Financial Behavior of Small and Medium Enterprise Managers

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ABSTRACT: This study was conducted to determine the domain of entrepreneurial orientation that best influences the risky financial behavior of small and medium enterprise managers. The study used quantitative, non-experimental research design employing the correlational technique. The respondents of the study were 106 managers or owners of small and medium enterprises selected through random approach. An adapted and contextualized structured questionnaires were deployed to measure and establish the relationship between entrepreneurial orientation and risky financial behavior. Moreover, the mean, Pearson r, and regression were used as statistical tools. Results of the study showed that the levels of entrepreneurial orientation and risky financial behavior of managers were high. Also, the data revealed that entrepreneurial orientation has a significant relationship with risky financial behavior of SME managers. When regressed, it was found that observed variables of entrepreneurial orientation, innovativeness, proactiveness, and risk-taking statistically influence the risky financial behavior of SME managers. Of the three, risk-taking best influences risky financial behavior.

Keywords: *business administration, entrepreneurial orientation, risky financial behavior, small and medium enterprise, correlation, Philippines*

I. INTRODUCTION

Rationale

Over one million entrepreneurs' files for bankruptcy since the 2008 financial crisis every year (United States Court, 2012). The majority of the bankruptcy cases were caused by risky financial decisions (Zheng, 2013). Due to this crisis, many research studies report that access to financing remains one of the most critical constraints faced by Small and Medium Enterprise (SMEs) in the Philippines (Yason, 2015). Financial access is considered a significant problem faced by many SMEs. Common reasons for this include deficiencies and lack of business skills among entrepreneurs especially on personal financial literacy, financial exclusion, and knowledge on financing options, the complexity of financing options, and risk aversion attitude (Organization for Economic Co-operation & Development, 2017).

Risky financial decisions dominate everyday human activities (Kusev et al., 2017). Risk-taking plays a vital role in making financial decisions and achieving business goals. The perspective on risky financial behavior differs from one lens to another. Explanations on financial risk behavior stems from an array of concepts like risk aversion, financial literacy (Aydemir & Aren, 2017), financial risk tolerance (Zheng, 2013), risk perceptions (Nosic & Weber, 2007), and risk propensity (Hamid, Rangel, Taib & Thurasamy, 2013). The person's risky financial behavior determines the courses of action to be followed. An entrepreneur who is aware may avoid treacherous situations and, in effect, will fail to seize opportunities and unlikely to implement plans or meet objectives (Bauer & Bushe, 2009).

Although studies on entrepreneurial orientation and its degree of association with risky financial behavior are limited, there is a strong proposition that a person's entrepreneurial orientation and entrepreneur's level of risk perception impact his or her tendency to take risks. It is stated that worst-performing entrepreneurs are those with low-risk attitudes and propensity (Boerman & Williebrands, 2017). In addition, there are several studies that draw a strong link with proactiveness and innovation, which are two of the three dimensions of entrepreneurial orientation on risky financial behavior (Naldi, Nordgvist, Sjoberg & Wiklund, 2007). Financing risk impacts significantly on startup innovation; hence, enterprises with an unlimited option are likely to be the most resilient and agile firm in the volatile economy and marketplace (Nanda & Rodes-Kropf, 2017).

There have been studies conducted on risky financial behaviors being linked with many variables but not entrepreneurial orientation (Garling, Kirchler, Lewis & Van Raaii, 2009; Nosic & Weber, 2007; Zheng, 2013). A number of studies were already done on entrepreneurship (Schillo, 2011) but only a few on risky financial behaviors and its domains (Aren & Aydemir, 2014; Gustafsson & Omark, 2015; Sulaiman, 2012) including its relationship with entrepreneurial orientation. In fact, recent studies in the area of behavioral finance have shown that financial risk is influenced by the financial education of the entrepreneurs (Hadar, Sood & Fox, 2013). However, in a review of literature conducted by Tipu (2017), it revealed that the majority of the studies are conducted in developed countries but are lacking in underdeveloped states. Since many entrepreneurs in undeveloped countries lacks formal education, less understanding about risk is apparent. On this gap, the researcher is prompted to conduct the study and consequently craft and implement responsive policies and relevant measures on the basis of the study results.

Research Objective

The primary purpose of this study is to determine the domain of entrepreneurial orientation that best influences the risky financial behavior of small and medium enterprise managers. Specifically, this study has the following objectives:

1. To assess the level of entrepreneurial orientation of small and medium enterprise managers in terms of:
   1. innovativeness;
   2. proactiveness; and
   3. risk-taking.
2. To ascertain the level of risky financial behavior of small and medium enterprise managers in terms of:
   1. financial related behaviors;
   2. financial related personality;
   3. financial attitude towards risk and returns; and
   4. financial confidence level.
3. To establish the significance on the relationship between entrepreneurial orientation and risky financial behavior of small and medium enterprise managers.
4. To identify which domain of entrepreneurial orientation that best influences the risky financial behavior of small and medium enterprise managers.

Hypothesis

The following null hypotheses were tested at 0.05 level of significance:

1. There is no significant relationship between entrepreneurial orientation and risky financial behavior of small and medium enterprise managers.
2. There is no domain of entrepreneurial orientation that best influences the risky financial behavior of small and medium enterprise managers.

Review of Related Literature

This section provides the synthesis of the viewpoints, principles, concepts, and ideas from various authors about entrepreneurial orientation, risky financial behavior, its observed variables, and their hypothesized relationship. The discussion on the independent variable, which is entrepreneurial orientation and its indicators is anchored on the constructs of Miller (1983), the *innovativeness, proactiveness, and risk-taking.* However, the dependent variable, which is risky financial behavior, is based on the works of Zheng (2013) with indicators *financial related behaviors, financial related personality, financial attitude towards risks and returns, and financial confidence level.*

Entrepreneurial Orientation

The term entrepreneurial orientation (EO) has been widely used in the field of business back in 1983 where the term itself was first introduced in epistemology by Miller (1983), further developed by Covin and Slevin (1989), and improved by Lumpkin and Dess (1996). The concept of entrepreneurial orientation originated more than three decades and has continued to proliferate as one of the scholarly research interests in strategic management and entrepreneurship (Covin & Wales, 2019; Karami & Tang, 2019; Wales, Gupta & Mousa, 2013).

The factors contributory to the fast growth of Small and Medium Enterprises (SMEs), such as exploring potential market opportunities, developing new businesses, and enhancing competitive advantage, have one key element in common, which is entrepreneurial orientation (Zhai, Sun, Tsai, Wang, and Zhao, 2018). The importance of EO has been also critical in the survival of SMEs for the past decade (Etim, Adabu & Ogra, 2017; Hung & Chiang, 2010). Moreover, its importance is even more vital when SMEs engage with the foreign market as it requires adaptability in order to thrive (Khanna, 2014).

Moreover, entrepreneurial orientation (EO) is the ability of the company to achieve risky targets in terms of risk-taking propensity, rules for improving proactivity, innovation, and decision-making styles, practices and processes (Adegbuyi, Oladele, Iyiola, Adegbuyi, Ogunnaike, Ibidunni, & Fadeyi, 2018). It is also a management strategy of SMEs to engage in creativity, technological leadership, taking bold and acting in anticipation of surviving in the market (Etim, Adabu & Ogra, 2017). In Wales, Gupta and Mousa (2013) established that the growth of the firm, its profitability, innovation, and its overall performance, are positively impacted by EO, especially for small and medium-sized enterprises (Thanos, Dimitratos & Sapouna, 2017; Tang, Tang & Cowden, 2017).

Considering the importance of EO, more and more scholars have called for additional research to identify its antecedents. Studies also reveal that higher EO results in enhanced company strategic posture (Anderson, Kreiser, Kuratko, Hornsby & Eshima, 2015; Deb & Wiklund, 2017;) and new market entry (Covin & Miller, 2014; Wales, Wiklund & McKelvie, 2015), financial performance (Gupta & Batra, 2016), and organizational learning (Anderson, Covin & Slevin, 2009). Similarly, the higher the entrepreneurial orientation, the more diverse the outcomes (Lee, Howe & Kreiser, 2019).

Understanding entrepreneurial orientation has evolved through years from a unitary dimension to a multidimensional one. Researchers studied the construct of entrepreneurial orientation through five dimensions, namely proactiveness, risk-taking, autonomy, competitive aggressiveness, and innovativeness (Ejdys, 2016). It has been argued that EO is the ability of SMEs to innovate, search for risks, take self-directed actions, and become more competitive and aggressive towards new market opportunities than their competitor (Etim, Adabu & Ogar, 2017). However, quoting Miller's (1983) notion that a firm which engages in product-market innovation, pursuing risky undertakings, and developing with proactive innovations are entrepreneurial in nature. However, in this study, only three (3) dimensions of entrepreneurial orientation are studied, the innovativeness, proactiveness, and risk-taking.

The first indicator of entrepreneurial orientation is *innovativeness*. EO creates an internal environment that supports and encourages desired behavior, thereby allowing firms to be creative (Arzubiaga, Maseda & Iturralde, 2019; Sanchez-Famoso, Masela & Iturralde, 2014). An innovative company is always ready to introduce something new or different. Innovation pursuit is a significant technique for companies to compete in an increasingly competitive and evolving global marketplace (Liu, Ko, Ngugi & Takeda, 2017). Innovativeness resonates with the idea that organizations tend to promote new ideas, strategies, experimentation, and creative processes. Market theorists intrinsically link it with entrepreneurship, where entrepreneurs create new combinations of products for their entry to the market. In the realm of entrepreneurial orientation, innovativeness is considered an essential component (Kozubíková & Zoubková, 2016).

Innovativeness reflects a firm's proclivity and creating of products, services or technological processes (Lechner & Gudmundsson, 2014). Zhai et al. (2018) added that such creative processes that enterprises adopt and support new services, products services, inventions, and technologies. This engagement stimulates firms to improve their endeavor in carrying innovative technological processes like new product development and new techniques of acquiring the technology. It advances the ability of enterprises for technological innovation. Furthermore, innovativeness accelerates the flow, transformation, and generation of new knowledge and technology as well as promotes the enterprise reform and innovation, that leads to the development of innovation performance of enterprises.

The second indicator of entrepreneurial orientation is *proactiveness*. It is the conceptual vision of EO, or an EO contextual dimension as a strategic position (Wales, Gupta, Mariano & Shirokova, 2019). Proactiveness explains how companies address opportunities within domestic and foreign markets as a core element of domain design (Covin & Miller, 2014). In this vein, the company's innovative products or services must be in line with business opportunities (Blank, 2013). Proactivity and aggressive anticipation of emerging markets are a vital component of entrepreneurial orientation, because it implies that the offer is aimed at foreign opportunities (Wales et al., 2019).

SMEs use strategic actions to strengthen their market position and take forethought in exploiting new opportunities, hence stay in the market environment (Iorun, 2014). Parallel to denotative definitions, proactiveness refers to the act of forecasting future problems, changes, or needs. This reflects the definition of Kamendi (2016) that entrepreneurial proactiveness is the capability of the business to forecast where goods and services are not available, or new ones have become valuable to consumers and where new procedures of industrialization not known to others has become viable.

Moreover, Smith (2017) found that risk financing has the biggest influence in business with the maximum choice interest and therefore save from spending a huge amount of money in advance. Companies with highest viable option are expected to become the most successful companies in the market, that's why risk financing seems to have a greatest influence on startup entrepreneurship. Zhai et al. (2018) state that innovative businesses exploit market opportunities and take the lead in launching new products and services in order to get to the top. Furthermore, they noted that creative businesses usually look for new investment opportunities efficiently, taking advantage of those opportunities that are accompanied by innovative business results.

In an article published by Business Intuition (2017), it was highly argued that proactiveness is not good, although one thinks it is. Accordingly, proactiveness distracts entrepreneurs since they get busy creating, taking new initiatives, and actions. They added that proactiveness removes the magic in business life since entrepreneurs tend to control the business in ways that may not be necessary or prematurely. Proactive firms are the first on the market and lead the way with their new offerings in anticipation of future problems, necessary changes (Eggers, Kraus, Hughes, Laraway & Snycerski, 2013; Tammi, Reijonen & Saastamoinen, 2017).

The third and last indicator of entrepreneurial orientation is *risk-taking*. Risk-taking refers to the bold actions that enterprises tend to pursue in the aim of positive returns (Zhai et al., 2018). Hajar (2015) found that SMEs also take aggressive risk-taking steps, including targeting uncertain foreign markets and spending a significant amount of the company's equity by seeking opportunities with a strong desire for high returns. However, Rigtering (2013) said that risk-taking is the uncertainty in the entrepreneurial orientation equation. Further, risk taking firms are endowed to gainfully benefit from higher growth and long-term profitability in contrast to risk avoiders. The firms that assume a modest level of risk taking are high performers when compared to those firms that take for granted risk-taking (Kreiser, Kuratko, Marino & Weaver, 2013; Mohamed, 2018).

In the technological perspective, risk-taking represents the ability of business units to spend large amounts of capital in return for technological development solutions or ventures that are still exposed to high levels of risk and instability. This kind of behavior is closely linked to entrepreneurship especially on uncertainty expectations in view of technological advances (Zhai et al., 2018). The spirit of risk-taking stimulates the innovation on the part of enterprise, creating new rules and enhancing its competitive advantage. Further, perceived risk can be more consistent across the risk decision process than an individual's attitude towards the risk (Carr, 2014; Weber, Blais & Betz, 2002).

Entrepreneurial behavior involves committing large amounts of capital to a venture vulnerable to failure. The focus of this dimension is anticipating the possible risks, moderating, and calculating them rather than engaging to extreme and uncontrolled risk-taking (Morris, Kuratko & Covin, 2008). Further, risk-taking promotes experimentation that speeds up the development and interest in venturing technologies, which then leads to the development of the performance of enterprise towards technological innovation. Risk-taking represents the trait of defying uncertainty in the marketing context, by measuring the potential risk before entering a new market. Under this element, enterprises often take positive actions amid the uncertainty in the movement of the market. Enterprises constantly seek and discover new market opportunities, grab them, and take advantage on innovation (Zhai et al., 2018).

Risky Financial Behavior

Risky financial behavior plays a vital role in making financial decisions and achieving financial goals. Being the theoretical focus of this research, Zheng (2013) stated that to measure a person's risky financial behavior is to look through the domains of financial risk tolerance. As explained by Grable (2008), financial risk tolerance relates to a highest degree of risk that an entrepreneur is willing to take in making decisions about financial matters. As pointed out by Kannadhasan (2015), risky financial behavior deals with the maximum uncertainty that investors are willing to take in making financial decisions. For example, entrepreneurs' ability to handle financial circumstances affects their personal and social life. For instance, the mismanagement of money sometimes leads to financial stress and emotional volatility. However, according to Vora, Vora, and Polley (2012), risk-taking is an act of engaging in risky ventures that require high resource commitments and heavy borrowings.

Risk-taking has been a topic of interest back in the 18th century (Huhtala, 2018). Risk-taking is described in relation to risk aversion, risk assessment, risk propensity, risk attitude, and risky financial behavior where this research is centered (Gustafsson & Omark, 2015). The fact that risky financial behavior is recognized in many forms, it has been explored less globally. In addition, Cooper, Kingyens, and Paradi (2014) argued that there is a lack concrete concept and understanding about risky financial behavior despite the numerous studies conducted. In fact, because of its multidimensionality, it is subject to many debates across disciplines, times and space.

Financial decision making is an important element that involves risk perception, risk attitude, and risk propensity linked with personality, socio-demographic, and situational factors (Garling et al., 2009). Moreover, many studies find negative effects of one's tendency to take risk just so to ensure business performance. This premise may not always true because in the study of Naldi et al. (2007), they determined that in family businesses, the higher the extent of risk propensity, the lower the business performance gets. This negative effect was also posited by Tang, Kreiser, Marino, and Weaver (2010) because of the non-linearity between risk propensity and performance.

Financial risk tolerance is the willingness of an investor to take investment decisions where uncertainty is present in the pursuit of the financial goals along with the high chance of losses (Ansar & Phatak, 2017). Accordingly, the decision of individual investors on investing their savings either for short or long-term goals depends on financial risk tolerance. Investors differ in levels of risk tolerance behavior, especially in making investment decisions. They argued that financial risk tolerance includes the idea that financial planners tend to commit themselves in projecting the preferences of investors as well as assessing their risk perceptions in return of client satisfaction and retention.

Risky financial behavior as an attitudinal input into the financial decision-making process has taken the attention of researchers, practitioners, and policymakers throughout time. This is because of the unpredicted economies existing in the consumer financial marketplace (Gilliam, Chatterjee & Grabble, 2010). Although empirical studies on risky financial behaviors of individual investors and its dimensions are minimal (Aren & Aydemir, 2014; Sulaiman, 2012), a meta-analysis conducted in various studies implies that it is linked with demographic, socioeconomic, and attitudinal factors.

Risk-taking encompasses the study of the behavior of individuals by viewing how they make their decision as well as the factors that influence such decisions (Nosic & Weber, 2007). Malmendier and Nagel (2011) added that an investor's risk-taking behavior could be determined through an amalgamation of risk aversion and beliefs about future payoffs on risky investments, especially stocks. Furthermore, Vereshchagina and Hopenhayn (2009) concluded that the risk-taking behavior of entrepreneurs follows, in most cases, a simple dynamic occupational choice model.

In terms of dominant nature, the degree of risk taking and opportunity cost is frequently accompanying innovation, exploration and the search for new opportunities (Shepherd & Winklund, 2011). Nonetheless, risk-taking has been conceptualized and calculated separately from creativity and proactivity in the context of development and it is not certain whether innovation and proactiveness contribute to optimize risk taking (Anderson et al., 2015). Although entrepreneurial organizations may not always think of themselves as risk-takers, the degree of risk-taking can be explicitly seen among global entrepreneurs, since investments allocated in discovering new strategies for quality development will or will not perform as expected especially when dealing with overseas market. As organizations enter new markets, they take risks and that certain bets and return rates are neither creativity nor entrepreneurship (Kreiser et al., 2013).

In addition, Sulaiman (2012) added that risky financial attitude is a complex construct. He determined that it basically has four aspects – financial, physical, social, and ethical. A person's risk tolerance is regarded in professional practice and empirical research as an essential element of savings and investment choices. In addition, Choudhury and Goswani (2014) emphasized that risk and uncertainty in entrepreneurship usually devolve in the kind of business an individual plans on venturing. Moreover, these risks often affect the work effort, thereby also affecting the performance of micro-entrepreneurs. Thus, in making decisions pertaining to investment, production, as well as marketing, entrepreneurs often consider risk and uncertainty as critical elements.

There was very limited researches conducted that explored risky financial behavior and its determinants (Aren & Aydemir, 2014; Sulaiman, 2012). Because of the limited studies that shed light on the dimensions of the risky financial behavior, this research utilized the inclusive works of Zheng (2013) to measure risky financial behavior using four domains namely: financial related behaviors, financial related personality, financial attitude towards risks and returns, and financial confidence level. Some of the direct statements were quoted from the study to define the dimensions operationally.

The first indicator of risky financial behavior is *financial related behavior*. Zheng (2013) measured risky financial behavior using the investor's financial related behaviors. Accordingly, these financial related behaviors, as they were used in the study, are associated with small details like setting up a financial budget proposal or purchasing actions on a daily basis for greater financial actions such as banking, financing, and equity options. This was also proven in the study of Nguyen (2015), who determined that there was a positive relationship between client risk- tolerance and investment-decision making.

In addition, Hubert (2001) states that financial behavior is the study on the behavior of financial practitioners as influenced by psychology. Behavioral finance is concerned with human action in making financial decisions. Whether or not the person is right in such financial behaves, what matters is that various factors are affecting such behavior, both within the self and outside the person. Financial behavior caused by factors within the person includes self-esteem, motivation, learning, personality, and self-concept. Factors outside the person include culture, social class, social groups, reference, and family (Arofa, Purwaningsih & Indriayu, 2018).

The second indicator of risky financial behavior is *financial related personality*. Nemeth, Beres, Huzdik, and Zsoter (2016) distinguish dimensions that could directly affect the financial personality such as economies of scale, ups and downs, volume of orders, price sensitivity, collecting, planning, binging, impulsiveness, and inability to control finances. There are five personality traits – openness, conscientiousness, extroversion, agreeableness and neuroticism that are associated with financial decision making (Cherry, 2019). Out of this five traits, conscientiousness quite closely linked to decision-making. This tendency controls cleverness, emotional control, and target-oriented behaviors, and has been directly related to the desire to maintain assets during economic crisis (Duckworth & Weir, 2011).

Moreover, Zheng (2013) said that people have the tendencies to be impulsive. Based on the study, financial related personality refers to the investors' expectations about investment choices, their financial gain or loss commitments, obsessions with earnings or otherwise, the length of time they are ready to spend, and looking for the best value or otherwise. However, in the views of Luksander, Nemeth, and Zsoter (2017) the inability to control finances is in many ways have to do with the ups and downs of the market, except for motivation. While in the previous category, motivation is to maximize the advantages over the short term, in this aspect, individuals are not able to recognize the true cost of the goods they wish to consume.

The third indicator of risky financial behavior is *the financial attitude towards risks and returns*. Small and medium enterprise managers who are willing to take risks are more likely to achieve higher performance and growth irrespective of the business environment in which they operate (Amah & Okoisama, 2017; Taylor, 2013;). Risk-taking has an influential role in information acquisition and utilization of marketing information for their competitive capacity that led to high organizational performance and success (Keh, Nguyen & Ng, 2007). It is also essential to know risky financial behavior, expenditure, productivity and profitability that have impacted the business success.

In the study of Zheng (2013), attitude refers to the proportion and relationship of financial risk and future financial returns, the level of financial returns they are ready to take, the level of financial risk that companies are able to accept, their perceptions on risk coexistence and earning/loss of money, and their beliefs on how uncertainties will actually affect their decisions. Financial attitude will also shape the way someone hoards, and spend money wastefully (Sugiyanto et al., 2019), whereas according to Mien and Thao (2015) financial attitude is an attitude that can shape the way individuals conduct financial management such as investing, saving, and even spending money.

Attitude towards financial risk reflects emotional feelings of resemblance or discomfort to a situation that involves financial risk. This feeling has an effect on financial decision-making and conduct (Bharti & Sharma, 2015). Attitude to risk is widely assumed to have an effect on individual's decisions regarding entrepreneurial actions (Bortamuly, Goswami, & Hazarika, 2013; Bortamuly, Goswami, Hazarika & Handique, 2014; Hazarika & Goswami, 2014). Considering the association among entrepreneurship, uncertainty and returns, the preferences of women to less risky behaviors justify its lower involvement. It is therefore also essential to know the degree to which aspects explain the risk behavior across gender in a different way (Goswami, Hazarika, & Handique, 2017).

The fourth indicator of risky financial behavior is *financial confidence level*. Confidence level focuses on how long investors are willing to spend time learning sound financial managerial skills, expecting future decision-making outcomes, how independent they were in making financial decisions, including their hesitation of facing failure (Zheng, 2013). In an observational study, investors that are overoptimistic in spending and investing are more likely to succeed (Mudzingiri, Muteba Mwamba & Keyser, 2018).

Financial confidence is essential for investment and financial decision-making. Hung, Parker, and Yoong (2009) argue that believing in financial skills enables people make good investment decisions. The difference between degree of financial knowledge and expectation on financial knowledge determines the degree of confidence which one possesses. Higher levels of understanding, combined with financial education, allow someone to be overconfident, whereas the other makes one less confident (Allgood & Walstad, 2016).

Furthermore, being overconfident or even less could lead a person to overlook attractive investments factors that could be vital in decision-making (Mudzingri, Muteba Mwamba & Keyser, 2018). This is relatively true because investors with such a higher degree of financial awareness are also likely to encounter comparatively poor financial results, like meeting financial obligations, making payments, financial planning, and debt management, much so if they have a low level of financial confidence. Simply say, inventors with moderate levels of understanding produce amazing performance in places in which they have higher financial confidence level (Palamenta, Nguyen, Hui & Gyarmati, 2016).

Correlation between Measures

Based on the meta-analysis conducted by the researcher, it was determined that there was no specific study that investigated the relationship of entrepreneurial orientation as proposed by Miller (1983) and risky financial behavior as proposed by Zheng (2013) in the context of SMEs managers or owners and at the place of study. However, several researches have laid strong propositions that associate person's entrepreneurial orientation to his level of risk perception and tendency to take risk. In their study, Boerman and Williebrands (2017) stated that worst-performing entrepreneurs are those with low-risk perception and propensity.

Similarly, Naldi et al. (2007) drew a substantial link between proactiveness and innovation, which are the dimensions of entrepreneurial orientation to risky financial behavior. The study suggested that even businesses take unnecessary risks when engaging in entrepreneurial practices. They risk the chance to a smaller degree than those companies of big, traded ones. Entrepreneurial-oriented companies are typically operating in high-risk environment, where businesses innovate with high return expectations (Lee, Chong & Ramayah, 2019). It was also confirmed in the study of (Ciavarella, Buchholtz, Riordan, Gatewood & Strokes, 2004; Curry, 2014) that determination and hard work are essential to company's sustainability, one would think since, considering the unpredictable aspect of entrepreneurship, the investor would have to undertake riskier financial decisions to sustain the firm.

As mentioned in the study of Emmer (2012), a crucial element in sustaining development is the risky financial behavior of an entrepreneur, often influenced by a variety of factors, like market competitiveness and the amount of venture capital and funding. He added that the risk tolerance would determine which investment innovation would be developed. Entrepreneurial orientation is highly linked to risk perception, that allows in resolving most of the barriers to innovation success and demonstrates the impact of open innovation on performance. Also, innovativeness and proactiveness are strongly related to exploitation, but risk-taking does not significantly hinder exploitation. Entrepreneurial orientation is able to establish a company-level supervisory system designed to find new opportunities as well as help boost the company (Covin & Wales, 2012).

Risk financing is implicit in the funding of creative and highly impactful new businesses. Some analyst claim that even the most creative firms are mostly in the early technological diffusion era. It means that a distinct, more creative form of venture would be invested in hot instead of cold environments. Through pushing innovation, risk financing will play an important role in generating and diffusing technological advances and in the cycle of creative destruction (Nanda & Rhodes-Kropf, 2017).

Taking into account new methods to entrepreneurship practices like advanced technology, adaptation, development of different distribution practices, the job of qualified personnel and the development of the enterprise network are becoming essential for entrepreneurial success amidst increased economic demands (Hazarika, Bezbaruah & Goswami, 2016). For such activities, a substantial amount of capital investments is needed; therefore, enterprises have to face investment uncertainty. Alternatively, Curry (2014) stated that entrepreneurs normally exhibit higher financial risk-taking since they work in a highly unpredictable setting and often make hard decisions about where or how to spend funds and resources. Entrepreneurs who wish to succeed may have to be more willing to make risky financial decisions.

Theoretical Framework

The study has found its anchor and bedrock on several theories and propositions. Specifically, the paper is anchored on "The Profit and Entrepreneurial Action Theory" as proposed by Knight (1942). The theory examined the difference between risk and uncertainty. In this theory, it is argued that the least significant part of entrepreneurial tasks is to bear uncertainty, and that creativity is more important to use in responding to other's innovations. Entrepreneurs who are quick to respond to the innovation gain more profits that those who are not. Once the number of entrepreneurs entering the market increases, innovation profits will be reduced.

Emmer (2012) supports the theory of Knight (1942) in establishing the association between risky financial behavior and entrepreneurial orientation by elucidating that risky financial behavior of an entrepreneur is a crucial factor in maintaining constant development and growth in a firm. This behavior is influenced by a variety of factors like company competitiveness and the degree of venture capital investment. He added that the risk tolerance chosen would dictate which investments are to be made in innovation.

On one hand, Further, Naldi et al. (2007) have noted the positive association between risky financial behavior with proactiveness and innovativeness, which are two dimensions of entrepreneurial orientation. Moreover, in their study conducted on family firms, the results implied that these firms take risk when they engage in entrepreneurial practices to a lesser degree than those non-family firms.

Finally, Nanda and Rhodes-Kropf (2017) stated that financing risk is a part of creative venture funding. It has the greatest impact on businesses that have the most option value and yet cannot give much capital. Further, the same impact can be realized among start-ups and small-scale innovation firms since they tend to have the biggest real economic options. In this changing business environment, a positive relationship between the two variables could help the enterprise to take advantage over activities with greater financial risk and to expect greater returns (Boerman & Willerbrands, 2017).

Conceptual Framework

The conceptual framework of the study is presented in Figure1, depicting the two variables in this study. The independent variable is the entrepreneurial orientation with the following indicators: i*nnovativeness* which is the inclination to do creative work and experimentation by introducing new products or services and technological leadership in research and development through new processes; *pro-activeness* is a forward looking opportunity represented by the launch of new products and services and the expectation of future demand; *risk-taking* refers to making risky actions by stepping in to the uncertain, borrowing heavily, and investing considerable resources in projects in an unpredictable conditions.

While the dependent variable is risky financial behavior with the following indicators: *financial related behaviors* which focuses on the risk-seeking in the past and future decisions; *financial related personality* that describes the risk-seeking behavior in the similar social personality regarding money; *financial attitude towards risk and return* which refers to a risk-seeking attitude regarding taking risk; and *financial confidence level* as risk-seeking attitude

The arrow from the first box to the second box signifies the causal or direct influence of entrepreneurial orientation to risky financial behavior of small and medium enterprise managers in Tacurong City, Sultan Kudarat.

INDEPENDENT VARIABLE

Entrepreneurial Orientation

- Innovativeness

- Proactiveness
- Risk-taking

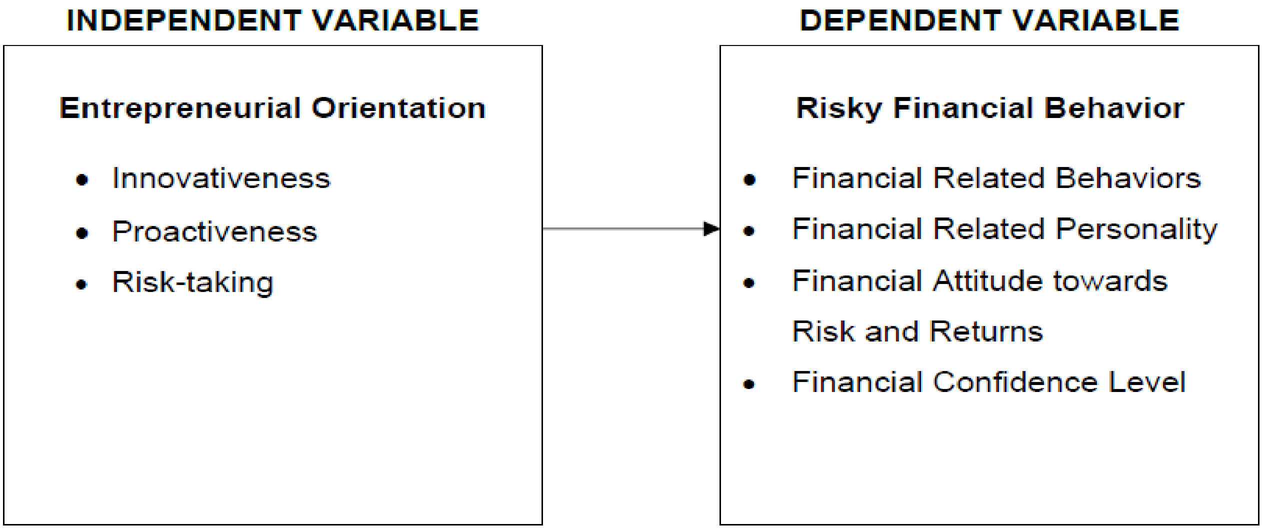

Figure 1. Conceptual Framework of the Study

Significance of the Study

The study will serve as basis on which SMEs may understand, appreciate, and embrace the importance of entrepreneurial orientation to having risky financial behavior. The research study will also add to the body of existing knowledge, make an empirical contribution, and attempt to bring an understanding of how small and medium enterprises may adopt and take advantage on making risky financial decisions through enhanced entrepreneurial orientation.

Moreover, the findings of the study will redound to the benefit of society considering that SMEs do play an important role in economic development, particularly in tackling the impediments of rural poverty, inequality and job creation. They are a significant source of employment, especially for low-skilled workers and young people (Fiseha & Oyelana, 2015). The growth of SMEs in the locale creates employment opportunities to people, increases economic activities, facilitates the efficient use of resources, as well as drives the economic growth of the Local Government Unit of Tacurong City.

The findings of the study will be valuable and relevant to the SME owners/managers as additional knowledge about entrepreneurial orientation, specifically on innovativeness, proactiveness, and risk-taking could help them be equipped and prepared in engaging to financial markets and high-risk activities. It will also help them reinforce their behavior on the decision-making process that deals with financial risk. This will also empower SMEs owners or managers in facing future financial risk conditions through the influence of entrepreneurial orientation to ensuring business success, profitability, and growth. The present investigation will also serve as a reference to future researchers in conducting similar or related studies.

Definition of Terms

To establish a clearer understanding of the study, the researchers defined the following terms operationally.

Entrepreneurial Orientation. As used in this study, it pertains to a concept that is characterized by innovativeness, proactiveness, and risk-taking.

Risky Financial Behavior. As used in this study, it relates to a behavior that is indicated by financial related behaviors, financial related personality, financial attitude towards risk and returns, and financial confidence level.

II. METHOD

This chapter presents the methods and procedures used in the conduct of the study. It describes the research design, the research locale, population and sample, research instrument, the data collection, statistical tool and the ethical considerations employed by the researcher.

Research Design

A quantitative, non-experimental design using correlational technique was used in the study. This design is appropriate for studies that dealt with the influence of one variable to another; in this case the entrepreneurial orientation to risky financial behavior. Non-experimental research design is one of the broad categories of research designs in which the researcher naturally observes the phenomena and does not introduce external variables. It is a research design in which the predictive contribution of independent variable is assessed towards the dependent variable freely without manipulation (Radhakrishnan, 2013).

Meanwhile, correlational research attempts to measure the degree of association between two or more variables like the independent and dependent variables of the study, that is entrepreneurial orientation and risky financial behavior, respectively (Creswell & Creswell, 2017). The method is treated as the precursor for prediction. Correlational technique is based on the assumption that at least some of the factors that lead to the variables predicted are present and measurable at the same time, the prediction is made (Pachejo & Allaga, 2013).

Research Locale

The place of the study is in Tacurong City. It is a third-class city in Sultan Kudarat province. It has a population of 98, 316 (Census, 2015); has a total land area of 15, 340 hectares, the smallest city land area in the province of Sultan Kudarat. Tacurong became a part of Sultan Kudarat in 2000 under Republic Act 8805 in September 2000. Tacurong, the only city in the province of Sultan Kudarat, Region XII, SOCCSKSARGEN, Philippines that lies in the heart of South Central Mindanao. It is 92 kilometers (57 mi) from General Santos City, 96 kilometers (60 mi) from Cotabato City and 178 kilometers from Davao City.

The Local Government Unit of Tacurong topped as the 6th most competitive cities in Mindanao in the year 2018 as ranked by the National Competitive Council of the Philippines. The Local Government of Tacurong, together with the Department of Trade and Industry (DTI) and the Chamber of Commerce launched the Tacurong City Negosyo Center on December 29, 2015. The Negosyo Center was established to promote comfort to micro, small, and medium enterprises (MSMEs), doing business and facilitate access to services It serves as a one-stop-shop business center for all existing and incoming businesses in the city. Tacurong City is considered as the business hub in the Province of Sultan Kudarat (Robles, 2015).

The researcher chose to conduct the study among small and medium enterprises in Tacurong City, Sultan Kudarat, Philippines since the growth of SMEs in the locale has its fluctuating trend in the years 2015-2019 based on the data gathered from the City Licensing Office. Further, the researcher wanted to determine statistically what particular domains of entrepreneurial orientation could significantly predict risky financial behavior among small and medium enterprise in Tacurong City, Sultan Kudarat, Philippines setting for possible intervention, be it through programs or policy. On a personal note, the locale is highly accessible to the researcher, thus cost-efficient on the part of the researcher to gather data which were highly needed to attain the purpose of the study.

Figure 2. Map of the Philippines and the Research Locale-Tacurong City

Population and Sample

A total of 106 managers or owners were surveyed for the study given the inclusion criteria as applied and approved by UMERC. As of 2018, Tacurong City has 145 registered SMEs (Licensing Office of the City Government of Tacurong). Respondents were selected using the stratified random sampling technique. This approach is a probability sampling that ensures each small and medium enterprise had an identified likelihood of being included in the sample. This technique provides a highly representative of the population (Sharma, 2017).

The respondents of the study were the managers/owners of small and medium enterprise in Tacurong City from various industries of manufacturing, electricity, gas, and water, hotels and restaurants, financial intermediation, wholesale/retail trade, education and health, social work, and others. Thus, small and medium enterprise personnel who are not managers such as cashier, laborers, and others were excluded in this study. Further, businesses under large and micro category as defined in RA 6977 were likewise disqualified to participate in this study.

R.A. 6977or other known as "Magna Carta for Small Enterprise" defines small and medium-sized enterprises as business or enterprise engaged in industry, agribusiness or services. Whether it is a single-owned, cooperative, partnership, or corporation with total assets of P3,000,001 to P15,000,000 and P15,000,001 to P100,000,000 for SMEs respectively including those arising from loans but excluding land on which the office, plant and equipment of the particular business entity is located.

Research Instrument

The researcher utilized two instruments. The first instrument was used to measure the level of entrepreneurial orientation among SME owners or managers. The instrument was adapted from Miller (1983). It was contextualized in the local setting and subjected to validation by panel of experts. The entrepreneurial orientation has the following indicators: innovativeness, risk-taking, and proactiveness. The respondents indicated their answers using a five-point Likert type scale that ranges from 1 to 5 with descriptions from very low to high.

The scale for interpreting entrepreneurial orientation is as follows:

Range of Means	Descriptive Level	Interpretation
4.20 – 5.00	Very High	This means that the entrepreneurial orientation described in the item is manifested at all times.
3.40 – 4.19	High	This means that the entrepreneurial orientation described in the item is oftentimes manifested.
2.60 – 3.39	Moderate	This means that the entrepreneurial orientation described in the item is sometimes manifested.
1.80 – 2.59	Low	This means that the entrepreneurial orientation described in the item is rarely manifested.
1.00 – 1.79	Very Low	This means that the entrepreneurial orientation item is not manifested.

On one hand, the second instrument that measures the level of risky financial behavior among respondents with indicators: financial related behavior, financial related personality, financial attitude towards risk and returns and financial confidence was adapted from the works of Zheng (2013). The respondents indicated their answers using a five-point Likert type scale that ranges from 1 to 5 with descriptions from very low to very high.

The scale for interpreting risky financial behavior is as follows:

Range of Means	Descriptive Level	Interpretation
4.20 – 5.00	Very High	This means that the entrepreneurial orientation described in the item is manifested at all times.
3.40 – 4.19	High	This means that the entrepreneurial orientation described in the item is oftentimes manifested
2.60 – 3.39	Moderate	This means that the entrepreneurial orientation described in the item is sometimes manifested.
1.80 – 2.59	Low	This means that the entrepreneurial orientation described in the item is rarely manifested.
1.00 – 1.79	Very Low	This means that the entrepreneurial orientation item is not manifested.

Internal and external experts validated the adapted and modified questionnaires. There were four internal validators and one external validator. The questionnaires were validated by its clarity of directions and items, the suitability of items, adequateness of items per category, presentation, and organization of items, attainment of purpose, objectivity, and evaluation scale. As a result, the modified instrument obtained a rating of 3.69, described as very good.

The instruments on entrepreneurial orientation and risky financial behavior were also pre-tested through Cronbach's Alpha to check its reliability and internal consistency. The measurement on reliability refers to the extent to which it is consistent measure of the research objective (Taber, 2018). The result of the Cronbach's Alpha Test for entrepreneurial orientation was 0.801 while for the risky financial behavior result, it showed an alpha score of 0.784.

Data Collection

Prior to data collection, from January 2019 to March 2019, the researcher submitted manuscript and other requirements for outline defense and revised manuscript based on the outline defense. From March 2019 to June 2019, the researcher submitted the research questionnaires for internal and external validation along with processing its application to the UM Ethics Review Committee. From June 2019 to September 2019, pilot testing was conducted and the research questionnaires were administered to target respondents, followed by the conduct of Public Research Forum as a requirement for final defense. In September 2019, the researcher applied for final defense.

Date were collected from June 2019 to August 2019, by undertaking the following steps: First, a copy of the list of registered small and medium enterprise from the City of Tacurong Licensing Office was obtained. Then, the researcher sought permission in the City Mayor for the conduct of the study in its locale or area of responsibility. After which, upon approval, the questionnaires were administered as scheduled. The researcher distributed the validated questionnaires to the targeted respondents of the study and retrieved it after the respondents have answered all the items. Lastly, the researcher tallied all the data gathered from the respondents and analyzed and interpreted the same based on the purpose of the study.

Statistical Tools

The data gathered through the questionnaires were tailed and treated using the following statistical tools:

Mean. This was used to determine the level of entrepreneurial orientation and risky financial behavior of small and medium enterprise in Tacurong City Province of Sultan Kudarat.

Pearson Product Moment Correlation. This was applied to establish the significance of the relationship between entrepreneurial orientation and risky financial behavior of small and medium enterprise managers or owners.

Regression. This was employed to identify which domain of entrepreneurial orientation best influences the risky financial behavior of small and medium enterprise in Tacurong City Province of Sultan Kudarat.

Ethical Consideration

The following research ethical standards and guidelines in the conduct of the study were observed following the standardized ethical criteria as implemented by the Professional Schools, UMERC.

Voluntary Participation. The respondents of this study were given the free will to participate without any consequence. The purpose of the study was presented to the respondents, the rights of the respondents to choose whether to take part or not in this study were carefully considered and observed. Also, the respondents of the study who initially agreed to participate were informed of their right to withdraw from the study at any point and has the right to refuse to answer any specific question/s or to take part in a specific set of procedures.

Privacy and Confidentiality. The respondents' personal and/or professional information gathered in this study were kept in private with utmost confidentiality. The researcher attached signed letter to the questionnaire addressing the respondents that the data gathered will be kept confidential and treated academically.

Informed Consent Process. The validated questionnaires on entrepreneurial orientation and risky financial behavior were easy to understand. The validated questionnaires were administered with the consent and support from the panel experts. The study also sought permission from the City Mayor's Office to conduct the study in Tacurong City especially in gathering the data from the managers or owners of the Small and medium Enterprise managers.

Recruitment. The respondents of this study were identified based on the standard and criteria set by the researcher. The researcher was assisted by the City of Tacurong Licensing Office in identifying the total number of SMEs in the research locale.

Risks. The study never involved high risk situations; thus, participants were not exposed to physical, psychological, or socio-economic concerns. On the absence or unavailability of the respondents, the researcher asked first as to their most convenient time to conduct the survey or the questionnaires were just left and only gathered when completed.

Benefits. This study is useful to SME owners or managers as the results of this research may provide them with a clear picture of how they can improve their behavior on decision-making process that deals with financial risk. This will also empower SME owners and managers in facing future financial risk with the influence of entrepreneurial orientation to afford better chances for business' success, profitability and growth. Furthermore, the results of this study may help future researcher as reference for their further study on the topic. This study will also provide essential information to the government which help them implement relevant policies.

Plagiarism. The study hardly used any representations that may cause plagiarism. With the use of Grammarly, Turnitin software and/or any plagiarism detectors, consistency of grammar and minimization of similarity index were ensured, giving the researcher the leeway in using own words to express the idea anchored on the ideas of authors of different studies.

Fabrication. The study was anchored from different studies which are accurate and reliable. It ensured that the researcher make any tale from the literature and thus, stating the idea of the authors out from own idea and understanding. There is no making up of data and/or results, or even purposefully putting forward conclusions. The manuscript is accurately anchored and sources were properly cited.

Falsification. The study never exaggerated the data and/or did any over claiming the works just to make it fit. The models and theoretical framework used came from accurate and reliable sources.

Conflict of Interest (COI). This study did not resort to gathering of data that resulted to conflict of interest. The study never affected any secondary interest, just focusing on the primary interest such as the health of the respondents and the validity of the results of the analysis.

Deceit. The study ensured the respondents that the data provided will not lead to impending harm. The researcher never used tricks or dishonesty to mislead the respondents.

Authorship. The researcher whose name indicated in the cover page is the primary author of this study. She is responsible in all the details and components of this study from its conception to completion. Further, her adviser is the co-author of this paper whose guidance and expert advice has helped the researcher in the pursuit of this undertaking.

III. RESULTS

Presented in this chapter are the findings on the Entrepreneurial Orientation and Risky Financial Behavior of SMEs. Presentations are arranged as follow: entrepreneurial orientation; risky financial behavior; the correlation between entrepreneurial orientation and risky financial behavior; and the regression analysis on the domain of entrepreneurial orientation that best influences the risky financial behavior. Further, it could be noted that the standard deviation of the mean scores on the levels of the identified variables ranged from 0.19 to 0.21 which are all below 1.0, the typical standard deviation for a 5 point Likert scale. This indicates consistency of responses.

Level of Entrepreneurial Orientation

The first objective of this study is to determine the extent of entrepreneurial orientation of small and medium enterprises from the lenses of managers or owners. As shown in Table 1, the entrepreneurial orientation in terms of innovativeness, proactiveness, and risk-taking yielded an overall mean of 3.68 described as *high* with a standard deviation of 0.19. This means that the measures on entrepreneurial orientation were oftentimes manifested. Furthermore, proactiveness and risk-taking were noted to have the highest mean scores which indicate stronger manifestation as compared with innovativeness.

Table 1
Level of Entrepreneurial Orientation of SME Managers

Indicator	SD	Mean	Descriptive Level
Innovativeness	0.37	3.67	High
Proactiveness	0.42	3.68	High
Risk-taking	0.46	3.68	High
Overall	**0.19**	**3.68**	**High**

Level of Risky Financial Behavior

The second objective of this study is to determine the level of risky financial behavior of small and medium enterprises. As revealed in Table 2, the level of risky financial behavior in terms of financial related behaviors, financial related personality, financial attitude towards risk and returns, and financial confidence level showed an overall mean of 3.72 interpreted as *high* with a standard deviation of 0.21. Results indicate that the measures of risky financial behavior among managers or owners of small and medium enterprises are oftentimes manifested.

Table 2
Level of Risky Financial Behavior of SME Managers

Indicator	SD	Mean	Descriptive Level
Financial related behavior	0.28	3.76	High
Financial related personality	0.42	3.63	High
Attitude towards risk and return	0.27	3.73	High
Financial confidence level	0.24	3.76	High
Overall	**0.21**	**3.72**	**High**

Significance on the Relationship between Entrepreneurial Orientation and Risky Financial Behavior

One important aim of this study was to determine whether or not entrepreneurial orientation of managers is associated with their risky financial behavior. Presented in Table 3 is the computed r-value on the entrepreneurial orientation and risky financial behavior of small and medium enterprise managers. It can be gleaned from the table that innovativeness posted an r-value of 0.267, denoting a low positive correlation between the managers' innovativeness and risky financial behavior.

It can be perceived also that the two remaining indicators of entrepreneurial orientation, the proactiveness and risk-taking registered an r-value of 0.388 and

.0416 respectively, suggesting that these observed variables have slight positive correlation to risky financial behavior of managers.

Generally, the combined computed r-value of 0.778 fell within the threshold of moderate positive correlation. The result can be construed that entrepreneurial orientation has a significant direct relationship with the risky financial behavior of managers, thus, the null hypothesis is rejected.

Table 3

Significance on the Relationship between Entrepreneurial Orientation and Risky Financial Behavior

	Risky Financial Behavior				
Entrepreneurial Orientation	Financial Related Behaviors	Financial Related Personality	Financial Attitude towards Risk and Returns	Financial Confidence Level	**Overall**
Innovativeness	.163 (.095)	.207* (.034)	.221* (.023)	.134 (.171)	**.267**** **(.006)**

Proactiveness	.263** (.006)	.338** (.000)	.208* (.033)	.228* (.019)	**.388**** **(.000)**
Risk-taking	.254** (.009)	.307** (.001)	.209* (.032)	.404** (.000)	**.416**** **(.000)**
Overall	**.493**** **(.000)**	**.617**** **(.000)**	**.456**** **(.000)**	**.570**** **(.000)**	.778** **(.000)**

Significance on the Influence of Entrepreneurial Orientation on Risky Financial Behavior

Presented in Table 4 is the result of the regression analysis made on entrepreneurial orientation and risky financial behavior of managers. Findings of the study revealed that entrepreneurial orientation influences risky financial behavior with an F value of 51.982 and $p < 0.05$. This means that on the aggregate capacity, entrepreneurial orientation of managers significantly impacts their risky financial behavior given the probability value of less than 0.05, hence the rejection of null hypothesis. The R^2 value of 0.605 suggests that 60.50 percent of the risky financial behavior of managers can be explained by entrepreneurial orientation.

The remaining 39.50 percent can be explicated by other factors not covered in this study.

Furthermore, on a singular capacity, the data revealed that all domains of entrepreneurial orientation have significant influence on the managers' risky financial behavior. The results showed innovativeness domain, t=8.119, *p*=000, proactiveness domain, t=8.290, *p*=000 and risk-taking domain, t=9.340, *p*=000, since the *p*-values are less than the alpha value. Of the three domains, risk-taking was noted to be the best predictor of risky financial behavior with reference to the beta standardized coefficients.

Table 4

Significance on the Influence of Entrepreneurial Orientation on Risky Financial Behavior

Risky Financial Behavior

Entrepreneurial Orientation (Indicators)	*B*	β	*T*	*Sig.*
Innovativeness	.302	.541	8.119	.000
Proactiveness	.265	.529	8.290	.000
Risk-taking	.282	.614	9.340	.000
R	.778			
R^2	.605			
F	51.982			
P	.000			

IV. DISCUSSION

Presented in this chapter are the discussions on entrepreneurial orientation, risky financial behavior, relationship between entrepreneurial orientation and risky financial behavior, the domain that best influences the risky financial behavior, conclusion and recommendations drawn from the results of the investigation.

Entrepreneurial Orientation

The high level of entrepreneurial orientation among managers of small and medium enterprise is due to the high ratings given by the respondents on managers' innovativeness, proactiveness and risk-taking. The managers of small and medium enterprise have shown high level of ability and knowledge to adapt to various entrepreneurial actions. Managers can do risky objectives with regard to decision-making process effectively. Also, they flexibly explore potential market opportunities and adapt to the new environment.

These practices are expected to increase entrepreneurial orientation level in congruence to the views of various authors (Adegbuyi et al., 2018; Etim, Adabu

& Ogar, 2017; Zhai et al., 2018) who emphasized that entrepreneurs must be able to take risky decisions armed with various decision-making styles, processes and practices especially in developing new business strategies, enhancing competitive advantage for market survival, and exploring potential market opportunities, among others.

Risky Financial Behavior

The high level of risky financial behavior of managers of small and medium enterprise is due to the high ratings given by the respondents on managers' financial related behavior, financial related personality, attitude towards risk and return and financial confidence level. The managers of these enterprises have manifested the ability to make risky investments when it comes to financial goals. They consider options multiple times before making a financial decision and can adequately manage financial risks in their organization. Moreover, managers are flexible to evaluate their financial operation in determining the capacity of the enterprise in making risky financial decisions and achieving financial goals.

These practices therefore are likely to increase the risky financial behavior among managers which confirms the views of several authors (Ciavarella et al., 2004; Curry, 2014) who pronounced that managers who make risky financial decisions can help cultivate that resilience and agility of enterprises to thrive and grow in the market. Hence, managers who can demonstrate a higher risky financial decision will be more successful than those who cannot, among others.

Significance on the Relationship between Entrepreneurial Orientation and Risky Financial Behavior of SME Managers

Generally, the results revealed the significant statistical relationship between the entrepreneurial orientation and risky financial behavior of managers. This implies that the entrepreneurial orientation contributes to increasing the level of risky financial behavior of managers especially in making financial investments.

This further indicates that manager's experience of setting risky goals in decision-making styles, procedures, strategies and rules for enhancing creativity, proactivity and risk inclination increases and enhances their actions in making risky financial decisions. Hence, entrepreneurial knowledge of managers gained through different exposures can positively increase their response to the decision-making processes involving financial risk associated to business' success, profitability and growth.

This finding corresponds to the study of Boerman and Williebrands (2017) that entrepreneurial orientation is one factor that increases manager's behavior towards making risky financial decisions. This means that when one possesses high entrepreneurial orientation, he or she is most likely to exhibit high propensity to manifest risky financial behavior. This risky financial behavior is expected to be higher among managers who possess an intrinsic interest and openness to the entrepreneurial activities in a changing business environment.

Additionally, this finds parallelism with the claim of Emmer (2012) that continuous innovation is one observed expression of risky financial behavior among natural managers, often driven by a multitude of factors such as intention to gain profit and engagement into private equity investments of businesses. Moreover, the result of the study confirms the proposition of various authors (Covin & Wales, 2012; Curry, 2014; Hazarika, Bezbaruah & Goswami, 2016; Nanda & Rhodes-Kropf, 2017) who accentuated that in order to undertake entrepreneurial activities such as the willingness to innovate, to take risk by trying out new products and services and to be proactive in engaging to new opportunities, managers should be willing to make risky financial decisions.

Significance on the Influence of Entrepreneurial Orientation on Risky Financial Behavior of SME Managers

A regression analysis was used to determine the significant influence of entrepreneurial orientation to the risky financial behavior of managers. Data revealed that the overall entrepreneurial orientation of managers influences their behavior on financial risk. This finding corroborates with the proposition of various authors (Ciavarella et al., 2004; Curry, 2014; Lee, Chong & Ramayah, 2019) that entrepreneurial-oriented companies are typically characterized by risk-taking pattern where businesses take risks with high return expectations; and for a business to survive, managers need to take riskier financial decisions to extend the firm's survival.

Furthermore, in their singular capacities, innovativeness, proactiveness, and risk-taking entrepreneurial orientations revealed to have significant influence on risky financial behavior of managers. Hence, if managers possess and manifest the measures of entrepreneurial orientation, they tend to demonstrate risky financial behavior naturally. The influence of innovativeness on the risky financial behavior of managers implies that the ability of managers to be creative and innovative to introduce something new or different in the market cultivates their inclination to demonstrate risky financial behavior. This finding concurs with the idea of Nand and Rodes-Kropf (2014) that innovation has a substantial impact on the financial risk appetite of an individual.

Similarly, the influence of proactiveness on the risky financial behavior of managers suggests that the ability of managers to exhibit proactive action in introducing new products, services, and technologies in the market in order to outperform their competitors could boost their confidence to demonstrate risky financial behavior. This finding is consistent with the idea of Smith (2017) that the proactive personality of managers increases their financial planning behavior.

On the other hand, of the three domains of entrepreneurial orientation, risk-taking was found out to be the best predictor of EO in its singular capacity. This signifies that the ability of managers to take bold actions in pursuing positive returns influences their risky financial behavior. Therefore, if managers possess those risk-taking skills especially in getting high-risk projects with very high chances of return or in engaging to bold and wide-ranging activities to achieve business goals, they tend to foster and enhance their risky financial behavior and practices in the marketplace. This finding finds concurrence with the idea of various authors (Carr, 2014; Weber, Blais & Betz, 2002;) that having risk-taking abilities are essentially critical on the financial risk behavior decision process.

V. Conclusion

The overall entrepreneurial orientation of managers is high. This means that the entrepreneurial orientation is oftentimes manifested by managers. Among the three indicators of entrepreneurial orientation, proactiveness and risk-taking yielded higher manifestation over proactiveness. This indicates that managers are able to adjust and evaluate their entrepreneurial mindset when there are new opportunities and new products being introduced within domestic and foreign markets. Meanwhile, the study also revealed a high level of manager's risky financial behavior. Of the four indicators of risky financial behavior, financial confidence posted the highest rating of manifestation. This implies that managers are natural risk-seekers especially in anticipating gains out from making financial decisions involving money and risk.

As with the relationship between the two latent constructs, it was established that entrepreneurial orientation of managers significantly influences their risky financial behavior both in an aggregate and singular level. This implies that when managers possess entrepreneurial orientation, they tend to behave positively and certainty with risky financial decisions especially when it comes to managing their business in a competitive environment. Further, when regressed singularly, the risk-taking domain of entrepreneurial orientation emerged as the best predictor of risky financial behavior among managers. This suggests that manager's risk-taking attitude and mindset can greatly impact their risky financial behavior.

Essentially, the findings of this study support the propositions outlined in the theoretical framework that entrepreneurial orientation and risky financial behavior are correlated. This association between the two variables confirms the assertions of (Boerman & Willerbrands, 2017; Emmer, 2012) that entrepreneurial orientation of managers could help them develop that confidence and attitude to engage in various financial risks which may greatly benefit the enterprise.

VI. Recommendations

The result underscores that in an aggregate and singular capacities, the innovativeness, proactiveness, and risk-taking of entrepreneurial orientation significantly influence the risky financial behavior of SME managers. The researcher, therefore, recommends that the Local Government Unit of Tacurong City formulates programs that may further increase the entrepreneurial orientation of SME managers, especially towards specific, financial-related entrepreneurial activities. In particular, the LGU in collaboration with the Department of Trade and Industry (DTI) may find necessary activities that will mainly develop the manager's willingness to innovate, take risks especially in trying new products and services and acts proactively when it comes to new opportunities in the marketplace which will develop in them the behavior of taking risky financial investments.

Pursuing the above recommendation, the researcher further recommends that the local government, together with the government agencies and private organizations, may conduct developmental seminars and workshops focusing on building entrepreneurial capacities of managers and entrepreneurs in order to enhance their business skills, hence be able to scale-up their business and be able to access funding sources. They may initiate supplementary trainings especially to those enterprises that gets the hardest effect of the changes in the global markets.

Moreover, since the study found a significant relationship between entrepreneurial orientation and risky financial behavior of managers, the researcher recommends that managers need to be fully equipped with entrepreneurial knowledge, especially when dealing with global markets. Further, it is recommended that SME managers may be more concerned on looking for means to enrich their entrepreneurial orientation such as their ability to adapt to a new market environment and the ability to function successfully in their interaction with their competitors.

Albeit the findings of this research on the significance of the influence of entrepreneurial orientation towards the risky financial behavior of SMEs managers, the researcher recommends that further studies regarding other factors that are associated with risky financial behavior of SME managers may be conducted to validate and substantiate the results of this paper. Future researchers may even include the micro and large enterprises as the subjects of the study.

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