IMPACT OF FIRM SPECIFIC VARIABLES ON STOCK PRICE OF NEPALESE INSURANCE COMPANIES

A Dissertation submitted to the Office of the Dean, faculty of Management in partial fulfillment of requirement for the Master's Degree

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "**IMPACT OF FIRM SPECIFIC VARIABLES ON STOCK PRICE OF NEPALESE INSURANCE COMPANIES**". The work of this dissertation has not been submitted previously for the purpose of conferral of any degree nor has it 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 declared that all information sources and literature used are cited in the reference section of the dissertation.

Sabin Lama
June 2024

REPORT OF RESEARCH COMMITTEE

Mr. Sabin Lama has defended research proposal entitled "**IMPACT OF FIRM SPECIFIC VARIABLES ON STOCK PRICE OF NEPALESE INSURANCE COMPANIES**" 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 Dr. Pitri Raj Adhikari and submit the thesis for evaluation and viva voce examination.

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Dr. Pitri Raj Adhikari

(Supervisor)

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Dissertation Proposal Defended Date

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Dissertation Submitted Date

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Dissertation Viva Voce Date

APPROVAL SHEET

We have examined the dissertation entitled "**IMPACT OF FIRM SPECIFIC VARIABLES ON STOCK PRICE OF NEPALESE INSURANCE COMPANIES** "presented by Mr. Sabin Lama for the degree of Masters of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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Sabin Lama

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURE

ABBREVIATIONS

ANOVA	:	Analysis of Variance
DPS	:	Dividend per Share
EPS	:	Earnings per Share
HEI	:	Himalayan Everest Insurance
IGI	:	IGI Prudential Insurance Company Limited
MBS	:	Master in Business Studies
NIL	:	NECO Insurance Company Limited (NIL)
P/E	:	Price Earnings Ratio
ROA	:	Return on Assets
ROE	:	Return on Equity
S.D.	:	Standard Deviation
Size	:	Company Size
Size	:	Company Size
SP	:	Stock Price
SPSS	:	Statistical Package for the Social Sciences
T.U	:	Tribhuwan University

ABSTRACT

The objectives of research are to assess the current status of return on assets, return on equity, earnings per share, price earnings ratio, dividends per share, size (log of assets) and stock price of Nepalese insurance companies, to examine the relationship of return on assets, return on equity, earnings per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies and to analyze the impact of return on assets, return on equity, earning per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies. This research utilizes descriptive and causal-comparative research designs. The total population of the research are 35 listed insurance companies of NEPSE in the date of mid-July 2023. Based on the judgmental sampling 3 sample are selected from insurance companies. Financial and statistical analysis are conducted to achieve the objective of research. The finding of the study are: The result of the minimum maximum, mean and standard deviation combinations shows the rations such as dependent variable stock price and independent variables are return on assets, return on equity, and earnings per share, price earnings ratio, and dividend per share, company size and stock price all are fluctuating in nature. The relationship of return on equity, earning per share, price earnings ratio and dividend per share have significant and positive to the stock price of insurance companies. The return on assets has positive but not significant relationship to the stock price. The company size has negative and not significant relationship to the stock price. The impact of return on assets, return on equity, earnings per share, price earnings ratio and Dividend per share have significant positive impact to the stock price. The company size has negative and significant impact to the stock price.

Keywords: *Stock price, firm specific variables and insurance companies*

CHAPTER-I

INTRODUCTION

1.1 Background of the study

Firm-specific variables play a pivotal role in shaping a company's stock price, reflecting its financial health and operational efficiency. Key variables include earnings per share (EPS), which indicate a company's profitability on a per-share basis and can drive investor interest and stock price upwards. The price-to-earnings (P/E) ratio helps investors evaluate whether a stock is overvalued or undervalued, influencing their buying and selling decisions. Return on equity (ROE) measures how effectively a company generates profits from its shareholders' equity, impacting investor confidence and consequently the stock price. Additionally, the dividend yield, which shows the annual dividend payment relative to the stock price, can attract income-focused investors and support stock price stability. Other crucial firm-specific factors include debt levels, where lower debt often suggests financial stability and lower risk, leading to higher stock prices. Company size and market share also matter, with larger firms or those with significant market share often commanding higher stock prices due to perceived stability and market dominance. Understanding these variables helps investors make informed decisions and allows firms to strategically manage their financial performance to enhance market value (Fuad & Yuliadi, 2021).

Stock prices are a dynamic reflection of a company's perceived value and are influenced by a multitude of factors, both external and internal. Internally, firm-specific variables such as earnings per share (EPS), dividend yield, price-to-earnings (P/E) ratio, and return on equity (ROE) play critical roles. High EPS indicates strong profitability, often driving up stock prices as investors anticipate continued growth. A favorable P/E ratio can suggest that a stock is a good value relative to its earnings, influencing buying decisions. High ROE signifies efficient use of equity, enhancing investor confidence and potentially boosting the stock price. Externally, macroeconomic conditions, industry trends, and market sentiment also impact stock prices. Positive economic indicators, sector growth, and bullish market sentiment can drive stock prices higher, while economic downturns, industry challenges, and bearish sentiments can lead to declines (Abbas et al., 2023). Therefore, stock prices are a complex

Interplay of these diverse factors, reflecting the continuous assessment of a company's performance and prospects by the market.

Return on Assets (ROA) is a key financial metric that measures a company's efficiency in generating profit from its assets. Calculated by dividing net income by total assets, ROA provides insight into how effectively a company is utilizing its assets to produce earnings. A higher ROA indicates that the company is more efficient at converting its investment in assets into net income, which is a positive signal to investors and can enhance the company's stock price. This metric is particularly useful for comparing companies within the same industry, as it normalizes for the size of the company's asset base. Factors that can influence ROA include management efficiency, asset utilization, and operational effectiveness. Companies with higher ROA are typically seen as well-managed and financially sound, attracting more investor interest. However, it is important to consider ROA in conjunction with other financial metrics to get a comprehensive understanding of a company's overall performance and financial health (Yanto et al., 2021).

Return on Equity (ROE) is a crucial financial metric that evaluates a company's ability to generate profits from its shareholders' equity. Calculated by dividing net income by shareholders' equity, ROE indicates how effectively a company is using the capital invested by its shareholders to produce earnings. A higher ROE signifies that the company is efficient in converting the equity financing into profitable outcomes, which can attract investors and positively impact the stock price. This metric is particularly valuable for assessing the profitability and efficiency of a company, providing insights into management's effectiveness in maximizing returns. However, while a high ROE is generally favorable, it is essential to consider it alongside other financial indicators to ensure that the equity is not inflated due to high levels of debt, which could pose financial risks. Comparing ROE across companies within the same industry can help investors identify the most efficient and potentially rewarding investment opportunities (Rjoub et al., 2017).

Earnings per share (EPS) is a fundamental financial metric that measures a company's profitability on a per-share basis. It is calculated by dividing the net income of the company by the number of outstanding shares of common stock. EPS provides a direct indication of the portion of a company's profit allocated to each share, making it a critical tool for investors in

assessing a company's financial performance. Higher EPS typically signals better profitability and can lead to increased investor confidence and a higher stock price. EPS is often used in conjunction with other metrics, such as the price-to-earnings (P/E) ratio, to evaluate whether a stock is fairly valued. It also plays a key role in determining dividends, as companies with higher EPS may distribute more earnings to shareholders. However, it is important to consider the potential for earnings manipulation and to look at EPS trends over time to get a more accurate picture of a company's performance and growth prospects (Sun et al., 2022).

The Price-to-Earnings (P/E) ratio is a vital financial metric that assesses a company's current share price relative to its earnings per share (EPS). Calculated by dividing the market value per share by the EPS, the P/E ratio provides insight into how much investors are willing to pay for a dollar of earnings. A higher P/E ratio often indicates that the market expects future growth and is willing to pay a premium for the company's earnings potential. Conversely, a lower P/E ratio may suggest that the stock is undervalued or that the company is experiencing difficulties. The P/E ratio is useful for comparing companies within the same industry, helping investors gauge relative valuation and investment potential. However, it should be considered alongside other financial metrics and qualitative factors, as a high P/E ratio could also indicate overvaluation, and a low P/E might reflect underlying problems. Additionally, the P/E ratio can be influenced by market conditions and investor sentiment, making it essential to interpret it within a broader context of financial analysis and market trends (Thapa, 2019).

Dividend per share (DPS) is a key financial metric that indicates the amount of dividends a company pays out to its shareholders for each outstanding share of common stock. Calculated by dividing the total dividends paid by the company over a period by the number of outstanding shares, DPS provides a clear measure of the income generated for shareholders from their investment. A higher DPS is typically seen as a sign of a company's strong financial health and its ability to generate steady cash flows, making it attractive to income-focused investors. Consistent or growing DPS can enhance investor confidence and support higher stock prices, reflecting the company's commitment to returning value to its shareholders. However, it is important to consider DPS in the context of the company's overall payout ratio and financial strategy, as excessively high dividend payments might not be sustainable if they exceed the company's earnings capacity. DPS should be evaluated alongside other financial indicators to

assess the company's long-term profitability and financial stability (Rahmawati & Hadian, 2022).

Company size is a significant factor that influences various aspects of a business's performance, market perception, and investment attractiveness. Typically measured by market capitalization, which is the total market value of a company’s outstanding shares, company size can also be gauged by revenue, assets, or number of employees. Larger companies, often referred to as large-cap or blue-chip companies, generally have more established market positions, diversified revenue streams, and greater access to capital. This stability can make them attractive to risk-averse investors. On the other hand, smaller companies, categorized as small-cap or mid-cap, may offer higher growth potential but come with increased risk due to their vulnerability to market fluctuations and limited resources. The size of a company impacts its operational strategy, competitive edge, and ability to innovate. For instance, large companies might benefit from economies of scale, while smaller firms might be more agile and able to adapt quickly to market changes. Understanding the implications of company size helps investors and analysts assess risk, growth prospects, and overall investment potential (Panta, 2020).

The impact of firm-specific variables on the stock prices of Nepalese insurance companies is significant and multifaceted. Key variables such as earnings per share (EPS), dividend per share (DPS), return on equity (ROE), and company size play critical roles in determining their market valuation. High EPS indicates strong profitability and often leads to increased investor confidence and higher stock prices. Similarly, a robust DPS attracts income-focused investors, supporting stock price stability and growth (Shrestha, 2022). ROE, reflecting the efficiency with which a company uses shareholders' equity to generate profits, can significantly impact investor perceptions and the attractiveness of the stock, influencing its price positively. Company size, measured by metrics such as market capitalization, also affects stock prices; larger firms tend to have more stable earnings and greater market influence, which can lead to higher valuations. Additionally, the unique market dynamics of Nepal, including regulatory environment and market sentiment, further interact with these variables. Understanding these firm-specific factors is crucial for investors seeking to make informed decisions and for insurance companies aiming to enhance their market value and investor appeal in Nepal's

evolving financial landscape. Therefore, the research is conducted to examine the impact of firm specific variables on stock price of Nepalese insurance companies.

1.2 Problem Statement

The Nepalese insurance sector plays a crucial role in the financial market, yet there is a paucity of research exploring how firm-specific variables influence the stock prices of companies within this industry. Despite the sector's growth and its increasing attractiveness to investors, stakeholders often lack comprehensive insights into the financial indicators that most significantly affect stock valuations. This gap in knowledge presents a challenge for investors who need to make informed decisions and for insurance companies striving to optimize their market performance (Wagle, 2021).

Key firm-specific variables, such as earnings per share (EPS), dividend per share (DPS), return on equity (ROE), and company size, are widely recognized for their impact on stock prices in more developed markets (Shrestha, 2022). However, the extent to which these variables affect stock prices in the context of Nepalese insurance companies remains unclear. The unique economic and regulatory environment in Nepal may also influence these relationships differently compared to other markets. Therefore, it is essential to investigate how these variables interact and contribute to stock price fluctuations within Nepal’s insurance sector (Kattel & Pradhan, 2023).

This study aims to address this critical issue by systematically examining the relationship between firm-specific variables and the stock prices of Nepalese insurance companies. By providing empirical evidence and insights into these dynamics, the research will help investors, policymakers, and corporate managers better understand the determinants of stock price movements (Panta, 2020). Ultimately, this will contribute to more informed investment strategies, enhanced corporate financial management, and improved market efficiency within Nepal's growing insurance industry. More specifically the research problem are explain in the following questions form:

(i) What are the current status of return on assets, return on equity, earnings per share, price earnings ratio, dividends per share, size (log of assets) and stock price of Nepalese insurance companies?

(ii) Do there are the relationship of return on assets, return on equity, earnings per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies?

(iii) Whether there are the impact of return on assets, return on equity, earning per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies?

1.3 Objectives of the study

The objective of the study are;

(i) To assess the current status of return on assets, return on equity, earnings per share, price earnings ratio, dividends per share, size (log of assets) and stock price of Nepalese insurance companies.

(ii) To examine the relationship of return on assets, return on equity, earnings per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies.

(iii) To analyze the impact of return on assets, return on equity, earning per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies.

1.4 Hypothesis of the study

The hypothesis for the research on the impact of firm-specific variables on the stock price of Nepalese insurance companies can be formulated as follows:

Hypothesis 1

There is the significant relationship of return on assets, return on equity, earnings per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies.

Hypothesis 2

There is the significant impact of return on assets, return on equity, earning per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies.

1.5 Rationale of the study

The rationale behind conducting a study on the impact of firm-specific variables on the stock price of Nepalese insurance companies is multi-faceted and holds significant implications for various stakeholders within the financial market ecosystem. Research help to understanding the relationship between firm-specific variables and stock prices is crucial for investors seeking to make informed investment decisions in the Nepalese insurance sector. Investors rely on financial indicators such as earnings per share (EPS), dividend per share (DPS), return on equity (ROE), and company size to assess the financial health and performance of insurance companies. By elucidating how these variables influence stock prices, investors can better gauge the intrinsic value of insurance stocks and optimize their investment portfolios accordingly.

For policymakers and regulators, insights derived from this study can inform the formulation of policies aimed at fostering a conducive environment for the growth and stability of the insurance industry in Nepal. By understanding the drivers of stock price movements, policymakers can implement measures to enhance transparency, governance, and regulatory oversight within the sector, thereby promoting investor confidence and market efficiency.

The research result help in the executives and managers of Nepalese insurance companies, the findings of this study can offer valuable insights into the factors influencing their stock prices. By identifying which firm-specific variables have the most significant impact on stock prices, insurance companies can tailor their strategic decisions and financial management practices to maximize shareholder value and competitiveness in the market.

The study contributes to the academic literature by adding empirical evidence to the understanding of stock price determinants in emerging markets such as Nepal. While extensive research exists on this topic in developed economies, there is a dearth of studies focusing on the Nepalese context. Therefore, this study fills a critical gap in the literature and lays the groundwork for future research in this area.

In conclusion, the study on the impact of firm-specific variables on the stock price of Nepalese insurance companies holds substantial relevance for investors, policymakers, insurance executives, and academic researchers. By providing insights into the dynamics of stock price movements within Nepal's insurance sector, the study aims to facilitate informed decision-

making, foster market development, and contribute to the advancement of financial knowledge in the region.

1.6 Limitations of the study

Limitations of the study on the impact of firm-specific variables on the stock price of Nepalese insurance companies include:

(i) Limited availability of historical financial data for Nepalese insurance companies may constrain the scope and depth of the analysis.

(ii) The study is limited to the size of the sample, particularly if there are a limited number of publicly traded insurance companies in Nepal, which could impact the generalizability of the results.

(iii) The analysis is not account for the influence of external factors such as macroeconomic conditions, regulatory changes, and market sentiment, which can also affect stock prices because the study is for firm specific variables.

(iv) The study's analysis period was limited to a specific time frame (from 2014-2023), which is not capture long-term trends or cyclical patterns in stock prices and firm-specific variables.

CHAPTER-II

LITERATURE REVIEW

This chapter is the main part of the research work. The chapter is three section. The first section is theoretical review which include various theories to relate the topics and variables. The second section is about the empirical review; this review is both national and international context. The third section is related to the research gap, explain about the past, present and future pap of the research on the impact of firm specific variable on stock price of insurance companies.

2.1 Theoretical Review

Theory of Return on Assets

Asset Utilization Theory

This theory emphasizes the importance of effectively utilizing assets to maximize returns. It posits that higher asset turnover ratios, which measure how efficiently a company generates revenue from its assets, lead to higher ROA. Companies that efficiently utilize their assets can achieve higher profitability without significant increases in asset investment.

Theory of Return on Equity

Dividend Policy Theory

Dividend policy theory explores the relationship between dividend payments and ROE. According to this theory, companies can increase ROE by retaining earnings and reinvesting them in growth opportunities rather than distributing them as dividends. By retaining earnings, companies can expand operations, invest in new projects, and generate higher returns on equity over time. However, the optimal dividend policy depends on various factors, including the company's growth prospects, capital requirements, and shareholder preferences.

Theory of Earnings per share

Profitability and Performance

EPS is a fundamental measure of a company's profitability and performance. The theory suggests that higher EPS reflects higher profitability, as it indicates that the company is generating more earnings per share of common stock outstanding. Companies strive to increase

EPS over time through revenue growth, cost management, and operational efficiency improvements.

Theory of Price Earnings Ratio

Dividend Policy and Interest Rates

Dividend policy and prevailing interest rates can affect the P/E ratio. Companies that pay higher dividends may have lower P/E ratios, as investors value the current income from dividends over future earnings growth. Additionally, changes in interest rates can impact the discount rate used to value future earnings, affecting the P/E ratio inversely.

Theory of Dividends per Share

Tax Considerations

Tax considerations play a significant role in dividend policy decisions and investor preferences. In many jurisdictions, dividends are subject to higher tax rates than capital gains. Therefore, investors in high tax brackets may prefer companies that retain earnings and reinvest them for growth rather than distributing dividends. Conversely, investors in lower tax brackets may prefer high-dividend-paying stocks to maximize after-tax income.

Theory of Companies size (log of assets)

Economies of Scale

One of the central theories regarding company size is economies of scale, which suggests that larger firms can benefit from lower average costs per unit of output due to efficiencies gained from increased production levels. As firms grow larger, they may achieve economies of scale in production, distribution, and administration, leading to higher profitability and competitiveness. The logarithm of assets serves as a proxy for firm size in empirical analyses of economies of scale.

Theory of Stock Price

Dividend Discount Model (DDM)

The Dividend Discount Model is a valuation approach that estimates the intrinsic value of a stock based on the present value of its expected future dividends. The theory of DDM suggests that stock prices are determined by the discounted value of expected future cash flows to shareholders in the form of dividends. The DDM assumes that dividends are the primary driver of stock returns for long-term investors.

2.2 Empirical Review

Cahyaningtyas and Aisyah (2024) analyzed the impact of exchange rates, interest rates, world coal prices, mining exports, and stock trading volume on the stock prices of the mining sector in the Indonesian Sharia Stock Index (ISSI) using panel data analysis. The Fixed Effect Model (FEM) was chosen. The sample consisted of 14 mining companies in the ISSI, selected through purposive sampling, which met the criteria of operating in the coal sub-sector and having a monthly share trading volume above zero. The findings revealed that stock prices were significantly influenced by world coal prices, which had a positive impact, and trading volume, which had a negative impact. Exchange rates, interest rates, and mining exports were found to have no effect on stock prices in the mining sector.

Hutabarat (2024) studied the effects of corporate governance, leverage, profitability, and earnings per share (EPS) on stock prices and firm value in the banking sector. The study sampled 15 banks from the infobank15 index, using financial statement data from 2018 to 2020, totaling 45 samples. The research employed descriptive analysis, linear regression, and significance testing. Results indicated that corporate governance, leverage, profitability, and EPS significantly impact stock price and firm value both individually and collectively.

Dharmawan et al. (2024) investigated the factors affecting stock prices on the Indonesia Stock Exchange, focusing on EPS, ROE, and DER. Using a quantitative approach with regression analysis, the study sampled 7 financial companies providing quarterly statements from 2017 to 2021, analyzed using Views 10. Findings showed that EPS and ROE significantly influence stock prices, whereas DER does not.

Subedi (2024) examined the determinants of stock prices in Nepal's secondary market for the microfinance sector using descriptive, analytical, and inferential methods. The study found that the market book ratio positively correlates with EPS, ROE, PE ratio, and book value. EPS, PE ratio, and floating shares were statistically significant.

Hartono et al. (2023) explored predictors of stock prices in maritime companies on the Indonesia Stock Exchange using panel data regression and the least square dummy variable technique. The study concluded that profitability and financial leverage are strong predictors of stock prices, while firm size and market value are not.

Hardi et al. (2023) analyzed the impact of financial ratios on market indicators for 41 financial institutions using correlation and multiple regression analysis. Results indicated that market indicators are primarily influenced by return on assets, total debt to assets ratio, and total debt to total capital, highlighting the importance for management to monitor these aspects to attract potential investors.

Abbas et al. (2023) investigated the effects of growth opportunity, international standardization, and leverage on the firm value of manufacturing companies listed on the Indonesia Stock Exchange from 2014 to 2018. Using purposive sampling, the study found that growth opportunity and international standardization do not affect firm value, while leverage does, suggesting that higher leverage is associated with greater investment risk.

Dhodary (2023) examined the determinants of stock prices in Nepalese commercial banks using a quantitative method followed by descriptive research to provide a precise study on selected variables. The data was pooled cross-sectional and collected from NEPSE-listed banks at a single point in time.

Shrestha et al. (2023) investigated the impact of various determinants on stock market prices in Nepalese commercial banks through a causal-comparative research design and a quantitative approach. The study utilized secondary data and convenience sampling to select commercial banks. Pearson's multiple correlations and linear regression analysis revealed that Earnings per Share (EPS) and Dividend per Share (DPS) negatively and insignificantly affect the Market Book Ratio (MBR), indicating no impact on the stock market. Conversely, the Price Earnings (P/E) ratio has a positive but statistically insignificant effect on MBR. Book Value per Share (BVPS) and the Market to Book Value (MKt to BV) ratio positively and significantly influence MBR, suggesting that increases in BVPS and MKt to BV significantly boost MBR.

Sun et al. (2022) analyzed the factors influencing stock investment decision-making by investors in the Indonesian stock market using mixed methods, combining quantitative survey data and qualitative interview data. A survey was conducted among 400 investors via an online questionnaire, supplemented by interviews with selected investors. The findings indicated that fundamental analysis is crucial in stock investment decisions, with market sentiment and herd behavior also playing significant roles. Additionally, investors' risk tolerance varied based on their investment objectives and personal risk profiles.

Rahmawati and Hadian (2022) explored how the debt-to-equity ratio, earnings per share, price earnings ratio, and stock prices are characterized in consumer goods companies listed on the Indonesia Stock Exchange. The study aimed to determine the partial and simultaneous effects of these variables on stock prices. Using an explanatory research method and purposive sampling, the results showed that the debt-to-equity ratio, earnings per share, and price earnings ratio all significantly affect stock prices.

Ghazo et al. (2021) identified key macroeconomic variables influencing stock price fluctuations on the Amman Stock Exchange. Using the Augmented Dickey-Fuller (ADF) test, the study found that the residuals violated the constant variance assumption under the Ordinary Least Square (OLS) model. Consequently, the Generalized Autoregressive Conditional Heteroskedasticity (GARCH) methodology was employed to analyze the model after differencing the natural logarithm of all variables to achieve stationarity. The study concluded that fluctuations in portfolio investment and the industrial production index significantly and positively influenced stock price index fluctuations, while fluctuations in the real effective exchange rate, real interest rate, and Brent crude oil prices had a significant negative impact.

Yanto et al. (2021) investigated the effects of return on assets, return on equity, net profit margin, debt-to-equity ratio, and current ratio on stock prices among manufacturing companies listed on the Indonesia Stock Exchange (IDX). Using a purposive sampling method, the study included one dependent variable (stock price) and five independent variables. The findings indicated that the current ratio has a positive impact on stock prices, net profit margin has no significant effect, return on equity has a significant effect, and return on assets has no significant effect.

Fuad and Yuliadi (2021) examined the impact of world oil prices and macroeconomic variables on the Composite Stock Price Index (CSPI) of Indonesia. The study included variables such as inflation, exchange rates, interest rates, and world oil prices. Using the Partial Adjustment Model (PAM) method and Views 7 for assumption testing, the results showed that inflation and exchange rates negatively and significantly affect the CSPI, while interest rates and world oil prices have a positive and significant effect on the CSPI.

Sukesti et al. (2021) explored the effects of the debt-to-equity ratio (DER), net profit margin (NPM), and company size on stock prices, with return on assets (ROA) as a mediating variable.

The study utilized the Warp PLS statistical tool to test the hypotheses. The results demonstrated that DER has a significant negative effect on ROA and a significant positive effect on stock prices. NPM positively and significantly affects both ROA and stock prices. Company size has a significant positive effect on ROA but does not affect stock prices. ROA positively impacts stock prices but does not mediate the relationship between company size and stock prices. However, ROA mediates the relationships between DER and stock prices, as well as NPM and stock prices.

Wagle (2021) analyzed the empirical variables influencing stock market prices in commercial banks using a descriptive and causal-comparative research design. The study employed mean, standard deviation, correlation, and regression analysis techniques. The findings revealed that the market-to-book ratio (M/B), price-earnings ratio (P/E), and earnings yield ratio (E/Y) have a significant positive association with stock market prices. In contrast, the dividend yield ratio (D/Y) has a positive but insignificant impact on stock market prices.

Shrestha (2022) identified firm-specific determinants of stock market prices for Nepalese enterprises using unbalanced panel data from 47 firms listed on NEPSE. The Breusch and Pagan Lagrangian multiplier test and the Hausman test were used to determine the appropriate regression model, concluding that the Fixed Effect model was suitable. The results revealed that firm-specific factors significantly influence the market book ratio of Nepalese enterprises. Specifically, firm size, dividend per share (DPS), and earnings per share (EPS) have a significant positive effect, while return on equity (ROE) and dividend yield (DY) have a significant negative effect. Additionally, book value per share (BVPS) showed an insignificant positive effect, and return on assets (ROA) showed an insignificant negative effect on the market price of shares.

Wagle (2021) analyzed the empirical variables affecting stock market prices in commercial banks from 2015/16 to 2019/20, using data from 130 observations across 26 commercial banks in Nepal. Utilizing a descriptive and causal-comparative research design, the study employed mean, standard deviation, correlation, and regression analysis techniques. The results indicated that the market-to-book ratio (M/B), price-earnings ratio (P/E), and earnings yield ratio (E/Y) have a significant positive association with stock market prices. In contrast, the dividend yield ratio (D/Y) has a positive but insignificant impact on stock market prices.

Panta (2020) examined the relationship between stock market prices (NEPSE index) and five macroeconomic variables—real GDP, broad money supply, interest rate, inflation, and exchange rate—using an autoregressive distributed lag (ARDL) model. The study incorporated an error correction model (ECM) derived from the ARDL model to integrate short-run adjustments with long-run equilibrium. The findings indicated that fluctuations in the NEPSE Index are strongly associated with broad money supply, interest rate, inflation, and exchange rate in the long run. In the short run, GDP, money supply, and exchange rate positively influence the NEPSE Index, while only money supply maintains a positive relationship in the long run.

Thapa (2019) explored the factors influencing stock prices in Nepalese commercial banks listed on the Nepal Stock Exchange Ltd. Data were collected from questionnaires and financial statements and analyzed using a simple linear regression model. The study concluded that earnings per share (EPS), dividend per share (DPS), effective rules and regulations, market whims and rumors, company profiles, and luck have a significant positive association with share prices. In contrast, interest rate (IR) and price-to-earnings ratio (PER) showed a significant inverse association with share prices. Additionally, liquidity accessibility, fundamental and technical analysis stimulate the performance of the Nepalese stock market.

Rjoub et al. (2017) explored the relationship between the stock prices of Turkish banks and various micro and macro variables using fixed panel data analysis and the Dumitrescu and Hurlin panel Granger causality test. The study found that both macro and micro variables can reliably price bank stocks. Specifically, asset quality, management quality, earnings, size, money supply, and interest rate were significantly related to stock prices. Additionally, bidirectional causality was observed between bank size, asset quality, money supply, and bank stock prices. This suggests that investors should consider bank-specific information in their decisions. The results also indicated that bank stock prices react negatively to economic crises.

Narayan et al. (2014) investigated the determinants of stock prices for major Indian banks using panel data modeling techniques and a panel Granger causality test to determine the direction and sign of causality. They found evidence of panel integration among stock prices, economic activity, interest rates, and exchange rates for thirteen banks. Their results suggested

that while economic activity and currency depreciation contribute to rising share prices, an increase in interest rates reduces bank share prices.

Table 1

Summary of Article Review

Author and Date	Variables	Methodology	Major Findings
Cahyaningtyas and Aisyah (2024)	Dependent variables: share price Independent Variables: trading volume, exchange rate, interest rates	The analysis was conducted using panel data techniques, with the Fixed Effect Model being chosen as the appropriate model.	They discovered that share prices were influenced by two main factors: world coal prices, which had a positive and significant impact, and share trading volume, which had a negative and significant impact on mining sector share prices. In contrast, the exchange rate, interest rates, and mining exports did not affect mining sector share prices.
Hutabarat (2024)	Dependent variables: stock price Independent Variables: corporate governance, leverage, profitability	This work utilizes descriptive analysis, linear regression, and significance tests.	They found that corporate governance, leverage, profitability, and earnings per share each have a significant impact on stock price and company value, both individually and collectively.
Dharmawan et al. (2024)	Dependent variables: stock prices Independent Variables: EPS, ROA and DER	In this study, quantitative methods, including regression analysis, were applied. The data analysis involved classical assumption testing, model feasibility analysis, and panel regression analysis.	According to their findings, the study indicated that stock prices are significantly affected by EPS and ROA, whereas DER does not influence stock prices.
Subedi /(2024)	Dependent variables: Independent Variables: earning per share, return on equity, price earnings ratio and book value.	The study employs descriptive, analytical, and inferential research methods to examine the factors influencing the market price of Microfinance Companies.	The market book ratio shows a positive correlation with earnings per share, return on equity, price-earnings ratio, and book value. Among the independent variables, earnings per share, price to earnings ratio, and floating shares are statistically significant.
Hartono et al.(2023)	Dependent variables: market value Independent Variables: profitability and financial leverage and firm size	The hypothesis was developed using panel data regression analysis methods, specifically employing the least squares dummy variable technique.	They discovered that profitability and financial leverage strongly predict the hierarchical regression parameters, whereas firm size and market value did not show significant predictive power.
Abbas et al.(2023)	Dependent variables: company value	The study selected its subjects using a purposive sampling	They discovered that leverage affects company value, reflecting its role as an

	Independent Variables: leverage,	approach, considering various criteria.	indicator of inherent risk in a company. Higher leverage implies greater investment risk, whereas companies with lower leverage ratios are perceived to have lower risk levels.
Hardi et al.(2023)	Dependent variables: Stock Prices. Independent Variables: return on assets, total debt to assets ratio, and total debt to total capital.	Correlation and multiple regression are analyzed.	They discovered that market indicators were primarily affected by ratios such as return on assets, total debt to assets ratio, and total debt to total capital. Based on these findings, management teams in the banking sector are urged to closely monitor these aspects.
Kattel and Pradhan/ (2023)	Dependent variables: market book ratio Independent Variables: earnings per share, price earnings ratio	Correlation and regression analysis are conducted for the analysis.	They found that earnings per share positively impact the market book ratio and stock return. This suggests that an increase in earnings per share leads to higher market share prices and stock returns. The study also demonstrated that the price-earnings ratio has a positive effect on the market book ratio.
Dhodary/ (2023)	Dependent variables: Share price Independent Variables: P/E ratio, earnings per share, BVPS, PE, ROE and DIV	The study employed quantitative methods, followed by descriptive research, to conduct a concise and precise analysis of selected variables using pooled cross-sectional data collected from NEPSE-listed banks at a single point in time.	In some years, the price-earnings (P/E) ratio was observed to be zero due to the absence of earnings per share for certain banks. The share price of Nepalese commercial banks shows a positive correlation with book value per share (BVPS), price-earnings ratio (PE), return on equity (ROE), and dividend (DIV), and a negative correlation with firm size (FS). Among these independent variables, all except firm size (FS) are statistically significant. The regression results indicate that BVPS, PE, ROE, and DIV exert a positive and significant influence on the market book ratio (MBR), while firm size (FS) has a significant negative impact on MBR.
Shrestha, Acharya and Dhaka /(2023)	Dependent variables: Market book ratio (MBR Independent Variables: Earnings per Share (EPS) and Dividend per Share (DPS), Price Earning (P/E)	The research employed a causal-comparative research design with a quantitative approach. Secondary data was utilized, and commercial banks were selected using the convenience sampling method. Pearson's multiple correlations and linear regression analysis were employed to analyze the data.	They discovered that Earnings per Share (EPS) and Dividend per Share (DPS) have a negative and statistically insignificant impact on the Market Book Ratio (MBR), indicating that EPS and DPS do not affect the stock market. Similarly, the Price-Earnings (P/E) ratio has a positive and statistically insignificant effect on MBR, suggesting that P/E does not influence MBR either. On the other hand, Book Value per Share (BVPS) and Market-to-Book Value (Mkt to BV) ratio exhibit a positive and statistically significant impact on MBR.

Sun, Liu and Prodromou (2022)	Dependent variables: stock price Independent Variables: market sentiment and herd behavior	Mixed methods were utilized by integrating quantitative data from surveys with qualitative data obtained from interviews.	They discovered that fundamental analysis plays a crucial role in making stock investment decisions. Furthermore, market sentiment and herd behavior were identified as additional factors influencing investment decisions.
Rahmawati and Hadian (2022)	Dependent variables: stock prices Independent Variables: debt to equity ratio, earnings per share, debt to equity ratio, earnings per share, and price earnings ratio and price earnings ratio	The research employed an explanatory research method. The study utilized a non-probability sampling approach, specifically employing a purposive sampling method.	They discovered that the debt-to-equity ratio, earnings per share, and price-earnings ratio had an impact on stock prices. Additionally, the study indicated the extent of influence of the debt-to-equity ratio and earnings per share on stock prices.
Shrestha /(2022)	Dependent variables: market price of share Independent Variables: firm size , dividend per share (DPS) and earnings per share (EPS), return on equity (ROE)	This study utilized unbalanced panel data from 47 firms listed on NEPSE. The Breusch-Pagan Lagrangian multiplier test and Hausman test were employed to determine the suitable regression model. Both tests indicated that the Fixed Effect model was appropriate for the dataset.	The findings indicate that firm-specific factors are crucial in determining the market book ratio of Nepalese enterprises. Specifically, the study concludes that firm size, dividend per share (DPS), and earnings per share (EPS) have a significant positive influence, while return on equity (ROE) and dividend yield (DY) have a negative influence on the market book ratio. Additionally, the study observed an insignificant positive impact of book value per share (BVPS) and an insignificant negative impact of return on assets (ROA) on the market price of shares.
Wagle /(2021)	Dependent variables: stock market price. Independent Variables: Market to Book proportion (M/B), Price-earnings proportion (P/E) and Earning Yield proportion (E/Y)	The study utilized a descriptive and causal-comparative research design. It employed mean, standard deviation, correlation, and regression analysis techniques for analysis.	The findings indicated that the Market to Book ratio (M/B), Price-Earnings ratio (P/E), and Earning Yield ratio (E/Y) showed a significant positive correlation with the stock market price. On the other hand, the Dividend Yield ratio (D/Y) had a positive but insignificant impact on the stock market price.
Panta/ (2020)	Dependent variables: stock market prices Independent Variables: money supply, interest rate, inflation, GDP and exchange rate.	The study employed an error correction model (ECM), derived from the ARDL model through a simple linear transformation. This approach integrates short-run adjustments with long-run equilibrium dynamics	The findings suggest that the long-term fluctuations of the NEPSE Index are significantly influenced by broad money supply, interest rates, inflation, and exchange rates. In the short run, GDP, money supply, and exchange rates have positive effects, whereas only money supply maintains a positive relationship in the long run.

		while retaining long-run information.	
Thapa /(2019)	Dependent variables: share price. Independent Variables: earning per share (EPS), dividend per share (DPS), interest rate (IR) and price to earnings ratio (PER),	The data were gathered from questionnaires and financial statements of relevant organizations, and analyzed using a simple linear regression model.	The study's conclusions indicated that earnings per share (EPS), dividend per share (DPS), effective regulatory frameworks, market sentiments, company reputation, and serendipitous success have a significant positive correlation with share prices. Conversely, interest rates (IR) and price-to-earnings ratio (PER) showed a significant negative association with share prices.
Ghazo, Abu-Lila and Ajlouni (2021)	Dependent variables: stock price Independent Variables: exchange rate, real interest rate	The residuals were found to violate the constant variance assumption under the Ordinary Least Squares (OLS) model using the Augmented Dickey-Fuller (ADF) test.	They discovered that fluctuations in portfolio investment and the industrial production index are statistically significant in leading fluctuations in the stock price index on the Amman Stock Exchange, and they move in the same direction. In contrast, fluctuations in the real effective exchange rate, real interest rate, and Brent crude oil prices were also statistically significant, but they influence stock prices in the opposite direction.
Fuad and Yuliadi (2021)	Dependent variables: Stock Price Independent Variables: interest rate	The data analysis employed the Partial Adjustment Model (PAM) method with Views 7, which included conducting assumption tests.	They discovered that inflation and exchange rate variables exerted a negative and statistically significant influence on the Indonesian Composite Stock Price Index. Conversely, interest rate and world oil price variables had a positive and statistically significant impact on the index.
Sukesti et al. (2021)	Dependent variables: Stock Price Independent Variables: DER, ROA, NPM, Size	This research was tested using a Warp PLS statistical test tool to prove the proposed hypothesis.	They found that the debt-to-equity ratio (DER) significantly negatively affects return on assets (ROA) and significantly positively affects stock prices. Net profit margin (NPM) also significantly positively affects both ROA and stock prices. Company size has a significant positive effect on ROA but does not influence stock prices. Additionally, ROA directly impacts stock prices. While ROA does not act as a mediating variable in the relationship between company size and stock prices, it does mediate the relationships between DER and stock prices, as well as between NPM and stock prices.
Yanto, Christy and Cakranegara (2021)	Dependent variables: stock price Independent Variables: Current	The study focused on all manufacturing companies listed on the Indonesia Stock Exchange (IDX). The sample was selected	This study involves six variables, comprising one dependent variable and five independent variables. The findings indicate that the Current Ratio positively influences stock price, while Net Profit Margin shows no significant influence.

	Ratio, Net Profit Margin	using a purposive sampling method.	Return on Equity is found to have a significant influence, whereas Return on Asset does not show a significant impact.
Rjoub, Civcir and Resatoglu (2017)	Dependent variables: stock prices Independent Variables: asset quality, management quality, earning, size, money supply, economic crisis and interest rate	The study employed fixed panel data analysis and applied the Dumitrescu and Hurlin panel Granger causality test.	They discovered significant correlations between asset quality, management quality, earnings, size, money supply, and interest rates with stock prices. Additionally, bidirectional causality was noted between bank size, asset quality, money supply, and bank stock prices, underscoring the importance of considering specific bank-related information in investment decisions. Furthermore, the study found that bank stock prices generally decrease during economic crises.
Narayan, Narayan and Singh (2014)	Dependent variables: share prices Independent Variables: economic activity and currency depreciation	They use a panel Granger causality test that reveals the direction and sign of causality.	They discovered that while economic activity and currency depreciation lead to an increase in share prices, an uptick in the interest rate results in a decrease in bank share prices.

2.3 Research Gap

This study is conducted using descriptive statistics, correlation and regression analysis. Three sample insurance are taken from total a total of 35 insurance companies are offering Life, Non-Life (General), Micro and Re-insurance services random sampling methods is used for the sample selection. The research is don for the propose of achieving the objectives are; to assess the current status of return on assets, return on equity, earnings per share, price earnings ratio, dividends per share, size (log of assets) and stock price of Nepalese insurance companies, to analyze the relationship of return on assets, return on equity, earnings per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies and to examine the impact of return on assets, return on equity, earning per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies. Only one dependent variable stock price and six independent variables: return on assets, return on equity, earnings per share, price earnings ratio, dividend per share and size (log of assets) are taken under studies. Ten year data and descriptive and casual comparative research design methods employed.

Previous researches used more than three insurance; they used other techniques such as panel analysis etc. for data analysis. Most of them used a five to eight years of data for analysis. Future researches may also use more data, more dependent and independent variable for studies.

CHAPTER- III

RESEARCH METHODOLOGY

This chapter encompassed the methodology section. The initial segment focused on research design. The subsequent part addressed population and sample, detailing the sample size. The third segment covered the nature and source of data. Following that, the methods of analysis were discussed, including financial and statistical analysis. Finally, the chapter concluded with the research framework and definition of variables, outlining the research variables and their definitions.

3.1 Research Design

This study employs descriptive and causal-comparative research designs to explore factors influencing stock prices. The descriptive design aims to gather comprehensive information on stock price determinants. Additionally, the causal-comparative design compares the impacts and correlations between the dependent variable and independent variables.

3.2 Population and Sample

The total population of the research are 35 listed insurance companies of NEPSE in the date of mid-July 2023. Based on the propulsive sampling 3 sample are selected from insurance companies. The list of the three sample companies are:

Table 2

Sample of the Companies

S.N.	Insurance Companies	Sample	Periods	Observations
1.	Himalayan Everest Insurance	1	2013/14 to2022/23	10
2.	NECO Insurance Company Limited (NIL)	1	2013/14 to2022/23	10
3.	IGI Prudential Insurance Company Limited.	1	2013/14 to2022/23	10
	Total	3		30

Source: *NEPSE*

3.3 Nature and Sources of Data

In this section, the researcher details the characteristics and sources of data used in the study. Data is categorized into two main types: primary and secondary. Primary data includes

information gathered firsthand through various research activities. Secondary data, on the other hand, is obtained from published and unpublished sources. Published sources consist of research articles, annual reports, newspapers, tax reports, and government policies. Unpublished sources encompass internal organizational documents like decision records, meeting minutes, vouchers, and materials related to management and board decisions.

3.4 Instrument of Data Collection

The term "instrument" refers to the tools employed for data collection purposes. Secondary data in this study were sourced from the websites of relevant manufacturing companies, primarily extracted from their annual reports. Additionally, economic reports from the Nepal Rastra Bank, specifically the Banking and Financial Statistics, along with other published statistical data, were consulted. Informal discussions and procedures provided supplementary information. Primary data collection utilized various instruments such as questionnaires, observations, interviews, laboratory experiments, quasi-experiments, and scales.

3.5 Methods of Analysis

To attain the study's objectives, diverse financial and statistical tools/methods have been applied, including the following.

3.5.1 Financial Analysis

This involves an examination of the strengths and weaknesses of the company. Strengths contribute positively to the organization, while weaknesses pose challenges. Both aspects provide valuable insights for the company's future planning and improvement. Various ratios are computed to assess the financial position.

1. Return on Assets (ROA)
2. Return on Equity (ROE)
3. Earnings Per share (EPS)
4. Price Earnings ratio (P/E)
5. Dividend per share (DPS)
6. Company size (Size)
7. Stock price (SP)

Return on Assets (ROA)

Return on assets (ROA) is a financial ratio that measures a company's profitability relative to its total assets. It indicates how efficiently a company is utilizing its assets to generate profit.

The formula to calculate Return on Assets (ROA) is:

ROA =Net profit after tax / Total Assets

Return on Equity (ROE)

Return on equity (ROE) is a financial ratio that measures a company's profitability relative to its shareholders' equity. It indicates how efficiently a company is utilizing its equity to generate profit.

The formula to calculate Return on Equity (ROE) is:

ROE = Net profit after tax / Shareholders' Equity

Earnings Per share (EPS)

Earnings per share (EPS) is a financial metric that represents the portion of a company's profit allocated to each outstanding share of its common stock. It is a fundamental indicator of a company's profitability and is widely used by investors to assess the company's financial performance and to make investment decisions.

The formula to calculate Earnings per Share (EPS) is:

EPS= Net profit after tax / Total Number of Shares

Dividend per Share (DPS)

Dividend per share (DPS) is a financial metric that represents the total amount of dividends distributed by a company to its shareholders for each outstanding share of its common stock. It is an important measure for investors interested in income generation from their investments.

The formula to calculate Dividend per Share (DPS) is:

DPS = Total Dividends Paid/Total Number of equity shares

Price-Earnings Ratio (P/E ratio)

The Price-earnings ratio (P/E ratio) is a valuation metric used to evaluate a company's current stock price relative to its earnings per share (EPS). It indicates how much investors are willing to pay per dollar of earnings.

The formula to calculate the Price-Earnings Ratio (P/E ratio) is:

P/E ratio =market price/ Earnings per Share (EPS).

Company size (Size)

Company size (size) typically refers to the total value or scale of a company's operations, assets, revenues, or market capitalization. There are various ways to measure company size, and different metrics may be used depending on the context. In this research used a total asset as a firm size and here calculated the log of total assets as a firm size.

Firm Size= log (Total Assets)

Stock Price (SP)

Stock prices are a dynamic reflection of a company's perceived value and are influenced by a multitude of factors, both external and internal. Internally, firm-specific variables such as earnings per share (EPS), dividend yield, price-to-earnings (P/E) ratio, and return on equity (ROE) play critical roles.

3.5.2 Statistical Analysis

Descriptive Statistics

Descriptive statistics include a range of measures like mean, standard deviation, coefficient of variation, minimum, and maximum, among others. The mean, synonymous with average or the most frequent value in a dataset, signifies the central tendency in a probability distribution, alongside median and mode. It's also known as the expected value. Meanwhile, standard deviation quantifies the extent of variation or dispersion within a dataset. It's computed as the square root of variance, gauging how each data point deviates from the mean.

Arithmetic Mean

The arithmetic mean, also known as the average, is calculated by summing all values in a dataset and dividing by the number of observations. It provides a representation of the data that typically falls near the middle of the range. This measure is commonly referred to as a measure of central tendency because it reflects the central position of the dataset. In this study, the arithmetic mean is utilized to analyze data concerning sample banks across a span of ten fiscal years. It is calculated as;

Mean ($\overline{X}$) = $\frac{\sum X}{n}$

Where, $\overline{X}$ = Mean

$\sum X$ = Sum of all the variable X

n = Variable involved

Standard Deviation (σ):

Standard deviation quantifies the extent of variation or dispersion within a dataset. It is computed as the square root of variance, which involves assessing each data point's deviation from the mean. It is denoted by (**σ**).

Standard Deviation (**σ**): S.D= $\sqrt{\frac{\sum(X - \overline{X})^2}{N}}$

Where,

X=variables

= mean

N= No. of Period

Minimum

The minimum value represents the smallest observation within a dataset, often referred to as the lowest point of the data distribution for a specific variable in the study. It is the data point that is smaller than or equal to all other values present. When arranging the data in ascending order, the minimum value would be the first number. Each dataset can only have one minimum value, as it uniquely stands as the smallest value within that specific dataset.

Maximum

The maximum value represents the largest observation within a dataset, often referred to as the highest point of the data distribution for a specific variable in the study. It is the data point that is greater than or equal to all other values present. When arranging the data in ascending order, the maximum value would be the last number. Each dataset can only have one maximum value, as it uniquely stands as the largest value within that specific dataset.

Correlation Analysis

The relationship was examined using the Pearson correlation coefficient, which ranges from -1 to +1. A correlation coefficient of -1 indicates a perfect negative correlation, where the variables move in exact opposite directions. Conversely, a correlation coefficient of +1 indicates a perfect positive correlation, meaning the variables move in the same direction.

Multiple Regression Analysis

Multiple regression analysis is a statistical technique used to explore the relationship between a single dependent (outcome) variable and multiple independent (predictor) variables. Its main objective is to predict changes in the dependent variable based on variations in the independent variables. It provides an indication of how effectively the independent variables can predict the dependent variable. Moreover, the coefficient of determination in multiple regression represents the proportion of variability in the dependent variable that is explained by the regression model. The multiple regression equation for this study may be articulated as follows:

Model:

$$SP = \beta_0+\beta_1\times EPS +\beta_2\times P/E +\beta_3\times DPS +\beta_4\times ROA +\beta_5\times ROE +\beta_6\times Size + e$$

Where,

SP=Stock Price

ROA=Return on Assets

ROE=Return on Equity

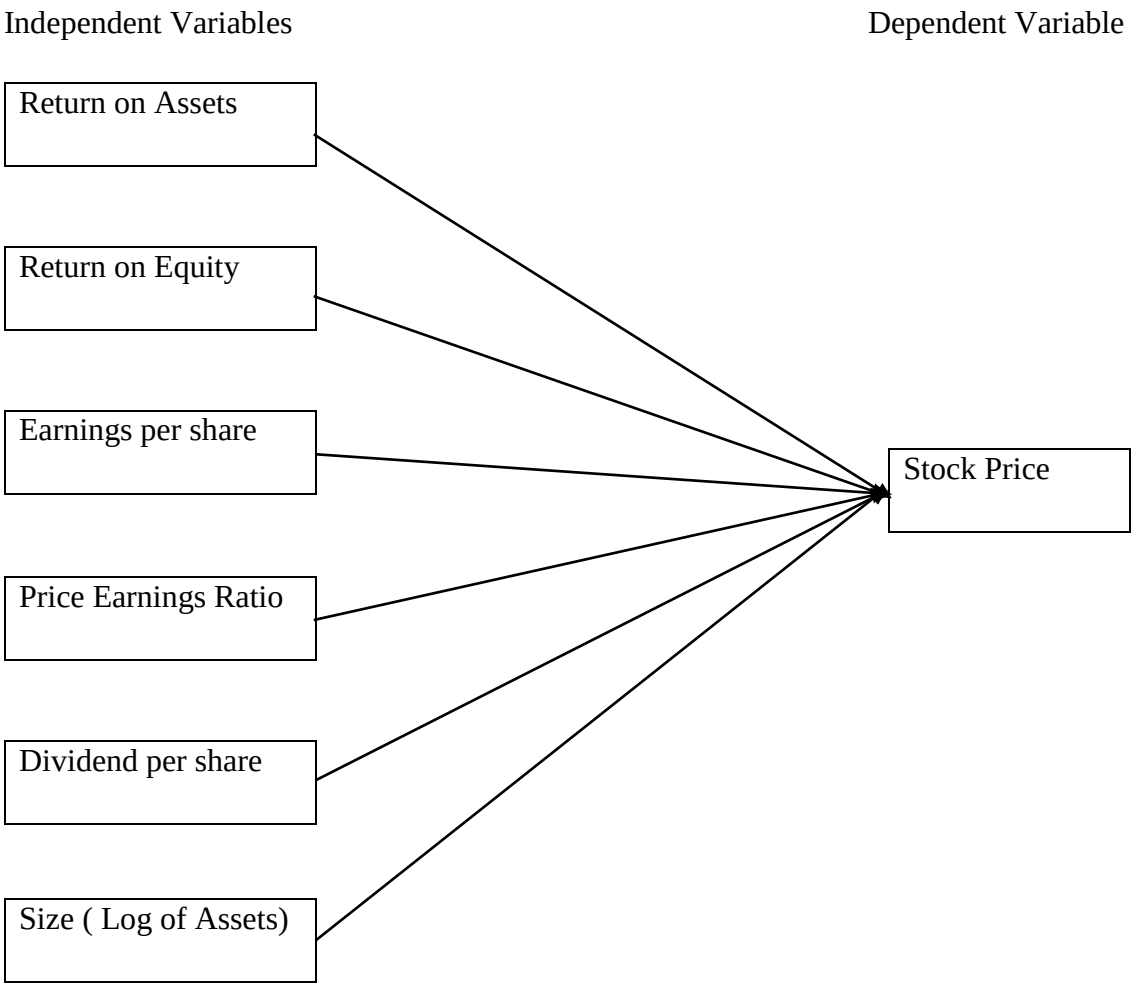
EPS=Earnings per Share

P/E=Price Earnings Ratio

DPS=Dividend per Share

Size=Company Size

3.6 Research Framework and Definition of Variables



Source: *Kattel & Pradhan (2023)*

Figure 1: Research Framework

Definitions of Variables

Dependent Variables

Stock Price

Stock prices reflect a company's perceived value and are influenced by numerous factors, internal and external. Internally, variables like earnings per share (EPS), dividend yield, price-to-earnings (P/E) ratio, and return on equity (ROE) play pivotal roles. High EPS signals strong profitability, driving stock prices up as investors anticipate continued growth. A favorable P/E ratio suggests a stock's value relative to earnings, influencing investment decisions. High ROE

indicates efficient use of equity, boosting investor confidence and potentially raising stock prices. Externally, macroeconomic conditions, industry trends, and market sentiment also impact stock prices (Sun et al., 2022).

Independent Variables

Return on Assets (ROA)

ROA measures a company's efficiency in generating profit from its assets. It's calculated by dividing net income by total assets, offering insights into how effectively assets generate earnings. Higher ROA indicates efficient asset utilization, positively influencing investor perceptions and potentially boosting stock prices. Factors influencing ROA include management effectiveness, asset efficiency, and operational performance (Ghazo et al., 2021).

Return on Equity (ROE)

ROE evaluates a company's ability to generate profits from shareholders' equity. Calculated by dividing net income by shareholders' equity, ROE indicates how effectively equity is used to generate earnings. Higher ROE signifies efficient capital utilization, attracting investors and positively impacting stock prices. It provides valuable insights into profitability and management effectiveness (Sun et al., 2022).

Earnings per Share (EPS)

EPS measures a company's profitability per outstanding share. Calculated by dividing net income by outstanding shares, EPS helps investors assess financial performance. Higher EPS indicates better profitability, enhancing investor confidence and potentially increasing stock prices. It's crucial in valuation alongside metrics like the P/E ratio (Dhodary, 2023).

Price-to-Earnings Ratio (P/E Ratio)

P/E ratio compares a company's share price to its EPS. It reveals how much investors pay per dollar of earnings and reflects market expectations for growth. A high P/E ratio suggests optimism about future earnings, influencing stock prices. It's vital for comparing valuation across companies (Ghazo et al., 2021).

Dividend per Share (DPS)

DPS shows dividends paid per outstanding share. It indicates income for shareholders and reflects a company's financial health and commitment to returns. Higher DPS attracts income-focused investors, supporting stock prices and confidence (Yanto et al., 2021).

Size (Log of Assets)

Company size, measured by market capitalization or other metrics, influences performance and investor perception. Larger companies offer stability and access to resources, appealing to risk-averse investors. Smaller firms may offer growth potential but carry higher risk due to market volatility and limited resources (Ghazo et al., 2021).

CHAPTER-IV

RESULT AND DISCUSSION

Result and discussion of data is the very importance part of the desertion. Its shows all the numerical data into some expressed form of analysis. It is the process of organizing the data by tabulating and then placing that data in presentable form by using various tables, figures and sources.

4.1 Result

4.1.1 Financial Analysis

This process entails evaluating the strengths and weaknesses of the company. Strengths denote advantageous aspects of the organization, whereas weaknesses highlight areas of vulnerability. Identifying these factors provides valuable insights for future planning and enhancement. Financial ratios are calculated to assess the company's financial standing.

Table 3

Stock Price

Year (SP)	HEI	NIL	IGI	Mean	S. D	C.V (%)
2023	600	891	368	619.66	262.05	42.28
2022	520	694	348	520.66	173.00	33.22
2021	768	1348	810	975.33	323.42	33.16
2020	419	607	493	506.33	94.70	18.70
2019	350	489	555	464.66	104.64	22.52
2018	450	770	365	528.33	213.56	40.42
2017	745	462	890	699.00	217.67	31.14
2016	1380	1990	1005	1458.33	497.15	34.09
2015	378	981	87.72	482.24	455.67	94.49
2014	590	981	80	550.33	451.80	82.09
Mean	620	921.3	500.17			
S. D	303.1	459.88	318.22			
C. V (%)	48.89	49.91	63.62			

Source*: Appendix* -1

Table 3 presents the stock prices of three insurance companies over a period of ten years. The selected insurance companies include Himalayan Everest insurance limited (HEI), NECO insurance limited (NIL) and IGI prudential insurance company limited (IGI). Among these

insurance NIL exhibits the higher mean stock price and also the NIL represent the higher standard deviation. Higher coefficient of variation (C. V) is in the IGI. Based on year the higher mean in the year 2016, higher standard deviation in the year 2016 and higher C. V in the year 2015. The stock price is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is NIL and based on CV is in the IGI.

Table 4

Return on Assets

Year (ROA)	HEI	NIL	IGI	Mean	S. D	C.V (%)
2023	4.5	8	2.22	4.90	2.91	59.33
2022	3.03	7	3.62	4.55	2.14	47.08
2021	1.79	7	2.6	3.79	2.8	73.84
2020	3.6	10	4.57	6.05	3.44	56.94
2019	5.08	13	7.53	8.53	4.05	47.49
2018	3.21	8.8	6.8	6.27	2.83	45.17
2017	1.53	8.85	7.2	5.86	3.83	65.52
2016	11.23	9.1	6.5	8.94	2.36	26.48
2015	9.19	9.17	4.8	7.72	2.52	32.75
2014	8.03	4.59	3.8	5.47	2.24	41.09
Mean	5.11	8.55	4.96			
S. D	3.28	2.19	1.93			
C. V (%)	64.18	25.61	38.91			

Source*: Appendix* -1

Table 4 presents the Return on Assets of three insurance companies over a period of ten years. The selected insurance companies include Himalayan Everest insurance limited (HEI), NECO insurance limited (NIL) and IGI prudential insurance company limited (IGI). Among these insurance NIL exhibits the higher mean return on assets and also the HEI represent the higher standard deviation. Higher coefficient of variation (C. V) is in the HEI. Based on year the higher mean in the year 2016, higher standard deviation in the year 2019 and higher C. V in

the year 2021. The return on assets is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is HEI and based on CV is in the HEI.

Table 5

Return on Equity

Year (ROE)	HEI	NIL	IGI	Mean	S. D	C.V (%)
2023	6.84	16	4.48	9.10	6.08	66.82
2022	2.42	15	6.93	8.11	6.37	78.52
2021	5.2	16	4.9	8.70	6.32	72.68
2020	5.2	19	8	10.73	7.29	67.96
2019	7.42	16	13.99	12.47	4.48	35.98
2018	9.35	15.74	11.41	12.166	3.26	26.80
2017	12.92	17.31	16.92	15.71	2.42	15.46
2016	28.76	20.23	11.98	20.32	8.39	41.28
2015	24.43	18.85	8.65	17.31	8.00	46.22
2014	20.57	13.52	8.06	14.05	6.27	44.63
Mean	5.11	8.55	4.96			
S. D	3.28	2.19	1.93			
C. V (%)	64.18	25.61	38.91			

Source*: Appendix* -1

Table 5 presents the Return on equity of three insurance companies over a period of ten years. The selected insurance companies include Himalayan Everest insurance limited (HEI), NECO insurance limited (NIL) and IGI prudential insurance company limited (IGI). Among these insurance NIL exhibits the higher mean Return on Equity and the HEI represent the higher standard deviation. Higher coefficient of variation (C. V) is in the HEI. Based on year the higher mean in the year 2016, higher standard deviation in the year 2016 and higher C.V in the year 2022. The Return on equity is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is HEI and based on CV is in the HEI.

Table 6

Earnings per Share

Year (EPS)	HEI	NIL	IGI	Mean	S. D	C.V (%)
2023	19.34	35	7.7	20.68	13.69	66.24
2022	12.85	31	11.78	18.54	10.80	58.2
2021	9.01	29	8.26	15.42	11.76	76.27
2020	16.08	32	14.07	20.71	9.82	47.41
2019	22.98	30	26.65	17.41	3.13	17.99
2018	13.81	27.14	14.16	18.37	7.59	41.35
2017	31.61	32.72	31.57	31.96	.652	2.041
2016	40.77	37.52	30.84	36.37	5.062	13.91
2015	52.96	29.25	20.17	34.12	16.93	49.60
2014	37.34	25.71	25.37	29.47	6.81	23.12
Mean	25.67	30.93	19.05			
S. D	14.39	3.54	9.07			
C. V (%)	56.05	11.44	47.61			

Source*: Appendix* -1

Table 6 presents the earning per share of three insurance companies over a period of ten years. The selected insurance companies include Himalayan Everest insurance limited (HEI), NECO insurance limited (NIL) and IGI prudential insurance company limited (IGI). Among these insurance NIL exhibits the higher mean earning per share and the HEI represent the higher standard deviation. Higher coefficient of variation (C. V) is in the HEI. Based on year the higher mean in the year 2016, higher standard deviation in the year 2015 and higher C.V in the year 2021. The earning per share is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is HEI and based on CV is in the HEI.

Table 7

Price earnings ratio

Year (PE)	HEI	NIL	IGI	Mean	S. D	C.V (%)
2023	31.03	25	48	34.67	11.92	34.3
2022	40.48	22	30	30.82	9.26	30.06
2021	85.28	47	98	76.76	26.54	34.58
2020	26.06	17	35	26.02	9.00	34.58
2019	15.23	16	21	17.41	3.13	17.99
2018	32.59	28.37	25.77	28.91	3.44	11.90
2017	23.57	14.12	28.19	21.96	7.17	32.65
2016	33.85	53.04	32.59	39.82	11.46	28.77
2015	7.14	33.54	4.35	15.01	16.10	107.31
2014	15.80	38.15	3.15	19.03	17.72	93.11
Mean	31.1	29.42	32.6			
S. D	21.53	13.35	26.65			
C. V (%)	69.22	45.37	81.74			

Source*: Appendix* -1

Table 7 presents the price earnings ratio of three insurance companies over a period of ten years. The selected insurance companies include Himalayan Everest insurance limited (HEI), NECO insurance limited (NIL) and IGI prudential insurance company limited (IGI). Among these insurance IGI exhibits the higher mean price earnings ratio and the IGI represent the higher standard deviation. Higher coefficient of variation (C.V) is in the IGI. Based on year the higher mean in the year 2021, higher standard deviation in the year 2021 and higher C.V in the year 2015. The price earnings ratio is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is IGI and based on CV is in the IGI.

Table 8 presents the dividend per share of three insurance companies over a period of ten years. The selected insurance companies include Himalayan Everest insurance limited (HEI), NECO insurance limited (NIL) and IGI prudential insurance company limited (IGI). Among these insurance NIL exhibits the higher mean dividend per share and the HEI represent the higher standard deviation. Higher coefficient of variation (C.V) is in the IGI.

Table 8

Dividend per share

Year (DPS)	HEI	NIL	IGI	Mean	S. D	C.V (%)
2023	15	0	-	5.00	8.6	173.20
2022	2.89	16	4	7.63	7.26	95.27
2021	7	16	7	10.00	5.19	51.96
2020	7.75	16	8	10.58	4.69	44.3
2019	0	9	-	3.00	5.19	173.2
2018	0	24.74	-	8.24	14.28	173.2
2017	15	15.79	-	10.26	8.89	86.6
2016	21.05	21.05	-	14.03	12.1	86.6
2015	21.05	10.53	-	10.52	10.5	99.9
2014	10.25	12.63	-	7.62	6.71	87.99
Mean	9.99	14.17	1.9			
S. D	7.88	6.78	3.21			
C. V (%)	78.87	47.8	168.94			

Source*: Appendix* -1

Based on year the higher mean in the year 2016, higher standard deviation in the year 2018 and higher C.V in the year 2023, 2019 and 2018. The dividend per share is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is HEI and based on CV is in the IGI.

Table 9 presents the size of company of three insurance companies over a period of ten years. The selected insurance companies include Himalayan Everest insurance limited (HEI), NECO insurance limited (NIL) and IGI prudential insurance company limited (IGI). Among these insurance HEI exhibits the higher mean size of company and the IGI represent the higher standard deviation. Higher coefficient of variation (C.V) is in the IGI. Based on year the higher mean in the year 2023, higher standard deviation in the year 2017 and higher C.V in the year 2025. The size of company is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is IGI and based on CV is in the IGI.

Table 9

Size (log of Assets)

Year(size)	HEI	NIL	IGI	Mean	S. D	C.V (%)
2023	3.99	3.92	4.02	3.97	.051	1.29
2022	3.69	3.92	3.76	3.79	.117	3.11
2021	3.74	3.85	3.67	3.75	.090	2.41
2020	3.67	3.66	3.54	3.62	.072	1.99
2019	3.66	3.58	3.49	3.57	.085	2.37
2018	3.64	3.53	3.157	3.44	.253	7.35
2017	3.8	3.37	2.921	3.36	.439	13.0
2016	3.0	3.12	2.64	2.92	.24	8.554
2015	3.18	3.00	2.39	2.85	.414	14.49
2014	3.06	2.89	2.38	2.77	.35	12.74
Mean	3.54	3.48	3.19			
S. D	.33	.37	.58			
C. V (%)	9.32	10.63	18.18			

Source*: Appendix* -1

4.1.2 Descriptive Analysis

This process involves assessing the strengths and weaknesses of the company, where strengths offer advantages to the organization while weaknesses present challenges. Identifying both strengths and weaknesses provides valuable insights for future planning and improvement within the company. Various financial ratios are analyzed to evaluate the company's financial position, including calculations for mean, minimum, maximum, and standard deviation.

Table 10 displays the descriptive statistics spanning ten years for three insurance companies: Himalayan Everest Insurance Limited (HEI), NECO Insurance Limited (NIL), and IGI Prudential Insurance Company Limited (IGI). The descriptive statistics cover data from each insurance company over a decade, totaling 30 observations for the study (denoted as N).

Table 10

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
return on assets	30	1.53	13.00	6.21	2.97
return on equity	30	2.42	28.76	12.86	6.41
earnings per share	30	7.70	52.96	25.22	10.87
price earnings ratio	30	3.15	98.00	31.04	20.53
Dividend per share	30	.00	24.74	8.69	7.97
Company size	30	2.38	4.02	3.40	.45
Stock Price	30	80.00	1990.00	680.49	397.56
Valid N (list wise)	30				

Source: *Appendix-2*

The minimum, maximum, mean and standard deviation of return on assets are found that the 1.53, 13.00, 6.21 and 2.97 respectively. The minimum, maximum, mean and standard deviation of return on equity are found that the 2.42, 28.76, 12.86 and 6.41 respectively. The minimum, maximum, mean and standard deviation of earnings per share are found that the 7.70, 52.96, 25.22 and 10.87 respectively. The minimum, maximum, mean and standard deviation of price earnings ratio are found that the 3.15, 98.00, 31.04 and 20.53 respectively. The minimum, maximum, mean and standard deviation of Dividend per share are found that the .00,24.74, 8.69 and 7.97 respectively. The minimum, maximum, mean and standard deviation of Company size are found that the 2.38, 4.02, 3.40 and 0.45 respectively. The minimum, maximum, mean and standard deviation of stock price are found that the 80.00, 1990.00, 680.49 and 397.56 respectively.

The result of the minimum maximum, mean and standard deviation combinations shows the rations such as dependent variable stock price and independent variables are return on assets, return on equity, and earnings per share, price earnings ratio, and dividend per share, company size and stock price all are fluctuating in nature.

4.1.3 Correlation Analysis

Correlation analysis is a statistical method utilized to measure the strength and direction of the relationship between two quantitative variables. This approach calculates a correlation

coefficient, like Pearson's r, which ranges from -1 to +1. A coefficient close to +1 indicates a strong positive correlation, meaning that as one variable increases, the other tends to increase as well. Conversely, a coefficient close to -1 indicates a strong negative correlation, where as one variable increases, the other tends to decrease. A coefficient near 0 suggests a weak or no linear relationship between the variables.

Table 11

Correlations Analysis of Variables

		SP	ROA	ROE	EPS	PE	DPS	size
SP	Pearson Correlation	1						
	Sig. (2-tailed)							
ROA	Pearson Correlation	.336	1					
	Sig. (2-tailed)	.070						
ROE	Pearson Correlation	.492**	.833**	1				
	Sig. (2-tailed)	.006	.000					
EPS	Pearson Correlation	.375*	.729**	.896**	1			
	Sig. (2-tailed)	.041	.000	.000				
PE	Pearson Correlation	.449*	-.380*	-.321	-.486**	1		
	Sig. (2-tailed)	.013	.038	.084	.006			
DPS	Pearson Correlation	.486**	.445*	.595**	.532**	.031	1	
	Sig. (2-tailed)	.007	.014	.001	.002	.870		
Size	Pearson Correlation	-.013	-.221	-.293	-.321	.327	.127	1
	Sig. (2-tailed)	.947	.241	.116	.084	.078	.504	
	N	30	30	30	30	30	30	30

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: *Appendix-2*

Table 11 presents the correlation of three insurance companies over a period of ten years. The selected insurance companies include Himalayan Everest insurance limited (HEI), NECO

insurance limited (NIL) and IGI prudential insurance company limited (IGI). The correlation analysis of 10 years data from each insurance company and in total 30 called total observation of the study which is denoted by the N. The dependent variable stock price and independent variables are return on assets, return on equity, and earnings per share, price earnings ratio, and dividend per share, company size and stock price are presented for calculation of relationship of them dependent and independent.

In the table the relationship between the stock price and return on assets is positive but not significant so the hypothesis of the study is not true. The positive relationship shows by the correlation value 0.336 and not significant because the sig value is 0.07 which is more than 0.05.

In the table the relationship between the stock price and return on equity is positive and significant so the hypothesis of the study is true. The positive relationship shows by the correlation value 0.492 and significant because the sig value is 0.006 which is less than 0.01.

In the table the relationship between the stock price and earning per share is positive and significant so the hypothesis of the study is true. The positive relationship shows by the correlation value 0.375 and significant because the sig value is 0.041 which is less than 0.05.

In the table the relationship between the stock price and price earnings ratio is positive and significant so the hypothesis of the study is true. The positive relationship shows by the correlation value 0.449 and significant because the sig value is 0.013 which is less than 0.05.

In the table the relationship between the stock price and dividend per share is positive and significant so the hypothesis of the study is true. The positive relationship shows by the correlation value 0.486 and significant because the sig value is 0.007 which is less than 0.01.

In the table the relationship between the stock price and size is negative but not significant so the hypothesis of the study is not true. The negative relationship shows by the correlation value 0.013 and not significant because the sig value is 0.947 which is more than 0.05.

4.1.4 Multiple Regression Analysis

Multiple regression analysis is a powerful statistical technique used to examine the relationship between a single dependent variable and two or more independent variables. This method expands upon simple linear regression by incorporating multiple predictors, allowing

researchers to assess both the collective and individual impacts of each predictor on the outcome. The results of multiple regression are typically presented through coefficients assigned to each independent variable, indicating the direction and strength of their relationships with the dependent variable. Model summaries, ANOVA tables, and coefficient estimates are employed to provide a thorough understanding of these relationships.

Table 12

Model summary of the Study

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.829[a]	.687	.606	249.56013

a. Predictors: (Constant), Company size , Dividend per share , price earnings ratio, return on equity , earnings per share, return on equity

Source: *Appendix-2*

Table 12 presents the Model summary of the Study of three insurance companies over a period of ten years. The selected insurance companies include Himalayan Everest insurance limited (HEI), NECO insurance limited (NIL) and IGI prudential insurance company limited (IGI). The independent variables of the research are Company size, Dividend per share, price earnings ratio, return on equity, earnings per share and return on equity. The dependent variables of the research is stock price. Here adjusted R square is the 0.606 which represent the 60.6% of variation is made by the independent variables in total to the dependent variables. The remaining 39.4 percent of variation or impact to the stock price is made by the other variables which are not included in this research.

Table 13

ANOVA of the Study

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3151225.482	6	525204.247	8.433	.000[b]
	Residual	1432445.894	23	62280.256		
	Total	4583671.376	29			

a. Dependent Variable: Stock Price

b. Predictors: (Constant), Company size , Dividend per share , price earnings ratio, return on equity , earnings per share, return on equity

Source: Appendix-2

Table 13 presents the ANOVA of the Study of the Study of three insurance companies over a period of ten years. The selected insurance companies include Himalayan Everest insurance limited (HEI), NECO insurance limited (NIL) and IGI prudential insurance company limited (IGI). The independent variables of the research are Company size, Dividend per share, price earnings ratio, return on equity, earnings per share and return on equity. The dependent variables of the research is stock price. Here the significant value is 0.000 so the regression is significant and strong.

Table 14

Coefficient of the Study

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-334.952	467.942		-.716	.481
	Return on assets	11.524	9.608	.086	2.389	.001
	Return on equity	13.554	2.817	.219	2.594	.008
	Earnings per share	16.498	1.249	.451	2.467	.006
	Price earnings ratio	15.206	2.993	.785	5.080	.000
	Dividend per share	2.932	.188	.059	2.358	.024
	Company size	-42.314	7.345	-.049	-7.361	.000

a. Dependent Variable: Stock Price

Source: Appendix-2

Table 14 presents the coefficient of the Study of three insurance companies over a period of ten years. The selected insurance companies include Himalayan Everest insurance limited (HEI), NECO insurance limited (NIL) and IGI prudential insurance company limited (IGI). The independent variables of the research are Company size, Dividend per share, price earnings ratio, return on equity, earnings per share and return on equity. The dependent variables of the research is stock price. Here beta, standard deviation and sig are calculated.

The impact of return on assets to the stock price is positive and which is significant so the hypothesis of the study is true. The positive impact shows by the beta value positive 11.524 which is less accurate because the standard error is higher. The beta 11.524 represent the 1

percent change in to return on assets will change 11.524 percent into the stock price. The impact is significant because the significant value is less than 0.05 i.e. 0.001.

The impact of return on equity to the stock price is positive and which is significant so the hypothesis of the study is true. The positive impact shows by the beta value positive 13.554 which is less accurate because the standard error is higher. The beta 13.554 represent the 1 percent change in to return on equity will change 13.554 percent into the stock price. The impact is significant because the significant value is less than 0.05 i.e. 0.008.

The impact of earning per share to the stock price is positive and which is significant so the hypothesis of the study is true. The positive impact shows by the beta value positive 16.498 which is less accurate because the standard error is higher. The beta 16.498 represent the 1 percent change in to earning per share will change 16.498 percent into the stock price. The impact is significant because the significant value is less than 0.05 i.e. 0.006.

The impact of price earnings ratio to the stock price is positive and which is significant so the hypothesis of the study is true. The positive impact shows by the beta value positive 15.206 which is less accurate because the standard error is higher. The beta 15.206 represent the 1 percent change in to price earnings ratio will change 15.206 percent into the stock price. The impact is significant because the significant value is less than 0.05 i.e. 0.000.

The impact of dividend per share to the stock price is positive and which is significant so the hypothesis of the study is true. The positive impact shows by the beta value positive 2.932 which is less accurate because the standard error is higher. The beta 2.932 represent the 1 percent change in to Dividend per share will change 2.932 percent into the stock price. The impact is significant because the significant value is less than 0.05 i.e. 0.024.

The impact of company size to the stock price is negative and which is significant so the hypothesis of the study is true. The negative impact shows by the beta value negative 42.314which is less accurate because the standard error is higher. The beta 2.932 represent the 1 percent change in to company size will change negative 42.314 percent into the stock price. The impact is significant because the significant value is less than 0.05 i.e. 0.000.

4.2 Discussion

The first objective of research is to assess the current status of return on assets, return on equity, earnings per share, price earnings ratio, dividends per share, size (log of assets) and stock price of Nepalese insurance companies. It is found that the stock price is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is NIL and based on CV is in the IGI. The return on assets is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is HEI and based on CV is in the HEI. The result is consistence with the result of Thapa, (2019). The Return on equity is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is HEI and based on CV is in the HEI. The earning per share is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is HEI and based on CV is in the HEI. The result is consistence with the result of Panta, (2020). The price earnings ratio is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is IGI and based on CV is in the IGI. The dividend per share is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is HEI and based on CV is in the IGI. The result is consistence with the result of Wagle, (2021). The size of company is in the nature of fluctuating; the highest fluctuating shows based on standard deviation is IGI and based on CV is in the IGI. The result is consistence with the result of Shrestha, (2022). The minimum maximum, mean and standard deviation combinations shows the rations such as dependent variable stock price and independent variables are return on assets, return on equity, and earnings per share, price earnings ratio, and dividend per share, company size and stock price all are fluctuating in nature. The result is consistence with the result of Dhodary, (2023).

The second objective of research is to examine the relationship of return on assets, return on equity, earnings per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies. It is found that the table the relationship between the stock price and return on assets is positive but not significant so the hypothesis of the study is not true. The result is consistence with the result of Narayan et al., (2014). The relationship between the stock price and return on equity is positive and significant so the hypothesis of the study is true. The result is consistence with the result of Rjoub et al., (2017). The relationship between the stock price and earning per share is positive and significant so the hypothesis of the study is true. The result is consistence with the result of Sukesti et al.,

(2021). The relationship between the stock price and price earnings ratio is positive and significant so the hypothesis of the study is true. The result is consistence with the result of Fuad and Yuliadi, (2021). The relationship between the stock price and dividend per share is positive and significant so the hypothesis of the study is true. The result is consistence with the result of Yanto et al., (2021). The relationship between the stock price and size is negative but not significant so the hypothesis of the study is not true. The result is consistence with the result of Ghazo et al., (2021).

The third objective of research is to analyze the impact of return on assets, return on equity, earning per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies. It is found that the impact of return on assets to the stock price is positive and which is significant so the hypothesis of the study is true. The result is consistence with the result of Rahmawati and Hadian, (2022). The impact of return on equity to the stock price is positive and which is significant so the hypothesis of the study is true. The result is consistence with the result of Abbas et al., (2023). The impact of earning per share to the stock price is positive and which is significant so the hypothesis of the study is true. The result is consistence with the result of Sun et al., (2022).The impact of price earnings ratio to the stock price is positive and which is significant so the hypothesis of the study is true. The result is consistence with the result of Sukesti et al., (2021). The impact of Dividend per share to the stock price is positive and which is significant so the hypothesis of the study is true. The result is consistence with the result of Rjoub et al., (2017). The impact of company size to the stock price is negative and which is significant so the hypothesis of the study is true. The result is consistence with the result of Shrestha, (2022)

CHAPTER- V

SUMMARY AND CONCLUSION

This chapter included the summary, conclusion and implication of the study. The summary included the detail of the study from beginning, conclusion the objective and finding based conclusion line and implication included the future used to the sectors and proposes of person.

5.1 Summary

Stock prices reflect a company's perceived value and are influenced by numerous internal and external factors. Internally, firm-specific metrics like earnings per share (EPS), dividend yield, price-to-earnings (P/E) ratio, and return on equity (ROE) are pivotal indicators. Return on assets (ROA) measures how efficiently a company generates profit from its assets, while dividend per share (DPS) quantifies dividends paid per outstanding share, indicating shareholder income. Company size, often measured by market capitalization, revenue, assets, or workforce size, affects business performance, market perception, and investor interest. In Nepalese insurance companies, these firm-specific variables—EPS, DPS, ROE, and company size—significantly influence stock prices, thereby shaping their market valuation. There for the research is conducted on impact of firm specific variables on stock price of Nepalese insurance companies.

The problem of the research are sent on questions and they are: What are the current status of return on assets, return on equity, earnings per share, price earnings ratio, dividends per share, size (log of assets) and stock price of Nepalese insurance companies? Do there are the relationship of return on assets, return on equity, earnings per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies? Whether there are the impact of return on assets, return on equity, earning per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies? The solving of the problem set some objectives and they are; To assess the current status of return on assets, return on equity, earnings per share, price earnings ratio, dividends per share, size (log of assets) and stock price of Nepalese insurance companies, to examine the relationship of return on assets, return on equity, earnings per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance

companies and to analyze the impact of return on assets, return on equity, earning per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies. This research utilizes descriptive and causal-comparative research designs. The total population of the research are 35 listed insurance companies of NEPSE in the date of mid-July 2023. Based on the proposive sampling 3 sample are selected from insurance companies. Financial and statistical analysis are conducted to achieve the objective of research.

The finding of the study are: The result of the minimum maximum, mean and standard deviation combinations shows the rations such as dependent variable stock price and independent variables are return on assets, return on equity, and earnings per share, price earnings ratio, and dividend per share, company size and stock price all are fluctuating in nature. The relationship of return on equity, earning per share, price earnings ratio and dividend per share have significant and positive to the stock price of insurance companies. The return on assets has positive but not significant relationship to the stock price. The company size has negative and not significant relationship to the stock price. The impact of return on assets, return on equity, earnings per share, price earnings ratio and dividend per share have significant positive impact to the stock price. The company size has negative and significant impact to the stock price.

5.2 Conclusion

The first objective of research is to assess the current status of return on assets, return on equity, earnings per share, price earnings ratio, dividends per share, size (log of assets) and stock price of Nepalese insurance companies. It is found that the minimum maximum, mean and standard deviation combinations shows the rations such as dependent variable stock price and independent variables are return on assets, return on equity, and earnings per share, price earnings ratio, and dividend per share, company size and stock price all are fluctuating in nature. In conclusion all the variables of the research ratio are in the fluctuating nature in the insurance companies.

The second objective of research is to examine the relationship of return on assets, return on equity, earnings per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies. It is found that the relationship of return on

equity, earning per share, price earnings ratio and dividend per share have significant and positive to the stock price of insurance companies. The return on assets has positive but not significant relationship to the stock price. The company size has negative and not significant relationship to the stock price. In conclusion the relationship of return on equity, earning per share, price earnings ratio and dividend per share have significant and positive to the stock price of insurance companies

The third objective of research is to analyze the impact of return on assets, return on equity, earning per share, price earnings ratio, dividend per share and size (log of assets) to the stock price of Nepalese insurance companies. It is found that the impact of return on assets, return on equity, earnings per share, price earnings ratio and dividend per share have significant positive impact to the stock price. The company size has negative and significant impact to the stock price. In conclusion the impact of return on assets, return on equity, earnings per share, price earnings ratio and dividend per share have significant positive impact to the stock price.

5.3 Implications

Research that explores the relationship between firm-specific variables and stock prices is crucial for investors aiming to make well-informed decisions in Nepal's insurance sector. Investors rely on financial metrics such as earnings per share (EPS), dividend per share (DPS), return on equity (ROE), and company size to assess the financial performance and stability of insurance firms. Understanding how these variables impact stock prices helps investors evaluate the true value of insurance stocks and optimize their investment strategies accordingly.

i. This research provides insurance companies with insights into how their operational and financial decisions influence their stock prices. It helps management prioritize actions that enhance shareholder value.

ii. Policymakers can benefit from understanding the economic implications of various firm-specific factors identified in this research. This understanding may lead to policies that foster stability and growth within the insurance sector.

iii. Analysts can improve their ability to predict stock price movements by integrating firm-specific variables into their models. This contributes to market efficiency by ensuring that stock prices more accurately reflect underlying company fundamentals.

iv. By expanding the body of knowledge in finance, this research serves as a valuable reference for future studies within the Nepalese context and other similar emerging markets.

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APPENDIX

Himalayan Everest Insurance

Year(HEI)	ROA	ROE	EPS	P/E	DPS	Assets (Million)	size	Sp
2023	4.5	6.84	19.34	31.03	15	9836	3.99	600
2022	3.03	2.42	12.85	40.48	2.89	4939	3.69	520
2021	1.79	5.2	9.01	85.28	7	5521	3.74	768
2020	3.6	5.2	16.08	26.06	7.75	4718	3.67	419
2019	5.08	7.42	22.98	15.23	0	4641	3.66	350
2018	3.21	9.35	13.81	32.59	0	4380	3.64	450
2017	1.53	12.92	31.61	23.57	15	6411	3.8	745
2016	11.23	28.76	40.77	33.85	21.05	1217	3.0	1380
2015	9.19	24.43	52.96	7.14	21.05	1533	3.18	378
2014	8.03	20.57	37.34	15.80	10.25	1157	3.06	590

NECO Insurance Company Limited (NIL)

Year(NIL)	ROA	ROE	EPS	P/E	DPS	Assets	size	Sp
2023	8	16	35	25	0	8321	3.92	891
2022	7	15	31	22	16	8354	3.92	694
2021	7	16	29	47	16	7141	3.85	1348
2020	10	19	32	17	16	4597	3.66	607
2019	13	16	30	16	9	3856	3.58	489
2018	8.8	15.74	27.14	28.37	24.74	3416	3.53	770
2017	8.85	17.31	32.72	14.12	15.79	2350	3.37	462
2016	9.1	20.23	37.52	53.04	21.05	1329	3.12	1990
2015	9.17	18.85	29.25	33.54	10.53	1003	3.00	981
2014	4.59	13.52	25.71	38.15	12.63	783	2.89	981

IGI Prudential Insurance Company Limited

Year(IGI)	ROA	ROE	EPS	P/E	DPS	Assets	size	Sp
2023	2.22	4.48	7.7	48	-	10666	4.02	368
2022	3.62	6.93	11.78	30	4	5769	3.76	348
2021	2.6	4.9	8.26	98	7	4686	3.67	810
2020	4.57	8	14.07	35	8	3523	3.54	493
2019	7.53	13.99	26.65	21	-	3140	3.49	555
2018	6.8	11.41	14.16	25.77	-	1437	3.157	365
2017	7.2	16.92	31.57	28.19	-	835	2.921	890
2016	6.5	11.98	30.84	32.59	-	445	2.64	1005
2015	4.8	8.65	20.17	4.35	-	250	2.39	87.72
2014	3.8	8.06	25.37	3.15	-	244	2.38	80

Correlations

		Stock Price	return on equity	return on equity	earnings per share	price earnings ratio	Dividend per share	Company size
Stock Price	Pearson Correlation	1	.336	.492**	.375*	.449*	.486**	-.013
	Sig. (2-tailed)		.070	.006	.041	.013	.007	.947
	N	30	30	30	30	30	30	30
return on equity	Pearson Correlation	.336	1	.833**	.729**	-.380*	.445*	-.221
	Sig. (2-tailed)	.070		.000	.000	.038	.014	.241
	N	30	30	30	30	30	30	30
return on equity	Pearson Correlation	.492**	.833**	1	.896**	-.321	.595**	-.293
	Sig. (2-tailed)	.006	.000		.000	.084	.001	.116
	N	30	30	30	30	30	30	30
earnings per share	Pearson Correlation	.375*	.729**	.896**	1	-.486**	.532**	-.321
	Sig. (2-tailed)	.041	.000	.000		.006	.002	.084
	N	30	30	30	30	30	30	30
price earnings ratio	Pearson Correlation	.449*	-.380*	-.321	-.486**	1	.031	.327

	Sig. (2-tailed)	.013	.038	.084	.006		.870	.078
	N	30	30	30	30	30	30	30
Dividend per share	Pearson Correlation	.486**	.445*	.595**	.532**	.031	1	.127
	Sig. (2-tailed)	.007	.014	.001	.002	.870		.504
	N	30	30	30	30	30	30	30
Company size	Pearson Correlation	-.013	-.221	-.293	-.321	.327	.127	1
	Sig. (2-tailed)	.947	.241	.116	.084	.078	.504	
	N	30	30	30	30	30	30	30

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.829[a]	.687	.606	249.56013

a. Predictors: (Constant), Company size , Dividend per share , price earnings ratio, return on equity , earnings per share, return on equity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3151225.482	6	525204.247	8.433	.000[b]
	Residual	1432445.894	23	62280.256		
	Total	4583671.376	29			

a. Dependent Variable: Stock Price

b. Predictors: (Constant), Company size , Dividend per share , price earnings ratio, return on equity , earnings per share, return on equity

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-334.952	467.942		-.716	.481
	return on equity	11.524	9.608	.086	2.389	.001
	return on equity	13.554	2.817	.219	2.594	.008
	earnings per share	16.498	1.249	.451	2.467	.006
	price earnings ratio	15.206	2.993	.785	5.080	.000

Dividend per share	2.932	.188	.059	2.358	.024
Company size	-42.314	7.345	-.049	-7.361	.000

a. Dependent Variable: Stock Price

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
return on equity	30	1.53	13.00	6.2113	2.97457
return on equity	30	2.42	28.76	12.8693	6.41920
earnings per share	30	7.70	52.96	25.2220	10.87445
price earnings ratio	30	3.15	98.00	31.0433	20.53024
Dividend per share	30	.00	24.74	8.6910	7.97749
Company size	30	2.38	4.02	3.4079	.45972
Stock Price	30	80.00	1990.00	680.4907	397.56463
Valid N (listwise)	30				

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	10	5.1190	3.28388
return on equity	10	12.3110	9.11414
earnings per share	10	25.6750	14.39933
price earnings ratio	10	31.1030	21.53905
Dividend per share	10	9.9990	7.88023
Company size	10	3.5430	.33754
Stock Price	10	620.0000	303.16735
Valid N (listwise)	10		

a. Insurance company = Himalayan Everest Insurance

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	10	8.5510	2.19933
return on equity	10	16.7650	2.05743
earnings per share	10	30.9340	3.54920
price earnings ratio	10	29.4220	13.35118
Dividend per share	10	14.1740	6.78945
Company size	10	3.4840	.37845
Stock Price	10	921.3000	459.88164
Valid N (listwise)	10		

a. Insurance company = NECO Insurance Company Limited (NIL)

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	10	4.9640	1.93723
return on equity	10	9.5320	3.98631
earnings per share	10	19.0570	9.07697
price earnings ratio	10	32.6050	26.65179
Dividend per share	10	1.9000	3.21282
Company size	10	3.1968	.58957
Stock Price	10	500.1720	318.22887
Valid N (listwise)	10		

a. Insurance company = IGI Prudential Insurance Company Limited

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	3	4.9067	2.91138
return on equity	3	9.1067	6.08530
earnings per share	3	20.6800	13.69924
price earnings ratio	3	34.6767	11.92576
Dividend per share	3	5.0000	8.66025
Company size	3	3.9767	.05132
Stock Price	3	619.6667	262.05407
Valid N (listwise)	3		

a. Year = 2023.00

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	3	4.5500	2.14217
return on equity	3	8.1167	6.37340
earnings per share	3	18.5433	10.80105
price earnings ratio	3	30.8267	9.26769
Dividend per share	3	7.6300	7.26985
Company size	3	3.7900	.11790
Stock Price	3	520.6667	173.00096
Valid N (listwise)	3		

a. Year = 2022.00

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	3	3.7967	2.80358
return on equity	3	8.7000	6.32376
earnings per share	3	15.4233	11.76372
price earnings ratio	3	76.7600	26.54605
Dividend per share	3	10.0000	5.19615
Company size	3	3.7533	.09074
Stock Price	3	975.3333	323.42129
Valid N (listwise)	3		

a. Year = 2021.00

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	3	6.0567	3.44929
return on equity	3	10.7333	7.29475
earnings per share	3	20.7167	9.82320
price earnings ratio	3	26.0200	9.00007
Dividend per share	3	10.5833	4.69264
Company size	3	3.6233	.07234
Stock Price	3	506.3333	94.70656
Valid N (listwise)	3		

a. Year = 2020.00

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	3	8.5367	4.05483
return on equity	3	12.4700	4.48742
earnings per share	3	26.5433	3.51122
price earnings ratio	3	17.4100	3.13278
Dividend per share	3	3.0000	5.19615
Company size	3	3.5767	.08505
Stock Price	3	464.6667	104.64384
Valid N (listwise)	3		

a. Year = 2019.00

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	3	6.2700	2.83244
return on equity	3	12.1667	3.26151
earnings per share	3	18.3700	7.59706
price earnings ratio	3	28.9100	3.44192
Dividend per share	3	8.2467	14.28365
Company size	3	3.4423	.25315
Stock Price	3	528.3333	213.56108
Valid N (listwise)	3		

a. Year = 2018.00

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	3	5.8600	3.83957
return on equity	3	15.7167	2.42982
earnings per share	3	31.9667	.65271
price earnings ratio	3	21.9600	7.17184
Dividend per share	3	10.2633	8.89708
Company size	3	3.3637	.43953
Stock Price	3	699.0000	217.67637
Valid N (listwise)	3		

a. Year = 2017.00

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	3	8.9433	2.36889
return on equity	3	20.3233	8.39039
earnings per share	3	36.3767	5.06277
price earnings ratio	3	39.8267	11.46041
Dividend per share	3	14.0333	12.15322
Company size	3	2.9200	.24980
Stock Price	3	1458.3333	497.15021
Valid N (listwise)	3		

a. Year = 2016.00

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	3	7.7200	2.52881
return on equity	3	17.3100	8.00192
earnings per share	3	34.1267	16.93022
price earnings ratio	3	15.0100	16.10797
Dividend per share	3	10.5267	10.52500
Company size	3	2.8567	.41405
Stock Price	3	482.2400	455.67178
Valid N (listwise)	3		

a. Year = 2015.00

Descriptive Statistics[a]

	N	Mean	Std. Deviation
return on assets	3	5.4733	2.24910
return on equity	3	14.0500	6.27182
earnings per share	3	29.4733	6.81485
price earnings ratio	3	19.0333	17.72261
Dividend per share	3	7.6267	6.71123
Company size	3	2.7767	.35388
Stock Price	3	550.3333	451.80785
Valid N (listwise)	3		

a. Year = 2014.00

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ABSTRACT The objectives of research are to assess the current status of return on assets, return on equity, earnings per share, price earnings ratio, dividends per share, size (log of assets) and stock price of Nepalese insurance companies,