

**PERCEPTION OF INVESTORS TOWARDS INITIAL PUBLIC
OFFERING (IPO) IN NEPAL (WITH REFERENCE TO KAILALI
DISTRICT)**

A Dissertation submitted to the Office of the Dean, Faculty of Management in
partial fulfillment of the requirements for the Masters Degree

by

Shuresh Prasad Bhatt

Campus Roll No. 3187/076

Exam Symbol No.: 24132/20

Registration No: 7-2-138-69-2014

Shanker Dev Campus

July, 2024

CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "**Perception of Investors Towards Initial Public Offering (IPO) in Nepal (With Reference to Kailali District).**" The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation

.....

Shuresh Prasad Bhatt

Date :

REPORT OF RESEARCH COMMITTEE

Mr. Shuresh Prasad Bhatt has defended research proposal entitled "**Perception of Investors Towards Initial Public Offering (IPO) in Nepal (With Reference to Kailali District).**" successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Rabindra Bhattarai and submit the thesis for evaluation and viva-voce examination.

.....
Rabindra Bhattarai
Dissertation Supervisor

Dissertation Proposal Defended Date:
.....

Dissertation Submitted Date:
.....

.....
Asso. Prof. Dr. Sanjeeb Kumar Shrestha
Head of Research Department

Dissertation Viva Voce Date:
.....

APPROVAL SHEET

We have examined the dissertation entitled "**Perception of Investors Towards Initial Public Offering (IPO) in Nepal (With Reference to Kailali District).**" presented by **Shuresh Prasad Bhatt** for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

.....

Rabindra Bhattarai
Dissertation Supervisor

.....

Internal Examiner

.....

Internal Expert

.....

External Expert

.....

Asso. Prof. Dr. Sanjeeb Kumar Shrestha
Chairperson, Research Committee

.....

Asso. Prof. Dr. Krishna Prasad Acharya
Campus Chief

ACKNOWLEDGEMENT

This research study entitled Perception of investors towards Initial Public Offering (IPO) in Nepal (with reference to Kailali district) has been prepared to fulfill the partial requirement of MBS semester program. I am extremely grateful and indebted to my respected and honorable supervisor Rabindra Bhattarai for supervising me and providing me his precious guidelines, suggestions and comments during the preparation of this study. I am grateful to Asso. Prof. Dr. Sajeeb shrestha, Head of Research Department, for his valuable suggestions and timely support for completing this work. Likewise, I am grateful to Asso. Prof. Dr. Krishna Prasad Acharya, the Campus Chief of Shanker Dev Campus and all the teachers and administrative staffs of Shankar Dev Campus for their help during the entire study period.

I am really thankful to my parents friends , and my siblings who never got behind to encourage me throughout my life either it is about my academic career or it is about way of perceiving things. They have inspired me continuously in whatever way it is possible.

Lastly, I would like to convey my sincere regards to all the respected lecturers, professors and well-wishers of Shanker Dev Campus who have directly or indirectly contributed in accomplishment of this task. I thank all the respondents for giving their responses regarding IPOs and making it easier for me to conduct this study in Kailali district. Finally, I would like to thank each and every person who has supported me throughout this journey of life.

Shuresh Prasad Bhatt .

TABLE OF CONTENTS

Contents

CERTIFICATION OF AUTHORSHIP	ii
REPORT OF RESEARCH COMMITTEE	iii
APPROVAL SHEET	iv
TABLE OF CONTENTS	vi
LIST OF TABLES	viii
LIST OF FIGURES	ix
ABBREVIATIONS	x
ABSTRACT	xi
CHAPTER I	1
INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of Problem	3
1.3 Objectives of the study	4
1.4 Rationale of the study	5
1.5 Limitations of the study	5
CHAPTER II	6
REVIEW OF LITERATURE.....	6
2.1 Theoretical Framework	6
2.2 Empirical Review	17
2.3 Research Gap.....	29
CHAPTER III.....	31
RESEARCH METHODOLOGY	31

3.1 Introduction.....	31
3.2 Research Design.....	31
3.3 Population and Sampling.....	32
3.4 Nature and Sources of data	32
3.5 Data collection procedure and instruments.....	32
3.6 Questionnaire.....	32
3.7 Justification of the study place	33
3.8 Methods of Analysis.....	33
3.9 Research Framework and Definition of Variables.....	35
3.9.1 Validity and reliability Test	38
CHAPTER IV	40
RESULTS AND DISCUSSION.....	40
4.1 Results	40
4.2 Nature of the Respondents.....	40
4.3 Evaluation of Investors Perception in Decision Making.....	42
4.2 Correlation analysis	48
4.3.8 Regression Analysis	49
4.4 Discussion.....	52
CHAPTER V	54
SUMMARY AND CONCLUSIONS	54
5.1 Summary.....	54
5.2 Conclusions	55
REFERENCES	57
APPENDIX : SURVEY QUESTIONNAIRE	60

LIST OF TABLES

Table 1 Summary of Journals and Articles	24
Table 2 Gender, Age, Qualification and Occupation of Respondents	41
Table 3 Model Summary	49
Table 4 Analysis of Variance Test	50
Table 5 Impact of Variables for all Samples	51

LIST OF FIGURES

Figure 1 Regulators of Primary Market Issue of Nepal	10
Figure 2 Conceptual Framework of relationship between Dependent and Independent Variables	36

ABBREVIATIONS

ANOVA	=	Analysis of Variance
BSE	=	Bombay Stock Exchange
CD	=	Certificate of Deposit
CG	=	Company Goodwill
CP	=	Company Performance
CRO	=	Chief Revenue Officer
CS	=	Company Sector
DDKC	=	Dipshikha Dhitopatra Karobar Company Pvt. Ltd.
FPO	=	Further Public Offering
ID	=	Investment Decision
IPO	=	Initial Public Offering
MBS	=	Master of Business Studies
MI	=	Market Information
MOF	=	Ministry of Finance
NASDAQ	=	National Association of Securities Dealers Automated Quotations
NEPSE	=	Nepal Stock Exchange
NRB	=	Nepal Rastra Bank
NYSE	=	New York Stock Exchange
OTC	=	Over The Counter
QM	=	Quality Management
Repo	=	Repurchase Agreement
SEBON	=	Securities Board of Nepal
SEC	=	Securities and Exchange Commission
SPSS	=	Statistical Package for the Social Sciences
T-Bills	=	Treasury Bills

ABSTRACT

Initial Public Offering (IPO) is the most phenomenal event for an organization. Basically it is related to raise the funds. IPOs are normally issued by small and new companies who are in need of capital to expand their business, but sometimes large companies also issue them for public trading. Whenever a firm needs money, the first thing it does is to go to the bank. However, sometimes banks may not be in a position to provide huge sum of money for a long time. In such a scenario, the best way to raise money is through offer of shares.

The main aim of this study is to examine the perception of investors towards Initial Public Offering (IPO), to analyze the relationship among different factors (quality management, company goodwill, company performance, company sector and market information) and investment decision to examine the factors that influence investment decision in IPO. This research used primary data. The data was collected from 350 respondents of Kailali district belonging to Dipshikha Dhitopatra Karobar Company Pvt. Ltd. The both descriptive and inferential analysis have been conducted by using statistical tools such as percentage, correlation & regression analysis to analyze the relationship between variables and the impact of different factors on investment decision. The study revealed that quality management, company goodwill, company performance, company sector and market information are the highly considerable factors before making investment decision in IPO.

Keywords: Initial Public Offering, Financial Market, Perception, Investors, Investment Decision

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Generally, there are two types of securities markets, they are primary and secondary markets. Both markets also operate in relation to Nepal. the primary market is where companies sell securities for the first time. In other words, the issuing company offers new securities to the investing public. Therefore, money flows from investors to the issuer of the security. The secondary market is where securities are bought and sold. The secondary market is where investors buy and sell securities that have already been issued. It is a market for old securities, ie. already listed on the stock exchange. In the context of Nepal, the secondary market is not developed compared to the primary market. There is a close relationship between the primary and secondary markets. The primary market plays an important role in the success of the capital markets and ultimately leads to many transactions in the secondary market. The secondary market is a market where securities purchased on the primary market can be traded on the secondary market. An organized securities exchange is part of the secondary market and an expert facilitates the transaction. The secondary market accounts for the majority of all capital market transactions. In the secondary market of the sale of securities, the profit is not distributed to the issuer of the organization, but to the first owners who buy the securities. Gnawali, (2020).

The only secondary market in Nepal is Nepal Securities Exchange Limited. Without an effective secondary market, the primary market would fail, as investors subscribe to new issues only if they expect to sell at a profit at some point in the future. The process of issuing new shares to the public to raise the required amount is called an IPO. In Nepal, the Securities Board of Nepal (SEBON) is the regulatory body that oversees the IPO process.

A firm must fulfil specific criteria established by SEBON in order to launch an initial public offering (IPO) in Nepal. These criteria include having a minimum paid-up capital, fulfilling certain financial performance metrics, and abiding by all applicable rules and regulations. A merchant banker, who will oversee the IPO procedure, must also be appointed by the business. The firm can begin the initial public offering (IPO) process by releasing a prospectus that includes details about the business, its financial performance, and the terms of the offering once it satisfies the prerequisites and selects a merchant banker. After reviewing the prospectus, SEBON may request additional information or changes before

clearing it for publication. Following the prospectus's approval, the business is ready to begin taking public applications for share subscriptions. Typically, the subscription period spans a few specific days, and investors can apply for shares via a number of channels, including stockbrokers. The investors are then allotted shares according to the quantity they have requested for and, if any, the oversubscription ratio. The company is listed on the Nepal Stock Exchange (NEPSE) when the allocation is completed. Following that, the shares may be freely traded on the NEPSE, where supply and demand dictate the share price. The public issuance of ordinary shares occurred in Nepal for the first time in 1937 A.D. when Biratnagar Jute Mills and Nepal Bank Limited raised the issue. Nonetheless, the Security Exchange Centre was founded in 1976 with the intention of developing and expanding Nepal's capital market, marking the beginning of the nation's capital market. This organisation, the only one of its kind at the time, undertook duties including handling public offerings, underwriting, brokerage, market-making for government bonds, and supplying a range of financial services. The Security Exchange Centre served as a regulatory body in addition to a securities broker. Khatri, (2070)

The public issuance of ordinary shares occurred in Nepal for the first time in 1937 A.D. when Biratnagar Jute Mills and Nepal Bank Limited raised the issue. Nonetheless, the Security Exchange Centre was founded in 1976 with the intention of developing and expanding Nepal's capital market, marking the beginning of the nation's capital market. This organisation, the only one of its kind at the time, undertook duties including handling public offerings, underwriting, brokerage, market-making for government bonds, and supplying a range of financial services. The Security Exchange Centre served as a regulatory body in addition to a securities broker. Kukraja, (2012)

Understanding investors' perceptions towards Initial Public Offerings (IPOs) involves exploring a range of factors that influence their decisions. Investors often perceive IPOs as opportunities to invest in promising companies at their early stages of growth, potentially yielding significant returns. However, perceptions can vary widely based on factors such as market conditions, company reputation, industry trends, and the perceived risk-return profile of the IPO. Some investors may view IPOs as high-risk investments due to the uncertainty surrounding new public companies and their financial performance post-listing. Others may see IPOs as opportunities to diversify their portfolios or gain access to sectors not previously available. Investor sentiment towards IPOs can also be influenced by media coverage, analyst recommendations, and the overall economic climate, shaping their attitudes and behaviors towards participating in these offerings. Kunwar, (2016)

Investors' perceptions of Initial Public Offerings (IPOs) are shaped by various factors that influence their decision-making processes. Historically, IPOs have been viewed as opportunities for companies to raise capital by offering shares to the public, thereby expanding their financial base and potentially increasing their market presence. However, investors' attitudes towards IPOs can fluctuate based on market conditions, economic outlook, and the perceived value of the offering company. Positive perceptions often arise when companies with strong growth prospects or innovative products enter the market, enticing investors with the promise of future returns. Conversely, negative perceptions may arise if there are concerns about the company's financial health, market competition, or the overall stability of the IPO market. Thus, investor sentiment towards IPOs remains dynamic, influenced by a complex interplay of financial indicators, market sentiment, and broader economic factors.

Investors' perceptions of Initial Public Offerings (IPOs) vary widely depending on market conditions and the specific characteristics of the offering company. Generally, IPOs are seen as opportunities for companies to raise capital and expand their operations by selling shares to the public for the first time. Positive perceptions typically arise when the company is well-established, has a strong growth trajectory, or operates in a promising industry sector. Conversely, negative perceptions may emerge if there are concerns about the company's financial stability, market competition, or the timing of the IPO relative to market conditions. Overall, investor sentiment towards IPOs is shaped by a combination of financial analysis, market sentiment, and broader economic trends, influencing their decision to invest or abstain from participating in IPO.

1.2 Statement of Problem

Nepalese capital market is very small and developing stage in comparison other developed stock markets in the world. Many peoples lack of knowledge in capital market and limited participants in the capital market in Nepal. There are a few numbers of brokers, limited number of listed companies, very few transactions and most importantly, investors are not well-known about the pros and cons of the stock market. If a single malpractice in the functioning of securities market occurs, the whole capital market may damage the national economy badly and if once the investors' confidence is lost, it would be tough to gain it back again.

Although there is a lack of widespread understanding about IPOs, the public response to them has consistently been enthusiastic. However, even those who are knowledgeable about the process may hesitate to invest due to uncertainty. Many companies offering IPOs are in a transitional phase of growth, which adds to the uncertainty surrounding their future value. In an effort to regulate this process, the Security Board of Nepal (SEBON) is revising the criteria for applying for IPOs to enhance transparency in the primary market.

The focus of this study is to determine how investors respond to IPOs, what an investor expects from his/her investment in general, what his/her investing pattern is etc.

Adding on, there are so many factors that result in slowing down the growth of Nepal's stock market such as unstable political conditions, unfavorable macroeconomic situations, lack of confidence and sufficient knowledge about security market in investors, fragile taxation system, prolonged privatization procedure, etc.

But among these, which is/are the main factor/factors to define the market are still the questions to be answered. Keeping these views into the consideration, this study focuses on the following research questions:

- i. What is the perception of investors regarding the situation of primary market issues in Nepal ?
- ii. What is the relationship among various factors like company goodwill, quality management, Company sector, Company performance, Market Information and Investment Decision.
- iii. Do these factors influence the investment decisions made by individuals ?

1.3 Objectives of the study

This study basically aims to analyze and learn about the response of public as investors about Initial Public Offering in Nepal in context of Kailali District. The main purposes of this study are as follows:

- i. To assess the perception of investors towards IPO.
- ii. To analyze the Quality management, Company goodwill, Company performance, Company sectors and Market information and investment decision of investors in IPO relate to each other?
- iii. To examine the impact of Quality Management, Company goodwill, Company performance, Company sectors and Market information on an Investment Decision of a general investor.

1.4 Rationale of the study

In Nepal, there is still insufficient literacy as well as inadequate knowledge about initial public offering and its importance. Hence, this research is anticipated to provide assistance to both ordinary investors as well as the entities connected directly or indirectly to public offerings. This study could provide valuable insights for the institutions selected as samples for the IPO procedure. The following benefits can be derived from the conducted study:-This study will be beneficial for investors and organizations involved in Public Offerings, particularly due to the existing lack of necessary knowledge concerning IPOs in Nepal. The investors could have the conception over the investments they have made and are going to make as they will be able to take the appropriate decisions for right investment on right time. It will assist in figuring out the response of investors regarding IPOs issued by various institutions and sectors. It is expected to be helpful for new investors and organizations directly or indirectly involved in Initial Public Offerings (IPOs). This will guide the future researchers too who are willing to conduct research in related field. It will also be useful for professional purposes too, only the sample size should be increased for reducing errors and making the obtained result more prevalent.

1.5 Limitations of the study

The research is conducted as part of the Master in Business Studies MBS program at Tribhuvan University, aiming to fulfill partial requirements for the degree. It specifically examines various aspects of the primary share market in Nepal. There is a scarcity of studies and references available, particularly regarding the Nepalese capital market. Besides, Time and resources are also limited during the course of this study. This study has some limitations as well. They are:-

- i. This study relies on the responses gathered from questionnaires, therefore, the accuracy of the research hinges on the reliability of the data obtained.
- ii. Information concerning the same questionnaire varies across different sources.
- iii. While numerous securities are issued in the securities market, only common stock is taken into account for the analysis.

CHAPTER II

REVIEW OF LITERATURE

This chapter encompasses a review of prior studies, articles, and conceptual frameworks relevant to the topic under investigation. A Literature review is a comprehensive summary of previous research works on a particular topic. This chapter surveys scholarly articles, books, and other relevant sources pertaining to a specific area of study. It should enumerate, describe, summarize, objectively evaluate and clarify the previous research.

To accurately frame the study, mere analysis is insufficient; a review of related materials is necessary to provide a clear vision for the research. Understanding past studies, lays the groundwork for the current study. Therefore, books and previous studies related to this field of study serve as the foundation for the research. By connecting the present study with past research, continuity in research can be established. This chapter is primarily divided into two parts: conceptual framework and review of related studies.

This chapter outlines the theoretical framework underpinning this study. Generally, theory serves as the conceptual architecture, sharpening the context of the study while situating the topic within a broader theoretical discussion. However, it bears mentioning that no one framework is able to capture all of the complexity related to IPO performance.

2.1 Theoretical Framework

The theoretical framework is the structure that can hold or support a theory of a research study. It provides a theory-driven approach to the current study and offers an explanation of the study's significance and validity. The theoretical framework provides broader guidelines and a general set of ideas within which a research study can be fitted in.

2.1.1 Financial Market

The financial market refers to the marketplaces where financial assets are bought and sold. The purpose of financial markets is to connect buyers and sellers of financial goods and services. Financial markets facilitate the direct or indirect assistance of financial intermediaries in connecting lenders and fund borrowers. The term "financial market" describes a market area where people, organisations, and other entities trade financial instruments such as equities, bonds, commercial paper, T-bills, CDs, currencies,

commodities, and derivatives. It provides a venue for buyers and sellers to interact and carry out transactions in accordance with supply and demand dynamics. Regmi, H. (2017)

It acts as a platform for the money market's supply and consumption of funds via marketable securities or short-term debt instruments. The money market deals with financial securities that mature in a year or less. It is used for trading short-term assets such as government bonds, commercial paper, repurchase agreements (repos), Certificates of Deposits (CDs), and Treasury bills (T-Bills). The capital market deals with long-term securities with maturities longer than a year, such as bonds, equities, derivatives, etc. The primary and secondary markets are subsets of the capital market.

The financial market is made up of several different marketplaces, each with a focus on a certain kind of financial instrument and function. The stock, bond, foreign currency, commodities, derivatives, money, insurance, and other markets are some of the essential elements of the financial market. The company could raise money on the financial markets by borrowing money from banks or by issuing securities. The financial market is divided into various categories. similar to the primary and secondary markets. Every market has its own set of participants, rules, and laws that all work together to support economic activity and the overall operation of the financial system.

2.1.2 Money market

The money market is a segment of the financial market where short-term securities are traded. as the tendency of the behavior of investors to follow the actions of others. Practitioners usually carefully consider the existence of herding because investors rely more on collective than private information, which can lead to a deviation of the price of the security from the fundamental value; therefore many good investment opportunities can be affected now. Academic researchers are also paying attention to animal husbandry; because its effect on stock price changes can affect the characteristics of risk and return models and has implications for the understanding of asset pricing theories (Tan, Chiang, Mason, & Nelling, 2008). From a behavioral perspective, herding can lead to some emotional biases, including conformity, compatibility and cognitive conflicts, home bias and gossip. Investors may prefer to herd if they believe that herding will help them obtain useful and reliable information. In contrast, the performance of financial professionals such as fund managers or financial analysts is usually evaluated subjectively through periodic comparative evaluation and comparison with peers. In this case, herding can contribute to the evaluation of professional performance, because low-

qualified people can imitate the behavior of their high-qualified peers to develop their professional reputation (Kalinterakis, Munir, & Markovic, 2010).

In the stock market, herd investors base their investment decisions on the buying or selling decisions of the masses. I The money market is a market where very short-term debt instruments are traded. In other words, it is a market where highly liquid financial instruments are traded. It involves the borrowing and lending of short-term securities, usually for a maximum of 35 days. According to the World Bank, money markets are markets where short-term securities such as government bonds, certificates of deposit and corporate bonds are traded. Money market instruments are: promissory notes, promissory notes or corporate promissory notes, government bonds, call and theater money, certificate of deposit, commercial certificates, bank acceptance, repurchase agreements, etc., and the institutions participating in this market are: central. bank, commercial banks, non-bank financial intermediaries, discount stores and invoice brokers, and acceptance centers.

Money markets play an important role in meeting the temporary cash needs of all economic actors by transferring money from surplus-producing entities to short-term deficit entities. Securities traded in the money market are known only as cash equivalents due to their special characteristics such as high liquidity, marketability, short maturity and low level of risk. It is regulated by the central bank and government agencies to ensure its stability and integrity.

2.1.3 Capital market

The framework for borrowing and lending funds for more than one year is called the capital market. In other words, the market where long-term instruments such as stocks and bonds are listed and traded is called the capital market. Capital markets play a key role in the economy because they facilitate the movement of money between those who have surplus capital for investment or who need it for other purposes. It provides a platform for investors to share savings and invest in various assets, allowing companies and governments to raise capital for expansion, innovation, infrastructure development and other projects. The main actors in the capital market are private individuals (small investors), institutional investors (insurance companies, pension funds and investment funds), associations, banks and public entities. These participants buy and sell securities through exchanges or over-the-counter markets.

These markets are divided into two types: primary market and secondary market. In the primary market, companies raise capital for the first time or issue more shares or bonds.

In the primary market, issuers sell newly issued securities to investors directly through an initial public offering (IPO) or private placement. In the secondary market, on the other hand, existing securities are traded between investors. It provides liquidity to investors by allowing them to buy and sell securities previously issued in the primary market. This includes stock exchanges, bond markets and other platforms where securities are traded. The capital market also acts as a pricing mechanism, as the prices of securities are determined by the forces of supply and demand. Market participants analyze various factors such as company performance, financial indicators and investor sentiment to make investment decisions and determine the value of securities. Government regulation and supervision is necessary to ensure transparency, fairness and stability in capital markets. These markets can be divided into two parts:

- * Non-securities markets: Non-securities markets are a financial arena where borrowers (demands) often meet their long-term financial needs without issuing securities such as stocks, bonds or debentures. Financial transactions in this market concern entities such as banks, savings banks, companies and individuals.

- * Securities Market: A market where all types of securities are traded is called a securities market. A stock market is a brand that includes several markets where securities are bought and sold. He is responsible for facilitating the execution of buy or sell orders, determining the method of execution of orders, determining payment and transfer costs, and completing federal income tax payments. The purpose of these markets is to simplify the trading process and facilitate the participation of individuals in the buying and selling of securities. In addition, the securities market enables the sale and resale of freely traded securities.

2.1.4.1 Primary market

The primary market, also known as the new issue market, is where a company issues securities for the first time directly to the public/investors. The primary market, also known as the new securities market, deals with securities that are available for the first time. An initial public offering is an example of an initial public offering where a private company decides to sell its shares to the public for the first time. Singh, A.(2019) Prices are fixed and issued in nominal values. In these markets, intermediaries are investment bankers or insurance companies that participate in the sale of these securities. The primary market has several basic functions such as initial offering, capital formation, underwriting, pricing, subscription process, limited trading, regulatory compliance, investor participation, etc. New issues in the primary market facilitate the raising of long-

term funds and can be classified into "initial issues" for the first-time offerings and "further issues" for subsequent offerings. The interaction between these functions aids in transferring resources from the sources of supply to demand. Ways in which a Company may raise capital in the primary market include:

Public Issue: This involves selling securities to the general public and is considered the most significant way of issuing securities. This type of share gives all public to purchase.

Right Share: This approach raises additional funds from existing shareholders by offering them additional securities compared to existing shareholders. Each shareholder receives one right for each of his shares. This type of issue gives existing shareholders the opportunity to buy more new shares of the company.

Private placement: This refers to the sale of securities to a limited number of sophisticated investors such as institutional investors, venture capital funds, mutual funds and banks. It is the main market for another type of share issue. Equity investments are the sale of company shares to several pre-selected investors..

The primary market is an important means of raising capital, providing new investment opportunities and enabling companies and governments to meet their financial needs. This provides a basis for securities to enter the secondary market, where they can be traded between investors.

Regulators of Primary Share Market in Nepal

Below is a visual representation illustrating the structured hierarchy of primary market regulators in Nepal:

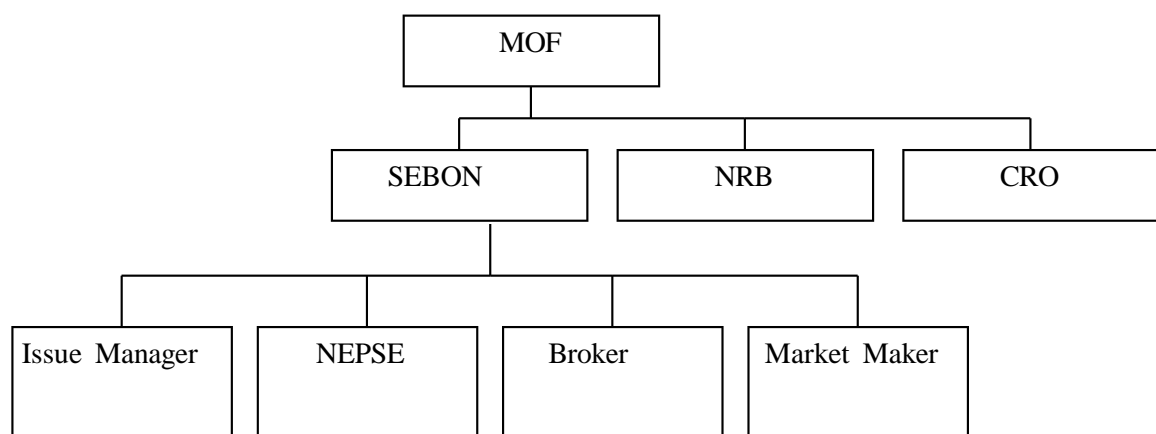


Figure 1 Regulators of Primary Market Issue of Nepal

2.1.4.2 Secondary market

The secondary market is a trading market for issued securities that are traded between investors who buy or sell to investors. This market is essentially made up of an additional layer of investors who trade with investors in the primary market to trade securities such as stocks and bonds. Examples of secondary markets are New York Stock Exchange (NYSE), Nepal Stock Exchange (NEPSE), NASDAQ, Bombay Stock Exchange (BSE), etc. In this market, securities are traded regardless of whether the company that originally issued the security is a participant in the primary market. These markets are divided into three types: the auction market, the dealer market, and the over-the-counter market. The secondary market has several key characteristics such as profitability, uncertainty, large number of participants, liquidity, prices, available to individual investors, continuity, market regulation, market efficiency, diversification opportunities, market depth, etc.

The primary market, the secondary market also has its role. The secondary market increases the liquidity of securities. Secondary market securities can be classified as follows:

Ordinary Shares: Ordinary Shares are securities issued by a company to obtain share capital. A joint stock company cannot be established without it. Common stock gives shareholders ownership of the company. Common shareholders are the owners of the company and also have voting rights. common shares are riskier than bonds and preferred shares .. Investors are attracted to common shares because they offer voting rights, the opportunity for significant dividend payments, and benefit from increases in the share price.

Preferred stock: Also known as a hybrid stock because it has some characteristics of a bond and some of common stock. It has the characteristics of both a bond and a common stock. Preferred stock is a form of security that usually gives the holder fixed dividends, common shareholders a preferential right to receive dividends, and a preferential right to receive cash on liquidation. It usually has no voting rights. It is called "preferred" because shareholders of that share class are treated with priority over common shareholders in terms of dividend payments and distribution of assets in the event of bankruptcy or liquidation.

Bonds: Bonds are debt securities issued by governments, municipalities or companies to raise capital. The company pays bondholders a certain interest rate. This is also called a

contractual agreement. Bonds are another capital market instrument. Bonds usually have a fixed interest rate, called the coupon rate, and a specific term when the principal must be repaid. They are considered relatively safer investments compared to stocks because they offer predictable income streams and certainty of repayment at maturity, provided the issuer is solvent.

In general, secondary markets facilitate liquidity, price discovery and accessibility to investors, which contribute to the functioning and efficiency of the financial market as a whole.

2.1.5 Factors that potential investors should consider when making an initial market investment

Relying only on rules and regulations is not enough to protect investors' interests. An investor must be able to analyze and evaluate various aspects of a company before making an investment decision. In the context of Nepal, the security market is not fully developed compared to other developing countries. They should choose shares of companies that are considered well managed, have promising future prospects, reliable managers, operate in profitable sectors and have higher growth potential. Investing in shares of such companies is associated with lower risk compared to those that do not have these characteristics. Investors in stocks should compare the market price of the stock with its real value and choose stocks whose market price is lower than their value.

Investors collect information from various sources such as mass media, various types of magazine brochures and various articles published by the concerned companies about their growth, size, financial statements, past information, board of directors, goodwill etc. In addition to these, potential investors should also consider factors such as company fundamentals, market conditions, offering information, risk profile, compliance with laws and regulations, etc.

2.1.6 Initial public offering of a private company.

Initial public offerings (IPOs) are usually launched by smaller, newer companies that want to raise money for expansion. They are also issued by large private companies seeking to become listed entities. In an initial public offering (IPO), the issuing company seeks the support of an underwriter to determine the type of security to be issued (regular or premium), the optimal offering price, and the timing of its launch.

2.1.7 Pricing

Initial Public Offerings (IPOs) historically grapple with the challenge of valuation. Companies often debut with prices either above or below their intrinsic market worth. Generally, IPO prices tend to be set higher than the eventual market value. This initial overpricing can lead to heightened investor interest during the stock's early trading phases, potentially yielding substantial profits for those who secured shares at the offering price. However, the consequence of such underpricing is the unrealized capital that could have been raised had the IPO been priced more accurately.

Conversely, there's also a risk associated with overpricing. If an IPO hits the market with a price tag beyond what investors are willing to pay, underwriters might struggle to fulfill their commitments to sell shares. Even if all shares are eventually sold, a subsequent decline in the stock's value on its first trading day could dampen investor enthusiasm, further eroding its market value.

Therefore, investment bankers approach IPO pricing cautiously, taking into account multiple factors to strike a balance. Their goal is to set a price that not only stirs investor interest but also ensures sufficient capital is raised for the company's growth plans. This process typically involves underwriters securing commitments from institutional investors, ultimately determining the optimal offering price through a rigorous evaluation of market conditions and investor sentiment.

2.1.8 What are the reasons for a company for going public and why do they seek to raise funds?

The decision to go public represents a pivotal moment in corporate finance that extends beyond mere developmental phases for expansion. A common belief is that a favorable stock market valuation of industry peers positively influences a company's likelihood of pursuing an IPO. Additionally, larger companies tend to have a higher propensity for listing. The threshold of scale required before considering an IPO is often surprising, yet it offers substantial benefits. Going public grants companies access to cheaper funding through the issuance of shares.

Post-IPO, there typically remains a significant controlling interest, even though control often sees high turnover. Before proceeding with an IPO, it's crucial to weigh the

potential positives and negatives. Companies typically seek to raise capital and provide liquidity to shareholders, but there are other advantageous outcomes. Publicly traded status facilitates ongoing access to capital markets, enabling companies to issue additional shares as needed. This flexibility is particularly beneficial in mergers and acquisitions, where stock can be leveraged as part of transaction deals. The liquidity provided by public trading enhances the feasibility of implementing initiatives such as employee stock ownership plans, which are instrumental in attracting top talent. Moreover, going public can enhance a company's reputation, thereby fostering broader market expansion opportunities.

2.1.9 Significance of IPO

Investing in IPO has its own set of advantages and disadvantages. Investing in Initial Public Offerings (IPOs) carries a significant level of risk. However, if successful, it has the potential to yield a higher rate of return. There is a common proverb, “Higher the risk, higher will be the return”. The company issues an IPO with specific management objectives in mind and investors consider their own investing objectives. Both parties face some sort of risks involved in this process.

The importance of investing in IPOs can be examined through two approaches which are discussed as follows:

Importance to the company

When new companies or established corporations require additional capital, conducting an Initial Public Offering (IPO) emerges as a critical tool for fundraising. A privately held company faced with the need for more funds can opt to borrow money or issue shares to raise capital. However, going public is often seen as the preferred route for a growing enterprise. The costs associated with an IPO are typically lower compared to borrowing expenses, and unlike loans, funds raised through an IPO do not require repayment.

Furthermore, going public can potentially lead to an increase in the company's stock price due to market dynamics independent of its operational performance. This price appreciation can bolster the company's valuation and attractiveness to investors. Additionally, an IPO provides access to a wide array of investors, including institutional funds and retail investors, enabling the company to secure substantial amounts of capital

essential for future expansion and strategic initiatives.

2.1.10 Importance to the shareholders

IPOs are often perceived as a straightforward avenue for potential profit generation. A key allure of participating in an IPO lies in the initial pricing of shares, typically set at a relatively modest level, which can potentially lead to substantial increases in stock prices on the day of offering. Speculative investors view this as an advantageous opportunity to capitalize on short-term gains, focusing primarily on these immediate possibilities rather than long-term returns.

Moreover, the risk of disappointment from investing in an IPO is relatively low, as the shares are initially priced attractively and often experience upward movement upon trading debut. While the gains may not always be substantial, they generally exceed the initial investment amount, ensuring shareholders receive a certain level of profit. This combination of low initial pricing and the potential for immediate appreciation underscores the appeal of IPOs among investors seeking short-term returns. Get smarter responses, upload files and images, and more.

How are valuations determined for Initial Public Offerings?

The pricing of financial assets traded in markets adheres strictly to the forces of supply and demand. Newly issued stocks are no exception, fetching prices dictated by what buyers are willing to pay. Esteemed consultants excel in evaluating stocks, meticulously determining their intrinsic value. When these experts identify a stock trading below its perceived fair value, they may opt to purchase it, holding onto it until they can sell at or above their calculated worth. Conversely, if an analyst discovers a stock trading higher than anticipated, they might redirect their attention to other opportunities or engage in short selling, anticipating a market correction to align the stock price with its true value. This astute analysis and strategic decision-making underscore the nuanced approach taken by financial experts in navigating stock markets.

What are some effective ways of evaluating Initial Public Offerings?

Initial Public Offerings (IPOs) stand out in the market as freshly issued stocks by companies making their debut on exchanges. Unlike stocks with a longer trading history, IPOs often receive less extensive analysis and scrutiny. Opinions vary widely on the

impact of this lack of historical share price performance. Some investors perceive it as an opportunity to capitalize on potentially undervalued assets, viewing IPOs as a chance to buy into emerging opportunities. Conversely, others view IPOs as riskier investments due to the limited market analysis and uncertainty surrounding their future performance compared to established stocks.

Evaluating IPOs involves employing various techniques, although traditional approaches can be challenging without an established track record. Investors with strong relationships with brokers may have the advantage of accessing oversubscribed new issues before they are available to the broader market. These oversubscribed IPOs often experience significant price increases upon their market debut, driven by higher demand relative to supply. This price surge typically continues until it stabilizes at a point where supply and demand find equilibrium. This dynamic illustrates the unique opportunities and risks associated with participating in IPOs in today's market environment

Here are some considerations to assess when examining a new offering.

- i. What is the reason for a company to decide becoming publicly traded entity?
- ii. How does the company intend to use the funds raised through IPO?
- iii. What does the competitive scenario look like in market for the products and services of the company ? Where does the company locate in this competitive landscape?
- iv. What are the company's future growth opportunities?
- v. What is the expected profitability level that the company is aiming to reach?
- vi. What is the team of management like? Do they possess adequate qualifications and experience required to manage the company effectively? Do they have prior experience of leading such company? Have they demonstrated success in previous business endeavors? Additionally, does the team hold any kind of ownership stake in business?
- vii. Does the business or company have any operational history, if any?

An IPO refers to the process of offering shares to the public for the first time by a private firm. In fact, an IPO signifies the company's initial offerings of common shares to public aiming to secure new capital. The underwriting process involves raising the funds from investors by issuing new securities. Investment bankers are hired by the companies to underwrite IPOs.

It is quite challenging to analyze the stock of an established company, however, to assess an IPO company is even more difficult and complicated because of the limited

availability of historical information. The standard information should be searched, consideration should be given to analyze management team as well as the underwriters. Indeed, successful IPOs often receive support from brokerages with the capacity to efficiently promote a new offering.

2.2 Empirical Review

Lakhangonkar and Kishore (2022) conducted a study, does investment attitude matter? A Study of Investment Management among Working Women Investors. Research says that behavioral aspects are crucial in making investment decisions. Investors, including female investors, are often influenced by behavioral factors that can influence their investment decisions. This study examines the influence of behavioral considerations on the investment management of working women. After reviewing the literature and consulting with financial planners, it was concluded that the attitude of female investors is a key behavioral factor influencing how working women manage their investments. Therefore, the focus of the research is to find out the attitude of women investors in all stages of investment planning, execution, evaluation and review. Data were collected through a carefully structured questionnaire designed to gather respondents' views on the investment management process. Excel and SPSS were used to organize the information obtained from the surveys. The hypothesis was tested using the statistical one-way ANOVA technique, and the ANOVA analysis revealed a significant effect of attitude on the investment management of female investors. Interpretations were offered and limitations acknowledged.

Gnawali (2021) conducted a study on "Perception of investor in Nepali IPO" to investigate the influence of independent variables on investment decisions of individuals in the stock market. Based on the primary data, it was determined how the influence of independent variables on investment decision affects the stock market of Nepal. The study used a descriptive and analytical research design. Convenience sampling was chosen because the number of private investors was assumed to be infinite, which makes evaluation difficult. The sample size included 250 respondents located in Nepal. The data was collected from the investors in the banking shop, which was later used for correlation and regression analysis. Both descriptive and inferential analyzes were performed. The results showed that all independent variables had a positive relationship, except for psychological factors, which had a negative relationship. The study shows potential for further research, identified 20 behavioral biases, and recommended the use of structural

equation modeling to gain a deeper understanding. In addition, the study can be extended using secondary research methods.

Khatri (2017) investigated individual investment factors in initial public offerings (IPOs) to understand the key motivations of investors and the challenges they face during the investment process. To collect relevant data, a structured questionnaire was used to collect basic data. Both descriptive and inferential statistics were used to analyze the data. The survey revealed that a significant number of investors trust the advice of brokers when participating in IPOs. In addition, the analysis revealed that many respondents find the IPO process intimidating. The most important challenges identified are reimbursement delays and unclear distribution procedures. In addition, factor analysis was performed, resulting in a Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy of 0.783, indicating suitability for factor derivation. The analysis explained 62.03% of the variation by identifying influential factors such as corporate philosophy, future predictions and forecasts, news about corporate listings and economic development.

Thapa (2021) analyzed the perception of investors in IPO applying a descriptive research design, deriving the findings from both primary as well as secondary data analysis. The primary objective of this study was to assess investors' perceptions towards IPOs and the study examined the allocation of 10 units of IPOs and the upcoming introduction of the book-building IPO system. The research concluded that there is a need of increasing the size of allotment and introduce the book-building method promptly. Investors showed significant interest in the book-building pricing method for IPOs. Moreover, the study underscored the importance of a company's performance as a critical factor shaping investors' perceptions.

Gnawali (2020)'s study investigated investors' perceptions of Initial Public Offerings (IPOs) and analyzed various factors (quality management, company goodwill, company performance, company sector, and market information) to assess their impact on investment decisions in IPOs. The research was primarily based on primary data collected from 290 respondents associated with five different brokerage firms in the Kathmandu district. Inferential analysis was conducted using SPSS, employing statistical tools such as correlation and regression analysis, to examine the relationship between variables and the impact of different factors on investment decisions (dependent variable). The study

found that quality management, company goodwill, company performance, company sector, and market information are highly significant factors that investors consider before making investment decisions in Initial Public Offerings (IPOs).

Gurung (2020) study on the 'IPO investment from general investors' perspective indicated that the primary factors influencing IPO investment are the government's policy announcements and the size of the firm issuing IPOs. Moreover, the banking and finance sectors, followed by hydropower, are identified as the most favored sectors in the primary market. Investors anticipate long-term returns and expect companies to utilize the capital raised for business expansion.

Yashaswini & Rekha (2019) said that the Investors' Attitude towards Investment Decisions in Equity Market Investment in stock market helps to mobilize which in turns helps in development of the economy. Shares investment typically begins in primary market with the purchase of IPOs which are then traded in secondary market. Investors have a chance to buy and sell existing shares at market prices on stock exchange. An equity share represents the ownership in a firm. Equity instruments are traded according to price fluctuations, which are affected by the forces of supply and demand. Investors typically make investments by directly controlling the trading of securities, or they have the option to entrust the management of their investments to fund managers, such as brokers. The primary goal of investors is to achieve capital appreciation and returns. Capital appreciation transpires when shares are sold at a price higher than their purchase price, while returns usually come in the form of dividends. The research focuses on analyzing investors' attitudes towards investment decisions in the equity market and their risk tolerance across various demographic factors such as gender, age, income, education, and occupation. The research concludes by classifying investors into categories of conservative, moderate, and aggressive, depending on their attitudes towards risk-taking.

D.M & S (2019) carried out a study about attitudes of investors regarding investment decisions in equity market, aiming to identify their propensity for equity investment and analyze various factors influencing such investment decisions. This study relies on secondary sources such as books, journals, research articles on equity investors, paper presentations, and information obtained from various websites. The research focuses on assessing investors' attitudes relating to investment decisions in the equity market and

their tolerance of risks, considering factors such as gender, age, income, education, and occupation. The study concludes by categorizing investors into three groups: conservative, moderate, and aggressive. Conservative investors avoid risk, moderate investors have a medium-risk tolerance, and aggressive investors are willing to take high risks in their investments.

Bhatta (2019) research on investor perceptions of Initial Public Offerings (IPOs) in Nepal reveals insightful correlations among various influencing factors. Notably, company goodwill emerges as the primary consideration for investors, with a mean rating of 1.5655 ± 0.18 , closely followed by company performance and market information. Demographically, the study underscores a predominant male presence among investors, indicating heightened interest in IPOs among men. The age group of 25 to 40 years stands out for its active participation and inclination towards risk-taking, reflecting a significant demographic in IPO investments. Moreover, a majority of investors hold bachelor's degrees or higher, indicative of a well-educated investor base. Financially, many investors engage with amounts below ten thousand, highlighting accessibility across different financial capabilities. Importantly, the study emphasizes investors' perception of IPOs as relatively low-risk investments, underpinned by their awareness and informed decision-making processes. Analytical findings notably establish a robust positive correlation ($r = 0.719$, $p = 0.000$) between investors' valuation of company goodwill and their investment decisions, underscoring its pivotal role in shaping investor sentiment in Nepal's primary market.

Kukreja (2018) presented a study titled "Investors' Perception for Stock Market: Evidences from National Capital of India," aimed at understanding the dynamics of IPO volume fluctuations and initial return rates in the Indian capital market. The research categorized the market into hot and cold periods based on monthly IPO volumes to assess whether IPO issuances were strategically timed to coincide with favorable market conditions. Utilizing a multivariate regression model, the study sought to establish correlations between market conditions and total IPO proceeds, hypothesizing that companies strategically time their IPOs to maximize fundraising during periods of market optimism. The findings indicated that firms identified as market timers tend to capitalize on hot market conditions, aiming to maximize their IPO proceeds. This effect was observed to be significant at both firm-specific and industry-wide levels, highlighting the

strategic importance of market timing in equity issuance activities.

Adhikari (2017) conducted a study aimed at identifying the factors influencing the behavior of individual investors during public offerings in Nepal. The research adopted an exploratory descriptive research design, utilizing convenience sampling to collect primary data from 100 respondents through a structured questionnaire. The study emphasized that demographic characteristics of investors, the potential for capital appreciation, preferred information sources, and specialization within specific industries are pivotal factors influencing investment decisions in IPOs. These findings underscore the importance of understanding investor demographics and their preferences for information and industry expertise when analyzing participation in Nepal's IPO market.

Srinivas & Rao (2017) conducted a study aimed at identifying the key factors influencing retail individual investors' decisions to invest in IPOs. Their research revealed that investors are primarily driven by the prospects of capital appreciation and the perceived safety of their investments. Furthermore, higher annual returns serve as significant motivators for investors when considering IPO investments. A noteworthy finding from the study was that a majority of respondents prefer short-term investments, typically less than three months, subscribing to IPO shares in the primary market and subsequently selling them in the secondary market to capitalize on potential price increases. The study suggests that investors could benefit from considering longer-term investment horizons, which can mitigate risks and potentially enhance returns. Additionally, the study underscored the importance of evaluating the foundational aspects of organizations before making investment decisions in IPOs, with more than half of the respondents highlighting this factor as crucial. Investing in companies with strong fundamentals was identified as a strategy to achieve more reliable and higher returns. Finally, the research found that investors tend to sell their shares when the market peaks and prefer to buy stocks when they anticipate market upswings, aligning with their short-term investment approach focused on achieving desired rates of return promptly.

Regmi (2017) conducted a study titled "Investor's Response to Initial Public Offering (IPO) in Nepal" to evaluate the current status and evolution of the primary share issuance market, as well as to analyze public response patterns towards IPOs. The study reveals that the enthusiastic participation in the securities market stems from limited investment

avenues and a quest to amplify investment value through shares. There is a growing awareness among the public about the stock market, with an increasing recognition of the benefits of investing in shares. Moreover, the study indicates widespread positive responses across nearly every sector. Specifically, it highlights that the public tends to show more favorable responses towards primary issues in the banking and financial sectors compared to the manufacturing and service sectors.

Kasilingam (2016) discusses how behavioral finance, a burgeoning field in finance, investigates the cognitive psychology underpinning individuals' financial decisions. This discipline contrasts with traditional economic theory, which assumes people are rational, risk-averse, and driven by profit maximization. In reality, individuals often make decisions that deviate from these rational expectations. Making investment choices is a multifaceted process involving logic, abstract thinking, and planning. Kasilingam's study focuses on retail investors in the Indian equity market, specifically those from Tamil Nadu. Through a thorough literature review, the study identifies six behavioral biases—mood, emotions, heuristics, frames, personality, and gambling—and examines their impact on investment decisions. The study also explores how these biases interrelate. Descriptive research methods are employed to uncover and understand the factors influencing investors' decisions, combining primary data from structured questionnaires and secondary data from selected broking firms. The study uses multistage random sampling to select respondents, ensuring a representative sample of retail investors in Tamil Nadu. Cronbach's alpha is utilized to ensure the reliability of constructs, with results exceeding the accepted threshold of 0.6. Quantitative analysis of the data employs various statistical tools, culminating in the development of a Conceptual Model through Structural Equation Modeling (SEM). The findings indicate that all identified behavioral biases significantly influence investors' decisions, with strong interrelationships observed among these factors, except for mood, which exhibits a somewhat distinct influence.

Seetha & Neethya (2016) conducted a study to explore how investors perceive and behave towards the capital market. Investing is a serious endeavor with significant implications for financial stability. Many individuals approach it cautiously, often making long-term investments without actively trading stocks or closely monitoring market developments. There is a prevalent perception that investing resembles gambling, which dissuades participation from esteemed members of society. Those who do invest often

rely on others to manage their investments, expecting guaranteed profits without losses. The study aimed to assess investors' perceptions, analyze their demographic profiles and investment behaviors, and evaluate their awareness of risks and returns in different capital market avenues. It also aimed to identify the factors influencing their investment decisions

Nagtilak and Kulkarni (2015) conducted a study titled "Investors Perception towards Initial Public Offering in Mumbai" to empirically explore how Indian investors perceive IPOs. Their research aimed to assess IPOs as investment opportunities with relatively low risk, highlighting the importance of thorough research and broker advice in predicting initial trading outcomes. The study revealed a significant level of investor confidence in IPOs, considering them to be among the most favorable investment choices. Despite concerns such as price volatility, manipulation, and corporate fraud, the findings indicated persistent investor trust in IPOs as a viable investment avenue.

Leila & Farshid (2014) conducted a study titled "Factors Affecting the Initial Public Offering (IPO) Price of the Shares on the Tehran Stock Exchange." Their primary objective was to investigate whether IPO pricing on the Tehran Stock Exchange tends to be lower than the actual value, and to identify the factors that influence the pricing of initial shares on the exchange. The researchers analyzed data from 115 firms listed on the stock exchange between 2006 and 2012. Their findings underscored a significant correlation between the Price-to-Earnings (P/E) ratio and changes in IPO prices, suggesting that the P/E ratio exerted the most substantial impact on the pricing of initial offerings.

Singh (2012) conducted a study to investigate investor perceptions of IPOs. The findings revealed that investors weigh several critical factors when deciding on Initial Public Offerings (IPOs): corporate image, company size, past IPO performance, pricing, and prevailing market conditions. Interestingly, the study highlighted a trend where men often opt for smaller investment amounts, while women display a greater propensity for speculative investment strategies.

Tamang (2012) explored the Nepalese primary stock market's dynamics, focusing on public response to share issuances. The study utilized tools such as Pie-Diagrams,

Percentages, and Growth Rate Models. It identified a robust public interest in primary market investments, driven by limited alternative investment opportunities. However, there was a notable absence of comprehensive investment analysis. The study emphasized the importance for investors to understand market operations, analyze price fluctuations, and make informed decisions to optimize returns. The dominance of long-term shareholders was found to dampen market vibrancy, as they prefer holding shares to build wealth, leaving few alternatives for investors.

Paudyal (2010) investigated the evolution, challenges, and barriers of the Nepalese stock market. Research methods included Multiple Bar-Diagrams, Graphs, Pie-Diagrams, and Percentages. Findings revealed that the market was in its early developmental stages, hindered by uncertainties in reform priorities and the operational autonomy of SEBON (Securities Board of Nepal). The study highlighted the pivotal role of information technology initiatives by SEBON, such as online reporting systems, aimed at bolstering regulatory capabilities and enhancing disclosure practices within the stock market.

Meta Table

Table 1 Summary of Journals and Articles

Author	Topic	Objectives	Research Methodology	Findings
(Kengatharan & Kengatharan, 2014)	Behavioral factors influencing the investors decision making and performance at the Colombo Stock Exchange	To examine the role of behavioral aspect in investment management by working women.	Multiple regression analysis and exploratory factor analysis.	Most of the variables have moderate impacts whereas anchoring variable from heuristic factor has high influence and choice of stock variable from herding factor has low influence on investment decision.
Paudyal, 2010	Factors influencing investment	To find out the development	Frequencies, mean scores, standard	The most important factors that influence individual investment

	decision at Nairobi Stock Exchange.	of Nepalese stock market .	deviations, percentages, Friedman's test and Factor analysis techniques.	decisions were: reputation of the firm, firm's status in industry, expected corporate earnings, profit and condition of statement, past performance firms stock, price per share, feeling on the economy and expected divided by investors.
Kunwar, 2016	Investment Behavior, Decision Factors and Their Effects toward Investment Performance in the Taiwan Stock Market.	To identify the investors perception and level of awareness about IPO in Nepal.	frequency distribution tables and one-way ANOVA, Pearson Product-moment Correlation Coefficient.	Most significant influential factors on the performance on the Taiwan stock market were macroeconomic forces followed by market selection, and finally investor expectations.
Regmi, 2017	Behavioral Aspects of Individual Investors for Investment in Bangladesh Stock Market.	To identify current situation a primary share issued market examine growth of primary market and analyze the pattern of	The quantitative and qualitative research methods.	Investor's decision was significantly influenced by the firm's accounting information like EPS, financial statement, DPS, expected dividend, past performance etc.

		public response to IPO.		
Khatri, 2017	Behavioral Bias within The Decision Making Process.	To study the purpose of investing in IPO factors influencing investment in IPO and problems face by investor while investing in IPO.	Chi- square test, Correlation.	The study concluded that Students are extremely optimistic and overconfident when they are asked to assess their driving ability and job/school performance but are less optimistic. about athletic ability or investment ability. Consequently, students are less disposed to make the mistake of being overly confident and optimistic.
Adhakari, 2017	Macedonian small Investors behavior towards Stock Market.	Identify the factors influencing individual investor's behavior toward IPO in Nepal.	Descriptive statistics and factor analysis.	Macedonian investors use heuristics, or rules of thumb, when judging information and forming beliefs.
Bhatta, 2019	A study on the individual investor behavior with special reference to	To examine the perception of investor's towards IPO in Nepal.	Chi-Square Test, Mean Score value analysis.	The individual investor behavior and neutral information is the least influencing group of the individual investor behavior.

	Geojit BNP Paribas Financial Service Ltd, Coimbatore.			
Gurung, 2020	The role of herd behavior in determining the investors Monday irrationality.	To analyze perception of general investor's towards IPO of issuing firm is the major factor that affects IPO investment .	Dispersion, Regression model.	Herd behavior is the determinant of Investor's Monday irrationality in Malaysian stock market, particularly in small cap industries.
Thapa, 2021	Elucidating rational investment decisions and behavioral biases: Evidence from the Taiwanese stock market.	To evaluate investors perceptions on IPO.	Cronbachs alpha, confirmatory factor analysis (CFA), Structure equation model.	Gender largely explains the difference in behavioral biasness.
Gnawali & Niroul, 2021	Understanding the impact of behavioral factors on the individual investor's financial	To analyze the relationship between different factors (QM, CP, CS and	Literature review	A Socio economic factor has strong influence on the biasness and it thoroughly investigates the empirical evidences on the investor's biases

	decision making: A review of empirical evidence.	MI) and investment decision in IPO.		in different countries.
Singh 2012	Behavioral finance an impact of investors unpredictable behavior on stock market.	To determine the perception of investor towards IPO.	Literature Review	The mood and intuition of investor reflect the decision-making of risky assets like stock.
Seetha & Neethya, 2016	Exploring Determinants to Explain Aspects of Individual Investor's Financial Behavior.	To find out the investor's perception towards capital market.	Exploratory factor analysis and structural modeling.	Examines the three determinates overconfidence, information asymmetry and market perception, may in total contribute to the affective altitudes of the individual investor, which may affect their risk inclination.
Nagtilak & Kulkarni, 2015	Factors influencing individual investor behavior during initial public offers in Kenya.	To empirically investigate the perception of Indian investor's towards IPO.	Correlation and Regression.	The women are more risk averse than man and wealthier investors are more interested on equities for investment..
Kukreja 2018	Economic Factors and	To understanding	Factor Analysis	High correlation between the factors that

	Individual Investor Behavior: The Case of the Greek Stock Exchange.	the variability in IPO volume and initial return in Indian capital market.	using the varimax algorithm of orthogonal rotation.	behavioral finance theory and previous empirical evidence identify as the influencing factors for the average equity investor, and the individual behavior of active investors in the Athens Stock Exchange (ASE).
Srinivas & Rao, 2017	Factors Affecting the Individual Decision Making: a Case Study of Islamabad Stock Exchange.	To find out the factors influencing investment decision in IPO among retail individual investor's.	Descriptive statistics, regression analysis and exploratory factor analysis.	Study Revealed that Investor's in Pakistan are not making rational decisions on the basis of accounting information and most of times their decisions depend on the recommendations of stock brokers, co-works, friends and family.

2.3 Research Gap

In this research, population size was based on IPO investors of a particular area out of Kathmandu valley i.e. Kailali district. In Kailali, a large number of people are investing in IPO. As a local candidate of this district, collecting valid, accurate and reliable data about local investors is easier, and there have been few research studies conducted in this area. Hence, I have chosen this district for my study.

As this area is smaller geographically and backward in terms of Quality of Life, the majority of people are out of range of financial literacy. As compared to Kathmandu Valley, they do not have required knowledge about investment and its benefits. Most of the people still do not have banking habits, they are not mobilizing their savings and keeping them at home, neither do they have any investing habit. This might be because of illiteracy about investment or because of the risks involved in investment. So,

there is a need for this kind of study in this area so that it could be helpful to many of the new investors to learn about IPOs.

Also, the research gap is that there are only a few research works that have been conducted in Kailali related to investment in primary share market. Different researchers have explored the topics such as mutual funds, portfolio management and attitude of investors towards insurance decision-making however this topic is not much studied about.

For the primary data analysis, this research has tried to involve more and more people from various sectors like bank, civil service, business, agriculture, household etc. This inquiry also aims to comprehend the speed of initial public offerings, rules, regulations, procedures, provisions, investors' responses, as well as public awareness about them. So, the study will be fruitful to the interested scholars, students, teachers, civil society, businessmen and government for academic as well as policy perspectives. However in the context of Nepal only few efforts have made to examine the issue perception of investors towards IPO in Nepalese context with reference to Kailali district. This study primarily designed to fill the gap of similar studies in Nepalese context.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents a coherent and methodical approach to address the research problem. It encompasses what kind of data has been collected and where from, as well as how it's been collected and analyzed. A research methodology gives research legitimacy and provides scientifically sound findings.

It also provides a detailed plan that helps to keep researchers on track, making the process smooth, effective and manageable. A research methodology allows the readers to understand the approach and methods used to reach conclusions.

The chapter commences with outlining the research plan and design of the study, and then proceeds to discuss population and sample. Likewise, it includes details about the procedure of collecting data, instruments of data collection, as well as the tools and techniques utilized for data analysis. To fulfill the fundamental objectives of this study, this chapter delineates the methods and procedures employed to achieve the study's goals.

3.2 Research Design

The study depends on primary data and information, applying both descriptive as well as inferential research designs. Descriptive design includes the analysis through percentage, average and standard deviation whereas Inferential design includes the correlation and regression analysis. This study predominantly employs quantitative methodology with a descriptive component that encompasses both technical and logical aspects.

This research intends of assessing perception of investors towards Initial Public Offering (IPO) and analyzing the relationship among various aspects pertaining to IPO investment. Furthermore, it intends to assess the factors actually motivating the investors for investing in primary market issue of Nepal, what is their goal behind investment, in which sector do they prefer to invest, on what basis do they make investments etc. The response and thoughts of a general investor regarding IPO investment in Nepal with reference to Kailali district is the main concern of the conducted study. For this study, views of 350 respondents are examined in Kailali district. The gathered data has been assessed and presented using a software i.e. SPSS.

3.3 Population and Sampling

Sampling is employed to draw conclusions from the entire population. The research focuses on analyzing responses of investors to initial public offerings in Nepal. To assess perception of investors towards the initial public offering, this study has been conducted in reference to Kailali district. There are altogether among 3400 investors as per All over the Dhitopatra Karobar Company Pvt. Ltd. So, all the investors of this district are taken as population. A questionnaire was sent to 355 investors of this district, out of whom, 350 responded. However, only 350 of them are taken as sample size. Samples are taken via convenient sample technique for conducting the study. Convenient sampling involves selecting samples based on availability or judgment without pre-testing the questionnaire, and descriptive research was conducted.

3.4 Nature and Sources of data

The current research relies on primary data via structured questionnaire surveys to fulfill its main objectives. In this research, all data are primary. Primary data can be gathered from various sources including questionnaires, interviews, experiments or observations. The questionnaire was employed in this study to assess the public's perception as investors towards IPOs in Kailali district. The data for the study were gathered through a questionnaire, utilizing a five-point rating scale that ranged from 1 (Strongly Agree) to 5 (Strongly Disagree).

3.5 Data collection procedure and instruments

The required data have been collected from primary sources via direct personal interview and online, with the help of a questionnaire. The responses for the research are obtained from the respondents living in Kailali district. After the primary data is gathered, it was organized and presented in tables. The data was analyzed using SPSS software. Additionally, various statistical tools were utilized to explore and interpret the findings.

3.6 Questionnaire

Structural semi-questionnaire was sent through e-mail as well as Facebook messenger to individual accounts. The questionnaire collection process enables the researcher to ensure that all questionnaires are filled out completely, reducing the likelihood of missing or misinterpreted data, enabling the researcher to address any queries a respondent might have regarding the questionnaire. The questionnaire sent to the respondents is included in the Appendix I.

3.7 Justification of the study place

Kailali District is one among the 77 districts of Nepal, located in the far-western region of the country, a part of Sudurpaschim Province according to census 2021 this district is the height population district in the sudurpaschim province. There are many cast religion peoples are live in this district. It is situated in the westernmost part of Nepal. The district encompasses a diverse topography ranging from the lowlands of the Terai plains to the hilly and mountainous regions in the north. The altitude varies from around 200 meters in the south to over 2,000 meters in the north. As of the 2021 census, the population of Kailali District was approximately 950,000. The district has a multi-ethnic and multicultural population, consisting of various communities such as Tharu, Brahmin, Chhetri, Magar, Gurung, Rajbanshi, and others.

There are many investors and they are involving in share market. There is a significant number of investors in Kailali district participating in IPOs. As a resident of this district, it is more feasible to collect reliable, accurate and valid data about local investors with the use of random sampling methods. Another valid reason to choose this area for my research is that there are a very few study that have been conducted here in context of this topic. This research might be helpful for the upcoming researcher in the area of IPOs.

3.8 Methods of Analysis

There are various statistical tools including mean, median, mode, standard deviation, correlation and regression are employed for analyzing and interpreting the collected data from primary sources. The data underwent tabulated frequency distribution using SPSS software. A correlation statistical technique was employed to test and establish the strength of the relationship among the variables. The data collected from primary sources have been categorized, tabulated, and analyzed using appropriate statistical tools, which are as follows:

Descriptive Analysis:-

Mean:

Average is the most important term used for quantities that represent a large mass of data. There are many types of mean like arithmetic mean weight average mean simple weighted mean but The type of mean that is most commonly used is the arithmetic mean, also known as the average, which is calculated by adding all the variables and then dividing by the total number of variables. The formula of mean is given by:

$$x = \frac{\sum fx}{N}$$

Standard deviation (S.D): Standard deviation (SD) is commonly regarded as the most popular and useful measure of dispersion, as it quantifies the absolute spread or dispersion of data points around the mean. The more the standard deviation values, the more will be the variability or dispersion in data, while lower values indicate less variability. SD is a measure how dispersed a data is relation to the mean. The SD is calculated as the positive square root of the average sum of squares of deviations of observations from the arithmetic mean of the distribution.

$$\sigma = \sqrt{\frac{\sum (x - \bar{x})^2}{N}}$$

Inferential analysis:-

Correlation analysis: Correlation analysis serves as a crucial statistical tool that measures the strength and direction of the association between two variables. It measures how changes in one variable are related to changes in another variable. Correlation is the statistical measure that expresses the correlation coefficient, usually denoted by "r," ranges from -1 to +1.

- Positive correlation (ranging from 0 to +1): As one variable increases, the other tends to increase as well.
- Negative correlation (ranging from 0 to -1): As one variable increases, the other tends to decrease.
- No correlation (r = 0): There is no systematic relationship between the variables. It means no relation between two variables.

It is calculated by :

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{n \sum x^2 - (\sum x)^2} \sqrt{n \sum y^2 - (\sum y)^2}}$$

Regression Analysis: Analysis of regression is another set of statistical processes for estimating the relationship between a dependent variable and various independent variables. Regression is used to model and predict the relationship between a dependent variable and one or more independent variables. It helps us understand how changes in independent variables affect the dependent variable. Regression analysis is significant because it allows researchers to:

- To Predict values of the dependent variable based on known independent variables.
- It helps to Determine the significance of independent variables in forecasting the dependent variable.
- It enhances Assess the statistical significance of the relationship.

- It helps to Understand the direction and magnitude of the relationships.
- Test hypotheses and make inferences about population relationships.
- Mathematically, the multiple regression model of this study is shown below:
- $ID = \beta + \beta_1QM + \beta_2CG + \beta_3CP + \beta_4CS + \beta_5MI$

Where,

ID= Investment Decision

β = Constant value

QM=Quality management

CG=Company goodwill

CP= Company performance

CS=Company sector

MI= Market information

3.9 Research Framework and Definition of Variables

A conceptual framework, also known as conceptual model or research model, is a graphical or diagrammatic representation that aids in illustrating the anticipated cause-and-effect relationship within a financial context. It is specially related to dependent and independent variables. The model incorporates various variables and the presumed relationships between them, reflecting the expectations and hypotheses. Five independent variables are considered in this study which are examined in relation to the dependent variable i.e. investment decision in IPO. The conceptual framework presented in this study draws upon the research conducted by Srinivas & Rao (2017), Adhikari (2017), Kunwar (2016), Leila B & Farshid (2014), Singh (2012), and Craig (2000).

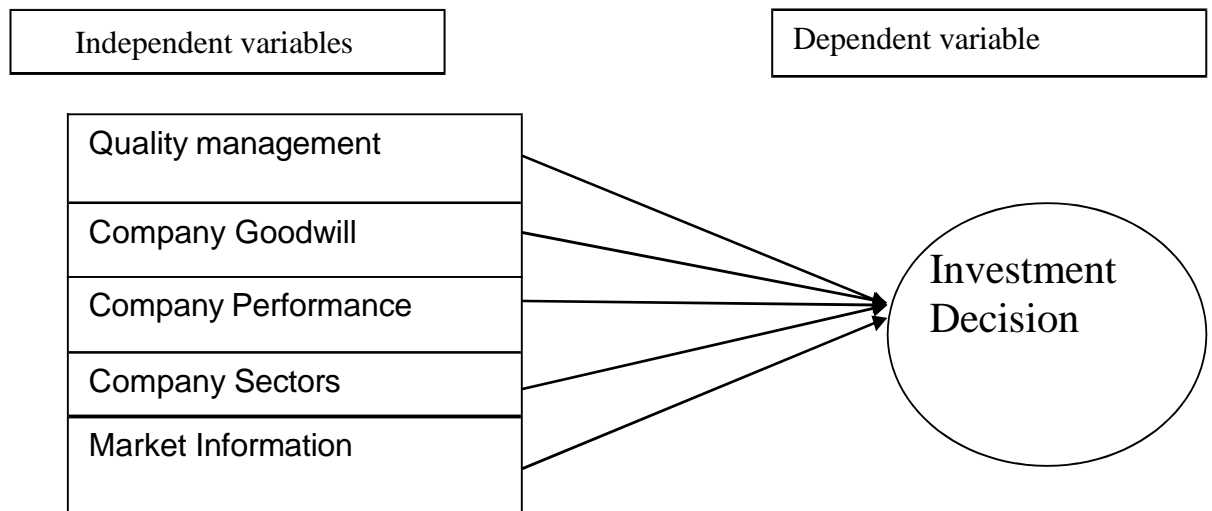


Figure 2 Conceptual Framework of relationship between Dependent and Independent Variables

Source: Gnawali, (2020)

Definition of Variables:

Quality Management: (Corporate governance, HR Value, Founder CEO, Key Shareholder/Promoter, legitimacy of company)

Quality management is the act of overseeing all activities and tasks needed to maintain a desired level of excellence in 21st century quality management is the most emerging concept in any organization or company. quality management is the vital role of any organization managers should focus their quality of services. Quality management is a systematic approach and set of activities implemented within an organization to ensure that goods, products, services, and processes consistently meet or exceed customer expectations. It involves establishing standards, implementing processes, and continuously monitoring and improving performance to enhance the overall quality of outputs. The primary goal of quality management is to satisfy customers by delivering goods, products or services that meet their requirements and provide value. It gives to help the maximize profit minimize cost and it increases customer stratification, competitive advantage and increase the brand value of the company.

Company Goodwill: (Profile of corporation, company s age, prestige of board members, prior background of company)

In business, goodwill is an intangible asset that is recorded when one company is

purchased by another. It is the most important asset of a company. A rational manager or owner always must be aware about goodwill as it increases the brand value of a company. Company goodwill is an intangible asset that enhances the positive reputation, brand value, customer loyalty, and other intangible factors that contribute to the overall value of a company. Goodwill arises when a company has an established customer base, strong brand recognition, favorable relationships with suppliers and distributors, skilled employees, and a solid reputation in the market. It reflects the intangible benefits that a company possesses which can lead to increased sales, higher market share, and a competitive advantage. Singh, (2012) It represents the premium paid over the fair market value of the company's identifiable assets and liabilities.

Company Performance: (Percentage Price Premium, Earning Per Share, Return on Investment, Return on Equity and Dividend Premium)

Overall business performance can be defined as the ability of a business to implement a strategy to achieve organizational objectives and is considered as an important tool for businesses to analyze how effective management is at achieving business goals. In present context of Nepal many investors consider the performance of a company. Financial performance related with the refers to the evaluation and assessment of a company's financial and operational results over a specific period. Gnawali A.(2020) It provides insights into how well a company is achieving its goals and objectives. It is a combination of both financial and non-financial aspects of an organization. These aspects gauge how well a company is executing their business strategy and can be looked at to identify areas for improvement.

Company Sectors: (Service sector: Bank and Microfinance, Insurance, Hotel)

In present context companies are involved in different sectors like bank insurance hydropower. Companies operate in various sectors or industries, which categorize them based on the nature of their business activities. Company sectors are used by economists for classifying economic activities by grouping companies that are engaged in similar business activities.

Market Information: (Comments on Media, past trend of IPO, Market share, Future Prediction and Forecast, New project risk and prospects)

Market information refers to data, gathered from different reliable sources or particular market or industry. Market information provides valuable information to businesses, investors, analysts, and other stakeholders to make informed decisions and understand market dynamics. Market information can be obtained from various sources, including market journals, media, research reports, industry publications, government statistics, trade

associations, market surveys, customer feedback, and data analysis tools. It is crucial for businesses to regularly gather and analyze market information to stay competitive, make informed decisions, and adapt to changing market conditions.

Investment Decision:

An investment decision refers to the process of evaluating various investment options and selecting the most suitable ones based on an individual's/ an organization's financial goals, risk tolerance, and return expectations. It is a well-planned action that allocates financial resources to obtain the highest possible returns. Once an investment decision is made, ongoing monitoring and evaluation are crucial to ensure alignment with changing market conditions and the investor's evolving financial situation. Regular review allows for adjustments in strategy if necessary, optimizing the chances of achieving desired returns while managing risk effectively. Additionally, diversification across different asset classes or sectors is often employed to spread risk and enhance overall portfolio stability. By staying informed and adaptable, investors can navigate uncertainties and capitalize on opportunities as they arise, reinforcing the foundation of sound investment practices. Bhatta, K.(2019).

3.9.1 Validity and reliability Test

Reliability and validity are the most prominent criteria for the evaluation of business and management research. Validity refers to the truthfulness of findings. It determines whether the research truly measures that what it was intended to measure or how truthful the research results are. It is the degree to which a measure accurately represents what is it supposed to measure.

Reliability, in contrast, pertains to the trustworthiness of a test, specifically evaluating the consistency of measurement results and tools. It assesses the degree to which outcomes remain stable over time and accurately represent the entire studied population. When a study's findings can be replicated using a similar methodology, the research instrument is deemed reliable. Minimizing random errors enhances reliability. Cronbach's Alpha, a widely used statistic, measures internal consistency reliability. It quantifies the reliability of different categories within primary data by considering the number of test items and their average inter-correlation. Typically, a coefficient of 0.7 or higher signifies satisfactory construct reliability. This Cronbach's Alpha coefficients for all primary data, demonstrating the study's validity and reliability.

Test of Reliability

Variables	No. of Questions	Cronbach s Alpha
Company Goodwill	5	0.712
Company Performance	6	0.701
Quality Management	5	0.749
Company Sector	5	0.726
Market Information	5	0.702
Investment Decision	5	0.715

Source: Responses on Survey Likert Questionnaire

In the above table all variables cronbach alpha are more than 0.7. Cronbach alpha ranges from 0 to 1 hair value indicate internal consistency suggesting that all variables with in each scale are highly correlated with each other. All of these value are above 0.7 indicating that each variables demonstrates a good level of internal constancy reliability. Quality management has cronbach alpha and company performance has lower cronbach alpha it means quality management is more reliable and consistent. Similarly company performance low consistent and reliable in other variable comparison. In short all dependent and independent variables are consistent and reliable because all variables cronbach alpha's are more than 0.7. All of these value are above 0.7 indicating that each variables demonstrates a good level of internal consistency reliability.

CHAPTER IV

RESULTS AND DISCUSSION

4.1 Results

The main component of the entire study is delineated by this chapter, where the data gathered from diverse sources are analyzed and presented comprehensively. Data and information collected from the respondents are presented and analyzed according to response of respondents. All the questionnaires are distributed and collected by the researcher itself. The tables are used to portray the data. There is an employment of variety of tools of statistics for exploring the facts and results found out. Data were analyzed with reference to the objectives of this research as mentioned in the earlier chapter. The primary purpose of this chapter is to analyze and interpret the collected data and present the derived results.

4.2 Nature of the Respondents

200 respondents are taken as sample from Kailai District. The data about the nature of the respondents in their respective gender, age, occupation and qualification has been collected through a questionnaire which was sent directly to concerned individuals and due to which there is high reliability in gathered information.

Analysis of data is done taking the assistance of software SPSS version 26 and correlation as well as regression analysis has also been done along.

The collected data is presented as follows:-

4.2.1 Demographic Profile of Respondents

This portion of data includes the demographic profile of the respondents with respect to their age, gender, educational status/qualification and occupation. The respondents were sent a questionnaire and enquired about their opinion regarding IPO investment along with their demographic profile. Here the data has been presented in a systematic manner using percentage and bar diagrams seeking the clarity for the research work.

Table 2 Gender, Age, Qualification and Occupation of Respondents

		Frequency	Percentage
Gender	Male	210	60%
	Female	140	40%
Age	Below 20 years	98	28%
	20-40 years	196	56%
	40-60 years	35	10%
	Above 60 years	21	6%
Educational Status of Respondent	SLC/SEE	49	14%
	Grade 12	105	30%
	Graduate	119	34%
	Post-Graduate	77	22%
Occupation of Respondent	Business	56	16%
	Government Employee	70	20%
	Private Employee	35	10%
	Student	70	20%
	Agriculture	70	20%
	Others	49	14%

Total Number of Respondents (N) =350

Source: Field Survey, 2024

The Table 2 indicates a notable preponderance of demographic profile of those 350 investors who responded to the questionnaire sent to them with the purpose of obtaining their perception regarding primary issue of Nepal and how and why do they invest in IPO. The table 2 includes the age, gender, educational status and occupation of the respondents. These factors are important to take into consideration while obtaining their views regarding their investment behavior as well as patterns.

Gender of the Respondents

The outcome obtained from questionnaire shows that out of 350 people who responded to the questionnaire, 60% are male. The rest i.e. 40% belongs to female. The result shows that majority of investors investing in IPO is male. Most of the female population is still far from

investment due to various reasons, might be either due to lack of financial literacy or due to lack of required funds for investment.

Age of the Respondents

There is involvement of various age groups in context of investment in IPO. Out of 350 respondents, 98 (27%) are below 20 years, 196 (56%) are between 20 to 40 years, 35 people (10%) are in the range of 40 to 60 years and 21 (6%) are above 60. The people between 20 to 40 years have majority.

Educational Status of the Respondents

The qualification of various respondents is divided into four types: SEE, Intermediate i.e. +2, Graduate and Post-Graduate. There are 49 respondents having the educational qualification of SEE i.e. 14%, 62 are intermediates i.e. 30%, 105 i.e. 34.5% are graduates and the rest of the respondents; 119 (22%) are post-graduates. Most of the investors are graduates.

Occupation of the Respondents

Various occupations were mentioned in the questionnaire to be enquired i.e. Business, Government Employee, Private Employee, Student, Agriculture and Others. Out of 350 (100%), 56 (16%) are engaged in business, 70 (20%) are Government Employees, the number of Private Employees is 35 i.e. 10%, 70 respondents i.e. 20% are students, 70 of them (20%) are engaged in Agriculture and 49 of the respondents i.e. (14%) have mentioned their occupation as Others. It can be seen that most of the people investing in IPO are students.

4.3 Evaluation of Investors Perception in Decision Making

The frequency distribution of each service dimension is presented in this section, which serves as our dependent variables. Additionally, we present other information such as minimum, maximum, mean, and standard deviation for each of these dimensions. The factors were rated on a scale from 1 (Strongly Disagree) to 5 (Strongly Agree).

4.3.1 Evaluation of Investors' Perception in Quality Management

Quality management is an independent variable which is examined in this research study. Five factors associated with quality management were analyzed to determine their relationship with investment decisions. The five factors examined are: legitimacy of the

company, corporate governance, human resource value, and key shareholder/promoter. These factors were rated on a scale from 1 (Strongly Disagree) to 5 (Strongly Agree).

Table 1

Statements	N	Maximum	Minimum	Mean	S.D.
Do you consider that legitimacy of the company affects your investment in IPO	350	5	1	3.83	0.96
Do you consider that corporate governance affects your investment in IPO	350	5	1	4.17	0.86
Do you consider that human resource value affects your investment in IPO	350	5	1	3.61	0.95
Do you consider that key shareholders/promoter affects your investment in IPO	350	5	1	3.371	1.686
Do you consider that quality of company affects your investment in IPO	350	5	1	3.80	0.98

Source: Field Survey, 2024

Table 1

The table 1 presents the descriptive statistics regarding the quality management factors that investors take into account when making investment decisions in IPOs. Average mean value and standard deviation of Quality Management are 3.76 and 0.89. All mean values on the 5-point rating scale are above 3, indicating that investors highly prioritize quality management when making investment decisions. QM2 has highest and QM4 have lowest mean value. While QM4 has the highest and QM1 has the lowest standard deviation. The table suggests that there is a lack of consensus among the respondents, indicating that quality management is a highly significant factor when investing in an IPO.

4.3.2 Evaluation of Investors' Perception in Company Goodwill

Company goodwill is another independent variable considered in this research. The five factors related to company goodwill were analyzed to examine its relationship with investment decisions. The five factors include: Corporate profile (CG1), Historical background (CG2), Age of the company (CG3), Prestige of board members (CG4), and Current financial position (CG5). The rating scale for these factors ranged from 1 (Strongly Disagree) to 5 (Strongly Agree).

Table 2

Statements	N	Maximum	Minimum	Mean	S.D.
Do you consider that corporate profile will affects when investment in the IPO.	350	5	1	2.283	0.801
Do you consider that historical background of the company will affects in your investment in IPO	350	5	1	2.37	1.257
Do you consider that age of company affects in your investment in IPO.	350	5	1	2.24	1.31
Do you consider that prestige of board member will affects in your investment in IPO.	350	5	1	3.71	1.07
Do you consider that current financial position affects in your investment in IPO.	350	5	1	4.17	0.89
Do you consider that company board affects in your investment in IPO.	350	5	1	3.74	1.242

Source: Field Survey, 2024

The table 2 makes it clear that the descriptive statistics regarding the company goodwill factors that investors take into account when making investment decisions in IPOs. Average mean value and standard deviation of Company Goodwill are 3.74 and 1.1538. All mean values on the 5-point rating scale are above 3, indicating that investors highly prioritize company goodwill when making investment decisions. Here CG5 has highest mean and CG3 has the lowest one, CG2 has the highest and CG1 has the lowest standard deviation. The standard deviation for all the factors is less than 2, indicating that investors generally share a similar opinion regarding company goodwill, signifying a consensus among investors in minimizing risk.

4.3.3 Evaluation of Investors' Perception in Company Performance

Company Performance is also considered an independent variable in this research. Five factors associated with this variable were analyzed to ascertain its correlation with investment decision-making. The five factors considered are as follows:

These factors were rated on a scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

Table 3

Statements	N	Maximum	Minimum	Mean	S.D.
Do you consider that percentage price premium make invest in IPO.	350	5	1	3.71	1.07
Do you consider that ROE makes investor to investment in IPO.	350	5	1	3.83	1.307
Do you consider that EPS makes investor to investment in IPO.	350	5	1	3.686	1.205
Do you consider that dividend premium that matters more for your investment in IPO.	350	5	1	3.654	1.241
Do you agree that ROI makes investor investment in IPO.	350	5	1	3.683	1.363

Source: Field Survey, 2024

The table 3 demonstrates the descriptive statistics of the factors related to Company Performance that investors take into account when making investments in IPOs. Average mean value and standard deviation of Company Performance are 3.72 and 1.47. All the mean values in Table 3 are above 3 on a 5-point rating scale, indicating that investors attach significant importance to company performance when making investment decisions. Here CP2 has highest mean and CP4 has the lowest one, CP5 has the highest and CP1 has the lowest standard deviation. The standard deviation of all the factors in Table 3 is less than 2, suggesting that investors hold similar opinions regarding the company's performance. All the investors want to reduce the risk.

4.3.4 Evaluation of Investors' Perception in Company Sector

Company Sector is considered an independent variable in this study, with four factors related to this variable analyzed to determine its relationship with investment decisions. They are: CS1=Banking Sectors, CS2= Insurance, CS3= Manufacturing Companies and CS4=Hydropower Companies. The rating of the factors was scaled from 1(Strongly Disagree) to 5(Strongly Agree).

Table 4

Statements	N	Maximum	Minimum	Mean	S.D.
Do you consider that investment in the banking sector IPO is better.	350	5	1	2.231	1.115
Do you consider that investment in the insurance company IPO is better.	350	5	1	2.29	1.06
Do you consider that investment in manufacturing company IPO is better.	350	5	1	3.845	1.308
Do you consider that investment in Hydropower company IPO is better.	350	5	1	3.72	1.08
Do you consider that investment in other company IPO is better.	350	5	1	4.17	0.89

Source: Field Survey, 2024

The table 4 demonstrates the descriptive statistics of the factors related to Company Sector that investors take into account when making investments in IPOs. Average mean value and standard deviation of Company Sector are 3.27 and 1.096. All mean values on the 5-point rating scale are above 3, indicating that investors highly prioritize company sector when making investment decisions. Here CS5 has the highest mean and CS1 has the lowest mean values. CS3 has the highest and CS5 has the lowest standard deviation. All the investors want to avoid the risk as much as possible.

4.3.5 Evaluation of Investors' Perception in Market Information

The other independent variable of this research is Market Information. Five factors related to this variable were analyzed to determine their relationship with investment decisions regarding IPOs. The factors are MI1= Commentary on media, MI2= Project s risk and prospects, MI3= Market share, MI4= Past trends, and MI5= Future Prediction and Forecast. The rating of the factors ranged from 1 (Strongly Disagree) to 5 (Strongly Agree).

Table 5

Statements	N	Maximum	Minimum	Mean	S.D.
Do you consider that commentary on media affect your investment in IPO.	350	5	1	1.977	0.958
Do you consider that future prediction and forecast affect your investment in IPO.	350	5	1	1.994	1.240
Do you consider that New project risk and return affect your investment in IPO.	350	5	1	2.080	1.051
Do you consider that markets share will affect your decision to investment in IPO.	350	5	1	2.043	0.912
Do you analyze the past trends of IPO while investing in the IPO.	350	5	1	2.38	1.26

Source: Field Survey, 2024

The table 5 reflects the descriptive statistics of the Market Information that all investors consider while making an investment in IPO. Average mean value and standard deviation of Market Information are 2.095 and 1.085. The table reveals that investors highly consider the factors related to market information when making investment decisions in IPOs, as all the mean values are above 3 on the 5-point rating scale. Here MI5 has the highest mean and MI1 has the lowest one. MI5 has the highest and MI4 has the lowest standard deviation. The standard deviation of nearly all the factors, except MI1, is less than 2, indicating that investors generally hold similar opinions regarding the performance of the company. All the investors want to avoid the risk as much as possible.

4.3.6 Evaluation of Investors' Perception in Investment Decision

Investment decision is the dependent variable of the study. The respondents were presented with three questions aimed at assessing their perception regarding investment decisions. Five factors related to this factor were analyzed to find out its relationship with decision regarding investment in IPO. The questions include ID1= Do you consider buying/selling of IPO, ID2= Do you consider that individual investors might have to face more risk while investing in an IPO, and ID3= Do you consider that IPOs are a risk-free form of investment. The factors were rated on a scale from 1 (Strongly Disagree) to 5 (Strongly Agree).

Table 6

Statements	N	Maximum	Minimum	Mean	S.D.
Do you consider that buying or selling of IPO.	350	5	1	1.987	0.958
Do you consider that individual investors might face more risk in IPO.	350	5	1	3.571	1.686
Do you consider that IPO's are risk free from investment.	350	5	1	2.283	0.801
Do you consider that company rules and regulation affect your investment.	350	5	1	3.683	1.363
Do you consider that IPO's are more profitable	350	5	1	2.29	1.06

Source: Field Survey, 2024

The table 16 reflects the descriptive statistics of the Investment Decision that all investors consider while making an investment in IPO. Average mean value and standard deviation of Investment Decision are 2.763 and 1.174. The mean values for all factors are above 3 on a 5-point rating scale, indicating that investors highly consider company goodwill when making investment decisions. Here ID4 has the highest mean and ID1 has the lowest one. ID2 has the highest and ID3 has the lowest standard deviation. The standard deviation of nearly all the factors, with the exception of MI1, is less than 2, suggesting that investors generally share a similar opinion regarding the company's performance. This suggests that investors are generally risk-averse.

Wadhwa, (2015)

The Table 17 reflects the rules for interpreting Standard Deviation. If the value is equal to 1, it shows there is similarity on the views of the respondents. Whereas if the value is greater than 1, it tells that there is no similarity on the views of respondents regarding investment.

4.2 Correlation analysis

This section of the study presents the results and discussions of the correlation analysis. The correlation analysis has been carried out to investigate the direction and magnitude of the relationship of electronic banking variables and the performance of Nepalese commercial banks. The strength of linear association between two numerical variables in a sample of population is determined by the correlation coefficient. More specifically, it shows the correlation coefficient of dependent and independent variables for commercial banks. The study has used correlation analysis to show the correlation between the dependent variables; Investment Decision (ID), and the independent variables; Quality Management (QM), Company Goodwill (CG), Company performance (CP), Company Sector (CS) and Market Information (MI). On analysis of data, correlation analysis has been undertaken first and for this purpose, Karl Persons correlation coefficients along with mean and standard deviation have been computed and the results are presented in Table.

This table presents correlation coefficients between dependent variable and independent variables. The correlation coefficients are based on observations. The dependent variables are ID (Investment Decision). The independent variables are QM (Quality Management), GD (Company Goodwill), CP (Company performance), CS (Company Sector).

Variables	ID	MI	QM	CG	CP	CS
ID	1					
MI	0.481**	1				
QM	0.130*	0.018	1			
CG	0.121*	0.112*	0.079	1		
CP	0.146*	0.097	0.027	0.305**	1	
CS	0.195**	0.125*	0.120*	0.313*	0.292*	1

Notes: The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent level respectively.

The result shows quality management is positively related to investment decision indicating that better the quality management services, higher would be the investment decision. Similarly, company goodwill is positively related to investment decision. It means that better company goodwill leads to increase investment decision. Likewise, company performance is positively correlated to investment decision. It indicates increase in company

performance in leads to increase in investment decision. In addition, company sector has a positive relationship with investment decision. It means that increase the market company sector leads to increase in investment.

The result also shows that market information has a positive relationship with investment decision. indicating that better the market information, higher would be investment decision.

4.3.8 Regression Analysis

Regression Analysis is one of the statistical tools used to focus on the relationship among a dependent variable and various independent variables. It is a statistical procedure for estimating the relationship among the variables. It helps us understand how changes in independent variables affect the dependent variable.

In this instance, regression analysis offers additional insights into the slope of the relationship. It serves in characterizing the nature of a relationship and to formulate predictions. There was an employment of multiple regression analysis to investigate the influence of independent variables (quality management, company goodwill, company performance, company sector, market information) on the dependent variable, perception in investment decision.

Table 3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.526 ^a	.277	.258	1.45527

a. Predictors: (Constant)-Company Sector, Market Information, Quality Management, Company Goodwill and Company Performance

The model summary reveals the R-squared value, also known as the coefficient of determination, which helps in explaining the variance in the dependent variable. The R-squared value of 0.277 in the table indicates that the model explains that 27.7% of the variance in the dependent variable (investment decision in IPO) can be attributed to the independent variables. Nonetheless, 72.3% of the variability in investment decisions regarding IPOs remains unaccounted for by the independent variables considered in this study. The standard error of the estimate, denoted as 1.45527 in the model summary, illustrates the dispersion of observed investment decision values from the regression line, with a deviation of 1.45527 units.

ANOVA Test

Table 4 Analysis of Variance Test

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	157.122	5	31.424	14.838	.000 ^b
	Residual	741.30	350	2.118		
	Total	898.422	355			

a. Dependent Variable: Investment Decision

b. Predictors: (Constant), Market Information, Company Sector, Quality Management, Company Performance, Company Goodwill

The model effectively predicts the relationship between the dependent and independent variables. Consequently, the independent variables (quality management, company goodwill, company performance, company sector, and market information) play a notable role in elucidating the variance in investment decisions in IPO.

In this regression analysis, the dependent variable "Investment Decision" is examined in relation to several independent variables. The table provides key statistical measures to assess the model's effectiveness in explaining variability in investment decisions. The "Regression" section shows that the model as a whole explains a significant amount of variability in the dependent variable, with a sum of squares of 157.122 and an F-statistic of 14.838, both indicating statistical significance. The low p-value (Sig. = .000b) further supports this, suggesting strong evidence against the null hypothesis that the coefficients are zero. The "Residual" section indicates the unexplained variability in the dependent variable, with a sum of squares of 741.30. Overall, the model appears robust in explaining "Investment Decision," with the majority of variability accounted for by the included independent variables.

Table 5 Impact of Variables for all Samples

		Regression Coefficients				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	3.162	1.091		2.898	.004
	Quality Management	.009	.051	.013	.178	.859
	Company Goodwill	.047	.047	.090	.994	.321
	Company Performance	.080	.046	.124	1.721	.087
	Company Sector	.263	.045	.407	5.878	.000
	Market Information	.060	.039	.130	1.532	.127

a. Dependent Variable: Investment Decision

Sources: Calculation using SPSS

Beta coefficients are utilized, in regression analysis, to elucidate the relative significance of the independent variables in contributing to the variance observed in the dependent variable. Higher beta values indicate greater dominant influences of independent variables on dependent variable. The table is using significance value to determine whether the independent variables are significant or not. With a beta coefficient of 0.009 and a p-value of 0.859, it can be seen that quality management has a positive but insignificant link with investment decision-making. Company Goodwill has beta coefficient of 0.047 and p-value of 0.321 which indicates that there is positive and insignificant relation with investment decision. Similarly, Company performance has beta coefficient and p-value of 0.080 and 0.087 indicating that there is positive and insignificant relation with investment decision. Likewise, company sector shows positive and significant relation with investment decision-making as its beta coefficient and p-value are 0.263 and 0.000. In case of market information, it can be seen that there is positive but insignificant relation with investment decision because its beta coefficient is 0.060 and p-value is 0.127.

The Regression analysis results indicated that for every one-unit increase in the Quality management factor, there was a corresponding increase of 0.009 units in the investment decision. Likewise, a one-unit increase in the Company goodwill factor resulted in a 0.047-unit increase in the investment decision, and a one-unit increase in market information led to a 0.060-unit increase in the investment decision, all else being equal. Likewise, a single unit increment in company performance leads to 0.080 unit increase in investment decision and one unit increment in company sector leads to 0.263 unit increase in investment decision. Therefore, the outcome of the multiple regression analysis supports the alternative hypotheses, indicating a positive relationship between independent variables and the dependent variable in investment decision.

The significance of the hypotheses concerning the variables was analyzed based on the significant values derived from the sample. The results for each hypothesis are summarized below. The table presented illustrates the relationship between each independent variable and the dependent variable (Investment decision). Significance was observed at the 1% level, with p-values less than the alpha ($0.000 < 0.01$), leading to the acceptance of all hypotheses and their respective alternatives. The correlation findings were instrumental in addressing the five research hypotheses. A Pearson correlation coefficient was computed for each of the five independent variables (quality management, company goodwill, company performance, company sector, and market information) against the dependent variable (investment decision), revealing a positive correlation at the 1% significance level. The R-square value of 0.698 indicates that 69.8% of the variation in the investment decision can be explained by these independent variables. However, 30.2% of the variation remains unexplained. Numerous global studies have focused on IPOs, offering insights into various dimensions of this field.

4.4 Discussion

The study has found out that Quality Management and Investment Decision are positively correlated with each other at significant level of 0.176. It also revealed that Company Goodwill and Investment Decision are positively related at 0.234 level of significance with each other. It can be seen that the analysis has shown that investment decisions exhibit a positive correlation with company performance at significant level of 0.358. Our study revealed that there is positive relationship between Company Sector and Investment Decision at 0.453 level of significance. In terms of Market Information, the analysis shows that it is

positively correlated with Investment Decision at level of 0.186 significance.

Rao, Prasad and Yadav (2022), Poudel (2021) and Bhatta (2019) said that the quality management, company performance, company sector, company goodwill and market information are crucial aspects to analyze when it comes to invest in initial offerings. The investors actually go through these factors before making an investment decision regarding primary market issue. Poudel (2021) found out that quality management is positively correlated at significant level of 0.05 with investment decision. Gnawali (2020) examined that quality management is positively correlated at significant level i.e. 0.466 with investment decision, company goodwill is positively correlated with investment decision at significance level of 0.719, company performance and investment decision are positively correlated at significance level i.e. 0.573, company sector is positively correlated with investment decision at significance level i.e. 0.751, market information and investment decision are positively correlated at 0.441 with each other.

Sandhu and Guhathakurta (2020) made a study on significance and effects of IPO and showed that lower holdings diffuse higher ownership among individual shareholders by targeting lower IPO offer price.

Srinivas & Rao, (2017) made a research which suggests that factors such as company goodwill, company performance, and market information significantly influence investment decisions in IPOs. Additionally, factors like company sector and quality management are also considered important.

However, there may be various other studies, conducted by different researchers using the same dependent and independent variables that might not show the similar results regarding these factors. The variables such as quality management, company goodwill, company performance, company sector & market information i.e. the independent variables might not be always positively correlated with dependent variable i.e. Investment Decision. Neither they might be always significant to each other.

CHAPTER V

SUMMARY AND CONCLUSIONS

This chapter is characterized into three sections; including summary, conclusion and implications of the study. The first one summarizes the study giving general overview about research, the second section derives the conclusion of the study and finally the third one demonstrates few recommendations.

5.1 Summary

This study examines the factors that influence the perception of investors to make decision regarding investment in IPO. Out of the numerous factors influencing investment decisions in IPO, the study has given priority to five key factors - quality management, company goodwill, company performance, company sector and market information - based on their significance. In order to determine the result, different statistical tests have been performed. The data was arranged and analyzed using software SPSS version 26.

The first chapter begins with Background of the study and followed by statement of problem, objectives, limitations and organization of the study. Second chapter includes review of literature, theoretical framework and conceptual framework have been generated, various research articles have been reviewed and presented.

In third chapter, research methodology has been shown i.e. various methods of data collection, tools used in analysis of data, population and sample, research hypothesis etc. are included. Fourth chapter contains the descriptive analysis of the obtained data. The data is analyzed using tools like percentage, mean, standard deviation, correlation and regression analysis and the software SPSS version 26 is applied. Finally chapter five provides brief summary of above findings and inclusions, conclusions derived from the study and the recommendations.

The main motive of this research is to gain the insight about public as investors towards primary market issue of Nepal and their awareness about it, also their investing patterns. The study is conducted on the basis of primary data collection with the help of a questionnaire from 350 respondents all over the investors on all Nepalese Dhitopatra Karobar Company Pvt. Ltd in Kailali district.

5.2 Conclusions

The primary objective of this research study is to appraise the investors' perception pertaining to Initial Public Offerings (IPOs) in Nepal, focusing specifically on Kailali district. After thoroughly analyzing all the factors along with their sub-factors, it is revealed that Quality Management, Company Goodwill, Company Performance, Company Sector and Market Information exhibit positive relationship with investment decision. Moreover, these factors significantly influence the perceptions of general investors.

As per the responses obtained from the 350 respondents, it seems that independent variables do have great influence over the dependent variable; Investment Decision. Quality management of the company and company goodwill matter a lot while making investment decision. Similarly, company performance, company sector, and market information also have their own importance. General investors seem to be affected by these factors.

Quality management is insignificant with investment decision having p-value more than level of significance (0) and has positive relation with it. Likewise, Company goodwill and Company Performance have positive and insignificant relation with investment decision. Company sector has positive and significant relation with investment decision as the p-value is equal to 0. In case of market information, it shows that they both have positive but insignificant relation with each other with p-value more than 0. The relationship between dependent and independent variables have been defined through correlation and regression analysis.

The study is compared with various previously conducted similar studies and it is found that it shows similarity with the study of Rao, Prasad and Yadav (2022), Gnawali and Niraula (2021), Poudel (2021), Gnawali (2020), Bhatta (2019). It also shows similarity with the results obtained from the study conducted by Sandhu and Guhathakurta (2020) and Srinivas & Rao, (2017). There is positive relationship among company performance, quality management, company sector, company goodwill, market information and investment decision. All these factors are highly considerable while making investment decision in IPO. In conclusion the quality management, company goodwill, company performance, company sector, market information are all critical factors that influences the investment decision. Investors focuses on all of these variables when he or she invest in different companies IPOs.

5.3 Implications

The study aims to offer valuable insights regarding the perception of investors towards primary market issue of Nepal to various institutions, potential listed companies, Nepal Stock Exchange, government bodies, researchers and students in Nepal. Managers should give attention to various factors affecting the perception of investor. The company performance, company sector, and market information, in addition to the risks and opportunities associated with the IPO process, can be effectively handled by adhering to the company's rules and regulations. The manager should utilize media, brokers, and issue managers to distribute information regarding the IPO, fostering trust and a positive image among investors.

5.3.1 Suggestions to the forthcoming scholars

This study exclusively concentrated on five factors. However, future research examining the relationship among variables may uncover additional factors that could impact investment decisions beyond those explored in this study. This study is solely an academic investigation, thus, the sample size is limited.

In professional research endeavors, it is advisable to augment the sample size to minimize error and improve the generalizability of results. This study was constrained to Kailali district. Expanding the research to cover the entire country would improve its effectiveness and credibility.

REFERENCES

- Adhikari, H. C., (2017). Factor influencing individual investor s behavior during initial public offering in Nepal. *International Journal of Innovation Scientific Research and Review*, 2 (6), 244-248.
- Bhatta, K. (2019). *The perception of investor towards Initial Public Offering in Nepal*. Central Department of management, Tribhuvan University
- Bhattacharai, R. (2012). *Investment theory and practice*. Kathmandu: Buddha Academic Enterprises Pvt. Ltd.
- Bhattacharai, R. (2017). *Investment theory and practice*. Kathmandu: Buddha Academic Enterprises Pvt. Limited.
- Craig, G.D. (2000). Factors affecting investment bank initial public offering market share. *Journal of Financial Economics*,55.
- Gnawali, A. (2020). Perception of investors towards initial public offering in Nepal: with Reference to Kathmandu District, *International Journal of Innovation Scientific Research*, 2 (5), 244-249.
- Gnawali, A. (2021). Behavioral biases and individual investor s decision making in Nepalese stock market. *International Journal of Multidisciplinary Research and Growth Evaluation*, 2 (9), 131-135.
- Gnawali, A & Niraula, B. (2021). The perception of investors towards initial public offering: Evidence of Nepal. *Journal Manajemen Terapan and Keuangan*, 10 (1), 675-786.
- Gurung, J.B. (2020). Initial Public Offering investment: The general investors perspective. *Management Dynamics*, 23(2), 173-184
- Kasilingam, A. (2016). Impact of selected behavioral biased factors on investment decision of equity investors. *Journal on management study*, 2(2), 297-311.
- Khatri, N.N. (2017). Factors influencing investor s investment in initial public offering. *International Journal of Management and Applied Science*, 3 (7), 123-135.
- Khatri, N.N. (2017). Factor influencing investor s investment in initial public offering. *International Conference*, 23 (5), 212-221.
- Kukreja, G. (2012). Investors Perception for Stock Market: Evidences from National Capital of India. *Interdisciplinary Journal of Contemporary Research in Business*, 4(8), 712-726.

- Kunwar, A. (2016). *Awareness perception and investment decision of individual investors towards Initial Public Offering (IPO)*. (Unpublished master degree thesis). Central Department of Management, Tribhuvan University
- Lakhangaonkar, S. & Kishore, S. (2022). Does investor s attitude matter? A study of investment management by working women investor. *Journal of Information & Optimization Sciences*, 43(6), 1243-1252. <https://doi.org/2022>
- Leila, B. & Farshid, A. (2014). Study on Factors Affecting the Initial Public Offering (IPO) Price of the Shares on the Tehran Stock Exchange. *Research in World Economy*, 5(2)
- Nagtilak, A. & Kulkarni, N. (2015). A study on Investors Perception towards Initial Public Offering in Mumbai. *Abhinav National Monthly Refereed Journal of Research in Commerce and Management*, 4 (3), 75-86.
- Poudyal, N. (2010). *Nepalese stock market developments, impediments and challenges* (Unpublished Master s Thesis). Shanker Dev Campus, Kathmandu
- Poudel, M. (2021). *Perception of Investors towards Initial Public Offerings in Nepal*. Kathmandu: Office of the Dean, Faculty of Management, T.U.
- Putra, C. (2020). A study on investor attitude towards investment in IPO. *International journal of latest technology in engineering, management and applied science*, 5(11), 2578-2540.
- Rao, M., Prasad, A. & Yadav, P. (2022). Perception of Investors towards IPO. *International Journal of Research Publications and Reviews*, 3(3), 961- 970
- Regami, H. (2017). *Investor s response to initial public offering (IPO) in Nepal* (Unpublished Master Degree Thesis). Central Department of Management, TU.
- Rekha, D.M. & Yashaswini, S. (2019). Investors' Attitude towards Investment Decisions in Equity Market. *International Journal of Trend in Scientific Research & Development*, 3(4), 426-428
- Sandhu, H. & Guhathakurta, K. (2020). Significance and Effect of Initial Public Offering. *Journal of Risk and Financial Management*, 14(2), 32-41
- Seetha, V. & Nithya, A.T.V. (2016). A study on Investor s Perception and Behavior towards Capital Market. *International Journal of Research in Social Sciences*, 6 (9)
- Singh, A. (2019). Study of factors affecting the initial public offering price of the shares on the Tehran Stock Exchange. *Research in World Economy*, 5 (2), 87-95
- Singh, A.K., Maurya, S. & Mohapatra, A.K. (2019). Initial public offering under-pricing and predictive power of board related corporate governance mechanisms: A Study of Indian initial public offering

- Market. *Theoretical Economics letters and research*, 9 (19), 987-984.
- Singh, J. & Yadav, P (2016). Study on the factors influencing investor s decision in investing in equity shares in Jaipur and Moradabad with reference to gender. *Amity Journal of Finance*, 1 (1), 311-319.
- Singh, M. (2012). Investor s perception on Initial Public Offering (IPO). *International Journal of Computing and Business Research*, 3 (3), 1-21, 5(2)
- Srinivas, L. & Rao, P.V. (2017). A Study on factors influencing Initial Public Offering decisions among retail individual investors in Visakhapatnam. *International Journal of Research in Economics and Social Sciences*, 7 (9), 613-620
- Tamang, S. (2012). *Public Response to Primary issue of Share in Nepal* (Unpublished Master's Degree Thesis). Shanker Dev Campus of Management, T.U.
- Thapa, D. (2021). *Investors Perception towards IPO in Ratnagar, Chitwan* (Unpublished Master s Thesis). Central Department of Management, Tribhuvan University
- Vakil, S. (2018). A study of investor's perception about IPO and IPO's performance in stock market. *Asia Pacific Journal of Research (APJR)*. <https://financialjargon.com/>
- Yashaswini, S. & Rekha, D.M. (2019). Investor s attitude towards investment decision in equity market. *International Journal of Trend in Scientific Research and Development*, 3(20), 453-459

Websites: www.investopedia.com www.nrb.org.np www.sebon.gov.np www.sharesansar.com
<http://en.wikipedia.org/wiki/IPO>.

APPENDIX : SURVEY QUESTIONNAIRE

1. Name/Address of Respondent:
2. Gender
 - Male
 - Female
3. Age
 - below 20 years
 - 20-40
 - 40-60
 - Above 60 Years
4. Educational Status
 - SLC/SEE
 - Grade 12
 - Graduate
 - Post-Graduate
5. Occupation
 - Business
 - Government Employee
 - Private Employee
 - Student
 - Agriculture
 - Other
6. What type of IPO investor are you ?
 - Short-term(1 Year)
 - Long-term(more than 1 year)
7. In what expectation do you prefer to invest ?
 - Stock dividend/ bonus shares
 - Cash dividend
 - Right share
 - Profit by selling in secondary market
 - Other:
8. On what basis do you make an investment?
 - Market index

- Advice of friends
 - Performance of the company
 - Management team
9. What is the motivating factor that you came to invest in Public Offering?
- Corporate Image and Performance of the company
 - No brokerage commission
 - High profitability opportunity in short period
 - Other:
10. What are the sources of information about IPOs?
- Through Media
 - Through Brokers
 - Friends and relatives
 - Other:
11. How many companies have you invested in?
- Single company
 - 1-5 companies
 - 6-10 companies
 - More than 10 companies
12. How satisfied were you with your previous investments in IPO?
- Very satisfied
 - Somewhat satisfied
 - Neutral
 - Somewhat dissatisfied
 - Very dissatisfied
13. How would you prefer to apply for IPO?
- Online
 - Physical application forms
 - No preference
14. Which sector would you prefer to invest in financial institution and Insurance?
- Commercial Banks
 - Development Banks
 - Finance Companies
 - Insurance Companies

Microfinance

15. Which sector would you prefer to invest in non-financial institution?

Hotel

Manufacturing & Processing

Trading

Hydropower

Other:

Kindly Tick the appropriate box

SA - Strongly Agree, A - Agree, N - Neutral, D - Disagree & SD - Strongly Disagree

S.N	FACTORS	SA	A	N	D	SD
A	Quality management					
1	Do you consider that legitimacy of the company affects your investment in IPO?	120	130	50	20	30
2	Do you consider that Corporate Governance affects your investment in IPO?	145	140	45	20	0
3	Do you consider that Human Resource Value affects in your investment in IPO?	100	115	65	40	30
4	Do you consider that key shareholder/promoter affects in your investment in IPO.	110	120	60	20	40
5	Do you consider that quality of company affects your investment in IPO	143	90	52	35	30

B	Company Goodwill					
1	Do you consider that corporate profile will affect when investing in the IPO?	103	136	49	33	29
2	Do you consider that Historical Background of the company will affect your investment in IPO?	98	127	55	37	33
3	Do you consider that age of company affects in your investment in IPO?	97	137	56	35	25
4	Do you consider that prestige of Board members will affect while Investing in the IPO?	94	141	55	40	20
5	Do you consider that current Financial position affects your Investment in IPO?	120	120	50	20	40

C	Company Performance					
1	Do you agree that ROI makes investor invest in IPO?	94	141	55	40	20
2	Do you consider that ROE makes investor to invest in IPO?	105	146	54	26	19

3	Do you consider that percentage price premium make investor to invest in IPO/FPO?	109	121	60	21	39
4	Do you consider that Earning Per Share makes investor to invest in IPO?	94	140	56	21	39
5	Do you consider that Dividend premium matters more for your investment in IPO?	115	117	51	26	41

D	Company Sectors					
1	Do you consider that investment in the banking sectors IPO is better?	120	117	53	35	25
2	Do you consider that investment in Insurance Companies IPO is better?	120	110	60	30	30
3	Do you consider that investment in manufacturing companies IPO is better?	105	146	54	26	19
4	Do you consider the investment in Hydropower companies IPO is better?	94	141	55	40	20
5	Do you consider the investment in Other companies IPO is better?	145	140	50	10	5

E	Market Information					
1	Do you consider that Commentary on Media affects your Investment in IPO?	117	138	65	25	5
2	Do you consider that Future Prediction and Forecast affect your Investment in IPO?	117	148	51	7	27
3	Do you consider that New project s risk and prospects affect your investment in IPO?	135	119	55	31	10
4	Do you consider that market share will affect your decision to invest in an IPO?	95	165	75	10	5
5	Do you analyze the past trends of IPO while investing in the IPO?	118	127	55	37	33

<i>F</i>	Investment Decision					
<i>1</i>	Do you consider buying/ selling of IPO?	118	137	65	20	10
<i>2</i>	Do you consider that an individual investor might face more risk while investing in IPO?	110	120	60	20	40
<i>3</i>	Do you consider that IPOs are risk-free form of investment?	103	136	49	31	29
<i>4</i>	Do you consider that company's rules and regulation affect your investment decision	115	117	51	26	41
<i>5</i>	Do you consider that IPO's are more profitable	119	111	60	30	30

Thanks for your time and consideration.

PERCEPTION OF INVESTORS TOWARDS INITIAL PUBLIC ...

By: Shuresh Prasad Bhatt

As of: Jul 21, 2024 12:14:46 PM
17,889 words - 118 matches - 12 sources

Similarity Index

16%

Mode: Summary Report ▼

sources:

873 words / 6% - Internet from 14-Jan-2023 12:00AM
elibrary.tucl.edu.np

336 words / 2% - Internet from 31-Aug-2022 12:00AM
journalijisr.com

167 words / 1% - from 26-Feb-2024 12:00AM
elibrary.tucl.edu.np

144 words / 1% - from 02-Feb-2024 12:00AM
elibrary.tucl.edu.np

117 words / 1% - Internet from 14-Jan-2023 12:00AM
elibrary.tucl.edu.np

88 words / 1% - from 26-Feb-2024 12:00AM
elibrary.tucl.edu.np

86 words / 1% - from 18-Jan-2024 12:00AM
elibrary.tucl.edu.np

119 words / 1% - Internet
[Gnawali, Achut, Niroula, Ballav. "THE PERCEPTION OF INVESTORS TOWARDS INITIAL PUBLIC OFFERING: EVIDENCE OF NEPAL", 'Faculty of Education and Teacher Training, Jambhi University', 2021](#)

99 words / 1% - Internet from 16-Jan-2023 12:00AM
erepository.uonbi.ac.ke

86 words / 1% - Internet from 23-Dec-2022 12:00AM
1library.net

82 words / 1% - from 30-May-2023 12:00AM
uniglobe.edu.np

77 words / 1% - Internet from 29-Jan-2023 12:00AM
www.researchgate.net

paper text: