PERCEPTION OF NEPALESE INVESTORS ON INITIAL PUBLIC OFFERING

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial fulfillment of the requirements 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 "PERCEPTION OF NEPALESE INVESTORS ON INITIAL PUBLIC OFFERING". 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.

Ranju Niroula
November 2024

REPORT OF RESEARCH COMMITTEE

Ms. Ranju Niroula defended research proposal entitled "PERCEPTION OF NEPALESE INVESTORS ON INITIAL PUBLIC OFFERING ", 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 Asso. Prof. Pitamber Lamichhane and submit the thesis for evaluation and viva voce examination.

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APPROVAL SHEET

We have examined the dissertation entitled “PERCEPTION OF NEPALESE INVESTORS ON INITIAL PUBLIC OFFERING " presented by Ms. Ranju Niroula 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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In the spirit of transparency and accountability, I wish to acknowledge that any remaining errors found within this work are solely my responsibility. Despite my best efforts to ensure accuracy and precision, I recognize the possibility of oversights or mistakes. Thus, I humbly accept any shortcomings and extend my apologies for any inconvenience they may causes.

Ranju Niroula

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ABBREVIATIONS

ANOVA	:	Analysis of Variance
CG	:	Company Goodwill
CP	:	Company Performance
CS	:	Company Sectors
ID	:	Investment Decisions
MI	:	Market Information
QM	:	Quality management
SD	:	Standard Deviation
SPSS	:	Statistical Package for the Social Sciences

ABSTRACT

The objectives they are To examine the current status of quality management, company goodwill, company performance, company sectors, market information and investors decision of ipos, to analyze the relationship between different factors (quality management, company goodwill, company performance, company sectors and market information) and investment decision in ipo by the general investors and to examine the impact of different factors (quality management, company goodwill, company performance, company sectors and market information) to the investment decision in ipo by the general investors. The various article and thesis are reviewed from the google scholar and Shanker Dev library. The article reviewed developed the conceptual framework with dependent variables is investment decision and independent variable market information, company goodwill, company sectors, company performance, and quality management. The descriptive and casual comparative research design is used. SPSS and excel are the tools of data analysis. Total investors of the Kathmandu valley are the population of the research and the sample are the 450 as a convenience sampling techniques used. Primary source of data are used and they are collected using questionnaire survey. The analysis methods are descriptive statistics, correlation analysis and multiple regression analysis. The tool for analysis are excel and SPSS. The finding of the research are that variables of the quality management, company goodwill, company performance, company sectors, and market information and investment decision of ipos is available and use by the investors. The relationship between quality management, company goodwill, company performance and company sectors is positive and significant with investment decision of the research. The relationship between market information and investment decision is positive but not significant. The impact of quality management and market information to the investment decision is negative and significant. The impact of company performance and company sectors to the investment decision is positive and significant. The impact of financial behavior and investment decision is negative but not significant.

Keywords: *market information, company goodwill, company sectors, company performance, quality management and investment decision*

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

A share represents an ownership stake, typically equal to one percent of a corporation's capital. The holder of a share, known as the shareholder, has the right to a proportional claim on the company's profits and is also responsible for its debts and losses. There are two main types of shares: ordinary shares (or common stock), which grant shareholders a portion of the company's earnings and voting rights at shareholder meetings, and preference shares (or preferred stock), which usually do not provide voting rights but guarantee a fixed income (interest) for shareholders.

An Initial Public Offering (IPO) is an example of a public stock offering where a company sells its equity to the general public for the first time. Essentially, an IPO is the first opportunity for a company to sell its shares to the public. The cost of raising funds through an IPO is generally lower compared to other traditional financing methods available in the market. Although IPOs are usually associated with new or small companies, established firms can also opt to go public. Through an IPO, a company can diversify its ownership base by offering shares to a wider pool of investors. Publicly listed companies often gain increased visibility and brand recognition, as they are regularly analyzed and discussed by investors (Singh et al., 2019).

In Nepal, the Securities Board of Nepal (SEBON), created on June 7, 1993, serves as the chief regulatory body overseeing the securities market. The market is governed by the Securities Act of 2006, which provides guidelines for the issuance, transfer, sale, and exchange of securities, and advises the government on the development of the capital market. Following the enactment of the company law in 2006, public companies are required to register their securities with SEBON before issuing them. Companies must also create and distribute prospectuses, subject to SEBON's approval (www.sebon.gov.np).

Khatri (2017) highlights that both financial and non-financial needs drive IPO issues. These include capital requirements for growth, project financing, expansion, infrastructure, joint

ventures, marketing, and working capital. Additionally, funding is often needed for corporate purposes and business diversification (Gnawali, 2020).

The concept of an IPO allows companies to raise funds from the general public. Recently, many companies in Nepal have launched public share offerings, drawing significant interest from the public. Often, the number of shares offered exceeds the number of applications received. This trend indicates a growing popularity of IPOs in Nepal, making this study important to understand the factors behind the public's increased engagement in share offerings. Khatri (2017) identifies the main reasons for IPO issues, including funding for corporate growth, infrastructure, and marketing campaigns, as well as financing working capital and joint ventures (Gnawali, 2020).

Quality management refers to practices ensuring that a company consistently delivers high-quality products and services. For investors in Nepal, strong quality management can signal operational efficiency and long-term viability, factors that contribute to informed investment decisions. Companies with robust quality management practices are often seen as lower-risk, which boosts investor confidence (Dhungana et al., 2023).

Company goodwill, which encompasses a firm’s reputation and brand value, is critical in attracting investors. In Nepal, where market information may not always be easily accessible, a company's perceived goodwill can significantly influence investment decisions. A strong reputation helps reduce perceived risks, creating investor confidence and potentially leading to higher levels of investment in IPOs (Jillali&Belkasseh, 2022).

The financial and operational performance of a company - such as profitability, revenue growth, and return on equity—are key factors for investors. In Nepal, investors tend to examine these performance metrics to gauge potential returns. Companies with a history of strong performance are more likely to attract investors due to the lower perceived risk and higher growth potential (Badru, 2021).

The industry or sector in which a company operates also plays a significant role in investor perceptions. In Nepal, sectors like banking, hydropower, and tourism are viewed more favorably due to their potential for growth and stability. Understanding sector-specific trends and risks is essential for making informed investment decisions. Additionally, sector performance and regulatory conditions influence investor confidence in IPOs.

Access to reliable and timely market information is crucial for making sound investment choices. In Nepal, where information asymmetry can be a challenge, the availability and transparency of market data have a considerable impact on investor perceptions. Clear and accurate market information reduces uncertainty and allows investors to better assess the potential risks and returns of an IPO (Polinar&Buntigao, 2021).

The interaction between quality management, company goodwill, performance, sector, and market information is complex but significant in shaping investor perceptions. For example, a company with excellent goodwill, quality management, and performance in a high-growth sector is more likely to be attractive to investors. Understanding these factors and their interconnections is essential for predicting how Nepalese investors will react to different IPOs (Basha et al., 2021).

In Nepal, there has been a noticeable increase in participation by smaller investors in the stock market, particularly in IPOs. This surge in demand for shares, regardless of a company's reputation, market status, or profitability, indicates that more research is needed to understand investor perspectives. The growing popularity of IPOs among the public raises concerns about the potential risks of these investments, making it crucial to examine investor behavior and the factors that drive their decisions.

1.2 Problem Statement

The majority of people in rural areas are practically illiterate, with very few individuals in metropolitan regionsespecially those from commercial and intellectual backgrounds—being aware of the situation. A major factor contributing to the underdevelopment of societies is the concentration of wealth among a small elite. This is a pervasive issue that can be addressed by categorizing the residents of a country into lower, middle, or upper classes based on income, living standards, and educational levels. The gap between the wealthy and middle classes is substantial. Investing in a variety of financial instruments and creating effective portfolios can help close this wealth gap by providing small investors with a steady stream of passive income (Islam &Ahona, 2021).

The primary market, which is a key part of the capital market, plays an important role in providing funding to businesses across different sectors. Entrepreneurs can only raise capital when the primary market is thriving, contributing to job creation and increased government

revenue. In Nepal, investors generally maintain a positive outlook toward the economy and their investments in the IPO market. There is a high likelihood of IPOs in Nepal, but the landscape is changing, especially in the hydropower sector, where oversubscription is common due to increased investor awareness of market IPOs. To keep IPOs appealing, it is crucial to understand how investors' attitudes and psychology are evolving. Therefore, this research aims to examine how different demographic factors influence investors' perceptions of IPOs (Gnawali&Niroula, 2021).

Quality management, which ensures consistency in a company's products and services, plays a significant role in building investor confidence. How does the quality management of a company affect the perception of Nepalese investors and their decision to invest in an IPO? Companies with strong quality management are often seen as reliable, lower-risk investments, which can influence investor decisions positively. Company goodwill—encompassing reputation, brand value, and public trust—is a key factor in investment decision-making (Vasa, 2021). How does a company's goodwill impact the investment decisions of Nepalese investors? In markets where information is often scarce, high goodwill can signal stability and reliability, encouraging more investors to participate in IPOs. The financial performance of a company, including profitability, revenue growth, and return on equity, are crucial for investors. How do these performance metrics influence the decisions of Nepalese investors when considering IPOs? A proven history of financial success signals the potential for future growth and stability, making IPOs more attractive to investors (Gnawali, 2020).

Different sectors offer varying degrees of appeal to investors based on their growth potential, stability, and regulatory environment. Which sectors are most attractive to Nepalese investors, and why? Sectors like banking, hydropower, and tourism may be perceived as more stable and have greater growth prospects. Identifying these sector preferences is vital for understanding investor behavior in IPOs (Rahman et al., 2017). Market information plays a crucial role in making informed investment decisions. How does the availability of market information impact the decisions of Nepalese investors? In Nepal, where market transparency may be limited, access to accurate and timely information is crucial in shaping investor perceptions and their willingness to invest in IPOs (Suri &Hada, 2018).

Recently, there has been an increase in the participation of smaller investors in Nepal's share market, especially in IPOs. These investors are purchasing shares issued by companies in public offerings, often without considering the company's goodwill, market position, or profitability. The surge in IPO purchases by the public—despite the potential risks involved—raises concerns. Understanding the views of these investors regarding their investments is crucial. This highlights the need for research into the factors driving these investment decisions. In light of this, the following research questions have been formulated for further investigation.

- What is the current status of quality management, company goodwill, company performance, company sectors, and market information and investors decision of ipo?
- Is there any relationship between different factors (quality management, company goodwill, company performance, company sectors and market information) and investment decision in ipo by the general investors?
- Whether there is any impact between different factors (quality management, company goodwill, company performance, company sectors and market information) and investment decision in ipo by the general investors?

1.3 Objectives of the Study

The objectives of the study is based on the problem statement question and they are point out below.

1. To assess the current status of quality management, company goodwill, company performance, company sectors, market information and investors decision of ipos.
2. To analyze the relationship between different factors (quality management, company goodwill, company performance, company sectors and market information) and investment decision in ipo by the general investors.
3. To examine the impact of different factors (quality management, company goodwill, company performance, company sectors and market information) to the investment decision in ipo by the general investors.

1.4 Hypothesis of the Study

Hypothesis 1

There is the significant impact of Quality management to the investment decision in IPO by the General investors.

Hypothesis 2

There is the significant impact of Company goodwill to the investment decision in IPO by the General investors.

Hypothesis 3

There is the significant impact of company performance to the investment decision in IPO by the General investors.

Hypothesis 4

There is the significant impact of Company sectors to the investment decision in IPO by the General investors.

Hypothesis 5

There is the significant impact of Market information to the investment decision in IPO by the General investors.

1.5 Rationale of the Study

In Nepal, over 75% of individuals still struggle to read or understand information about public offerings. As a result, this study serves as a valuable resource for anyone seeking to learn more about Initial Public Offerings (IPOs), and it is expected to be particularly useful for individual investors and companies participating in public offerings. According to the findings of this study, issuing companies now have a clearer understanding of Nepalese investors' views and support for IPOs. This research has significantly improved our knowledge of the key factors that shape investors' perceptions of risk and return in IPO investments, making it valuable to students and academics interested in conducting IPO-related research.

The involvement of smaller investors in the Nepalese share market has recently surged, with many purchasing shares offered through Initial Public Offerings (IPOs). This trend is especially notable among general shareholders who are buying shares without considering factors such as the company's goodwill, market position, or profitability. The increasing popularity of IPO purchases by the public, despite the potential risks, raises concerns.

Understanding the views and decision-making processes of these investors is essential, which is why research on this topic is needed.

Investor psychology plays a vital role in decision-making, especially in the stock market where firm prices fluctuate frequently. Behavioral finance, which integrates psychological insights into financial decision-making, is an area of study that is still underdeveloped in Nepal. While global studies on behavioral finance are abundant, research in the Nepalese context is limited, particularly when it comes to understanding investors' perceptions. This study contributes to expanding the body of knowledge in Nepalese behavioral finance and aims to fill the gap by exploring the psychological factors influencing investor decisions in IPOs.

1.6 Limitations of the Study

The research has some limitation and they are following.

i. Since the research relies on primary data collected through surveys or interviews, there is a potential risk of response bias. Participants may provide socially desirable responses or may not fully disclose their true opinions and investment behaviors, which could compromise the accuracy and reliability of the findings.
ii. The data collection was conducted within a specific timeframe (July to August 2024). Given that market conditions, investor sentiment, and regulatory environments can evolve over time, the findings may not accurately reflect perceptions during different periods or account for future changes in the market.
iii. The study focuses on a limited set of variables, such as Quality Management, Company Goodwill, Company Performance, Company Sectors, and Market Information. While these factors are important, other significant variables like investor demographics, macroeconomic conditions, and psychological influences, which also impact investor perceptions, have not been included in the scope of this research.
iv. The research is specifically centered on Nepalese investors, which limits the generalizability of the findings to other countries or regions. Differences in market maturity, regulatory environments, and cultural factors may influence investor

perceptions in different settings, which means the results may not be applicable outside of Nepal.

CHAPTER-II

LITERATURE REVIEW

2.1 Introduction

This chapter is dedicated to the literature review of the research, providing a critical foundation for understanding the theoretical foundations, empirical evidence, and existing research gaps relevant to the study. The review is organized into three primary sections: the theoretical review, the empirical review, and the identification of research gaps.

The theoretical review offers an in-depth exploration of the theories associated with the key variables in the research. This section delves into established theories and conceptual frameworks that support the study, aiming to clarify the theoretical basis for the research. It examines the core principles and concepts related to each variable and traces the evolution of these theories, discussing their application to the specific context of the research. The goal is to provide a strong theoretical foundation for understanding the phenomena under investigation.

The empirical review examines existing studies, including journal articles, theses, and other research conducted both in Nepal and internationally. This section synthesizes key findings, research methodologies, and observed outcomes from prior studies. It provides a thorough summary of empirical evidence related to the research topic, identifying key trends, patterns, and inconsistencies in the existing data. By reviewing both local and global studies, this section illustrates how the current research aligns with, or deviates from, existing knowledge in the field.

The research gap section highlights the discrepancies between current knowledge and areas that remain unexplored. It reviews how previous research has addressed the study's topic and identifies areas where further research is required. This section pinpoints gaps in the literature, including unexplored variables, methodological shortcomings, or emerging trends that have not been adequately explored. In doing so, it underscores the need for the present research and demonstrates how it will contribute to filling these gaps and advancing the understanding of the subject.

2.2 Theoretical Reviews

The theory of Initial Public Offering (IPO) encompasses various frameworks and principles that explain why companies choose to go public and the implications of this decision. Below are some key theories and concepts related to IPOs:

Signaling Theory

Signaling Theory, developed by Michael Spence in 1973, suggests that a company's decision to go public serves as a signal to the market about its future prospects. By issuing shares to the public, a company conveys confidence in its growth and stability. Successful companies with strong future prospects use IPOs to signal their value to potential investors. The IPO serves as a commitment to transparency and the company's capability to meet public market standards (Dhungana et al., 2023).

Agency Theory

Agency Theory, introduced by Michael C. Jensen and William H. Meckling in 1976, focuses on the relationship between a company's management (agents) and its shareholders (principals). According to the theory, going public can align the interests of management and shareholders by increasing transparency and external scrutiny. The IPO reduces agency costs by giving shareholders a greater say in corporate governance and providing a platform to monitor management's performance more closely (Tamang, 2022).

Market Timing Theory

Market Timing Theory, proposed by economists like David B. Henderson and James D. Smith in the 1980s, suggests that companies choose to go public when market conditions are favorable. Firms time their IPOs to capitalize on high stock prices or investor optimism, aiming to maximize the capital raised and achieve better valuations (Kumar, 2022).

Pecking Order Theory

Pecking Order Theory, developed by Stewart C. Myers and Nicholas S. Majluf in 1984, posits that companies prefer internal financing (retained earnings) over external financing and will issue equity only when they are unable to raise sufficient funds through debt. An IPO is seen as a last resort when other financing options are exhausted. Companies may go public to raise funds for expansion or reduce high levels of debt (Jillali&Belkasseh, 2022).

Initial Public Offering (IPO)

An IPO is the first time a company issues shares to the public, either immediately after formation or when transitioning from private to public ownership. In Nepal, all traded shares are listed on the Nepal Stock Exchange (NEPSE). IPOs allow companies to raise capital for future initiatives and make their shares available to the public. The decision to go public is a strategic move for businesses looking to generate funds for expansion or to reduce debt, with IPO pricing and valuation playing key roles in shaping investor perception (Karki et al., 2024).

IPO Pricing and Valuation

Pricing Accuracy

IPO underpricing or overpricing significantly influences investor confidence. If an IPO is perceived as undervalued, it may attract more investors, whereas overpricing may deter investment (Tamang, 2022).

Valuation Metrics

Investors' understanding of valuation metrics, such as price-to-earnings ratios and earnings projections, affects their perception of an IPO's potential for growth and return (Karki et al., 2024).

Information Disclosure

The level of transparency and information disclosed by the issuing company plays a significant role in shaping investor perception. Clear communication about a company's financial health and future prospects can increase investor trust (Dhungana et al., 2023).

Reputation

The reputation of the company and its management team can significantly impact investor perception and interest in the IPO (Kumar, 2022).

Post-IPO Performance

Initial Returns

The early performance of the IPO, especially first-day returns, can influence investor confidence. Positive initial returns often lead to greater investor interest (Jillali&Belkasseh, 2022).

Long-Term Viability

Investors' perceptions of the company's ability to sustain growth and profitability in the long term affect their investment decisions. A solid track record of growth and profitability can attract long-term investors (Kumar, 2022).

2.3 Empirical Review

Karki et al. (2024) addressed the issue of insufficient research policies in Nepal, particularly in the context of the increasing interest in Initial Public Offerings (IPOs). Their study aimed to explore the various factors influencing IPO investment decisions and the perceptions of over-subscription among Nepalese investors. Using a quantitative approach, the researchers surveyed 150 respondents through a structured questionnaire. The results indicated that factors such as the company's profile, financial standing, IPO size, short-term returns, market rumors, goodwill, and sector performance significantly influence Nepalese investors' IPO investment choices.

Dhungana et al. (2023) examined the key determinants of IPO investment decisions in Pokhara, Nepal, focusing on five key variables: management quality, company goodwill, company performance, industry, and market information. Data were collected through a field survey with 223 respondents, and both descriptive and inferential statistical methods were used for analysis. The study found that management quality, company performance, industry, goodwill, and market information were vital factors in shaping investment decisions. It also highlighted the importance of company legitimacy, shareholders' profiles, and the financial and historical background in influencing IPO investment decisions.

Tamang (2022) studied the investment decision-making behavior of Nepalese investors in IPOs using a qualitative research method. Semi-structured interviews with six young Nepalese investors were conducted, and interpretative phenomenological analysis was employed to understand their decision-making processes. The findings revealed that while herd behavior did not significantly affect their decisions, overconfidence bias was a key factor, with investors often overestimating their investment abilities.

Kumar (2022) explored factors influencing retail investors' satisfaction with IPOs. Using a descriptive-exploratory design, the study surveyed 100 retail investors through purposive

sampling. The research revealed that the primary source of information for investors was electric media, and many invested in IPOs to gain from listing gains. However, the IPO process was perceived as complex by most respondents. Key factors influencing satisfaction included credit ratings, top management leadership quality, institutional investment, and corporate governance.

Jillali and Belkasseh (2022) reviewed the financial performance before and after IPOs for companies listed on the Casablanca Stock Exchange in Morocco. Their review discussed the theoretical perspectives of IPO decisions and their effects on financial performance, including agency theory and market timing theory. The review showed that while financial performance improved before IPOs, it often declined in the long term after the IPO event.

Badru (2021) analyzed the allocation of IPO proceeds among Malaysian issuers and the industry-specific variations. By reviewing the prospectuses of 221 IPO issuers from 2005 to 2015, the study found that capital expenditure received the highest share of proceeds, followed by debt repayment and business expansion. The study also noted that the allocation patterns varied by industry, with technology companies investing more in research and development than others.

Polinar and Buntigao (2021) examined the changes in financial performance of companies listed on the Dar es Salaam Stock Exchange in Tanzania before and after their IPOs. Using a range of financial ratios and significance tests, the study found a significant improvement in financial performance after the IPO. It also noted that the extent of improvement depended on the specific financial measures used in the analysis.

Basha et al. (2021) studied the financial and non-financial factors influencing IPO underpricing in the Indian manufacturing sector from 2010 to 2018. The research identified factors like net-worth to total assets, allocation by Qualified Institutional Buyers (QIBs), earnings per share, return on net-worth, IPO grading, and the green shoe option as key contributors to IPO underpricing.

Islam and Ahona (2021) analyzed the impact of macroeconomic factors on IPO activities in Bangladesh from 2007/08 to 2017/18. Their study found that inflation and remittances had a negative, but insignificant, effect on the number of IPOs, while stock market indices and interest rates had a significant positive relationship with the number of IPOs and proceeds.

Gnawali and Niroula (2021) explored investor perceptions of IPOs by examining how factors such as management quality, company goodwill, performance, industry sector, and market information influenced investment decisions. Data from 290 respondents across five brokerage firms in Kathmandu were analyzed using correlation and regression techniques, and the study concluded that these factors were critical in shaping IPO investment decisions.

Vasa (2021) analyzed the IPO process, focusing on legal requirements and SEBI guidelines. The study, which surveyed 103 participants (95 of whom had invested in IPOs), found that employed individuals made up the majority of those interested in IPO investments. The data highlighted the growing engagement of employed individuals with the financial markets.

Paudel (2021) looked into how investors perceive IPOs, particularly focusing on how various factors—such as quality management, company goodwill, performance, industry sector, and market information—affect their investment decisions. Using data collected from 100 respondents in Surkhet district, Paudel found that all five factors had a positive correlation with investment decisions at a 1% significance level. The study employed correlation analyses, including the Pearson Correlation coefficient, to assess the strength and direction of these relationships. Further insights were drawn from descriptive statistics, including means and standard deviations, analyzed using SPSS.

Similarly, Gnawali (2020) delved into investor perceptions of IPOs, exploring how quality management, company goodwill, performance, sector, and market information influence decisions. Based on primary data from 290 respondents across five brokerage firms in Kathmandu, Gnawali's research confirmed the significant role these factors play in shaping IPO investment decisions, employing SPSS for inferential analysis, including correlation and regression techniques.

Vakil (2018) examined the risk-return dynamic in IPOs, noting that investors are primarily driven by the potential for high returns, along with the company's profile, such as historical performance and expected growth—indicators like dividends, earnings per share, and price movements. Vakil suggested that while some investors may be drawn to short-term speculation, a long-term investment strategy is often more beneficial, as it allows companies time to grow and deliver potentially higher returns over time.

Farooq et al. (2018) reviewed a non-systematic literature on the short-term performance of IPOs in Pakistan. Their study, covering 77 companies listed on the Pakistan Stock Exchange from 2000 to 2015, revealed a positive and significant relationship between firm size and underwriter reputation, while the firm's age and associated risk were negatively correlated with Mean Abnormal Returns (MAAR). They highlighted the critical role IPO performance plays in a company's success and the importance of effectively managing IPOs for long-term corporate success.

Suri and Hada (2018) analyzed the performance of 107 IPOs in the Indian stock market between 2011 and June 2017, using over-subscription ratios and listing day gains as key performance indicators. They observed significant differences in IPO performance between two distinct periods: January 2011 to May 2014 and June 2014 to June 2017. Their findings revealed variations in the number of IPOs launched and the funds raised across these two periods, highlighting the evolving dynamics in the Indian IPO market.

Rahman et al. (2017) explored the IPO market in Bangladesh, specifically during the 2010-2011 stock market crash, when small investors increasingly turned to IPO investments. Based on secondary data, their study examined IPO dynamics on the Dhaka Stock Exchange and the factors influencing IPO subscription times. They found that the number of listed companies through IPOs grew by 85% over the last decade, with an average of nearly 15 IPOs per year. Most IPOs used the fixed-price method, with the book-building method used in only 2.7% of cases. A multiple regression analysis revealed that the market lot size significantly positively influenced IPO subscription times, while earnings per share and offer price had a negligible negative effect.

Sarin and Sidana (2017) explored investor perceptions of IPO grading, focusing on how investors in Delhi and Chandigarh view and use IPO ratings. Their research, based on primary data collected from 200 investors via a structured questionnaire, showed strong confidence in IPO investments despite concerns about price volatility, price manipulation, and corporate fraud. Most investors were aware of IPO grading and took these ratings into account when making investment decisions, highlighting the significant role of IPO ratings in the decision-making process.

Rahman et al. (2017) studied the IPO market in Bangladesh with the goal of providing insights that could help regulators improve the stock market. Using secondary data, their research documented an 85% increase in the number of companies listed on the Dhaka Stock Exchange through IPOs over the past decade, averaging 14.80 IPOs per year. They found that the majority of IPOs employed the fixed-price method, with only 2.7% using the book-building method. The study also noted that earnings forecasts, commonly found in IPO prospectuses in developed markets, were rarely included in Bangladesh. A multiple regression analysis revealed that market lot size had a significant positive effect on IPO subscription times, while earnings per share and offer price had an insignificant negative impact.

Khatri (2017) examined the primary factors influencing investor decisions in IPOs, identifying three key elements: company philosophy, future projections, and news about the company's IPO and financial performance. The study found that many investors depend on brokers' advice when deciding on IPO investments and highlighted issues such as delays in refunds and unclear allotment processes. Using a descriptive design, the research collected data from IPO investors in Surat City through a structured questionnaire, employing a non-probability convenience sampling technique and analyzing the data with both descriptive and inferential statistics.

Pradhan et al. (2016) examined the performance and key determinants of IPOs in the Nepalese stock market. Focusing on variables such as subscription rate, issue size, firm size, the reputation of the issue manager, and market conditions, with initial return as the dependent variable, the study used secondary data from 61 firms between 2005 and 2011. The findings revealed that these factors positively impacted initial returns: larger firms, more reputable issue managers, higher subscription rates, and favorable market conditions were associated with higher initial returns. The research concluded that greater firm size and better issue manager reputation contributed to better initial returns, as did higher subscription rates and favorable market conditions.

Mushtaq (2016) analyzed the relationship between sales volume turnover, profitability, asset base, and IPO performance. Using a descriptive research design, the study examined 8 companies that issued IPOs between 2001 and 2011 and were listed on the Nairobi Securities

Exchange. Secondary data and multiple regression analysis with SPSS revealed a positive correlation between asset base and IPO performance (0.299) and between sales volume turnover and IPO performance (0.213). However, the relationship between profitability and IPO performance was weak (0.097). The study concluded that 6.5% of the variability in IPO performance could be explained by the independent variables, with the remaining 93.5% attributed to other factors. It was found that increases in asset base and sales volume turnover positively impacted IPO performance, while higher profitability tended to negatively affect IPO performance.

Nagtilak and Kulkarni (2015) explored the complexities and consequences of companies going public through IPOs. They emphasized that going public is a major decision that permanently changes a company's operations and capital structure. While public companies have greater access to capital sources compared to private ones, the IPO process is challenging and time-consuming. For companies that require substantial funding, issuing shares can be a more practical option than relying on bank loans, which may not always be available or sufficient for large amounts.

Joshi and Chawla (2014) studied retail investors' perceptions of factors affecting the Indian primary market. They gathered primary data through a structured questionnaire from 175 retail investors in Surat City. The study found that the most important factors for investors in the primary market include the company's goodwill, financial position, corporate profile, government ownership, and promoters' stake. In contrast, the size of the IPO, the level of market participants' disclosure, and the minimum investment amount were considered less significant. The research showed that retail investors tend to have similar views on most aspects related to IPOs, with the only demographic factor influencing their perceptions being their savings ratio.

Marangu and Moronge (2013) analyzed the factors that contribute to a successful IPO at the Nairobi Securities Exchange (NSE) and compared their findings with prior research. Their study was based on theoretical frameworks like the Window of Opportunity theory, Impresario or Fads hypothesis, Divergence of Opinion theory, and Entrenchment theory, applied to the context of successful IPOs. Using a descriptive survey design, the study included all 56 listed firms at the NSE, eliminating the need for sampling. The findings

indicated that the success of IPOs is strongly influenced by pricing factors (such as offer price, efficient capital markets, and subsequent market performance), governance issues, and timing.

Table 1

Summary of International Literature Review

S. N	Author/ Date	Title	Objectives	Methodology	Findings
1	Karki et al. /(2024)	Investment decisions in initial public offerings and over-subscription perceptions among investors.	To address the critical issue of inadequate research policies in the context of growing interest in initial public offerings (IPOs).	The study uses a quantitative research design and collects data through a questionnaire distributed to 150 participants.	The results indicate that factors such as the corporate profile, financial status, IPO size, short-term returns, market rumors, goodwill, and sector performance play a significant role in shaping IPO investment decisions among investors in Nepal.
2	Dhungana et al /(2023)	Factors Affecting Investor Decisions on Initial Public Offering in Nepal	To examine the factors affecting investors' decisions on initial public offerings with reference to Pokhara, Nepal.	The analysis was conducted using descriptive statistics (for demographic and perception-related data) and inferential statistics (specifically correlation analysis).	They found that factors such as company goodwill, performance, industry, management quality, and market information influence investors' decisions regarding IPOs.
3	Kumar (2022)	Retail Investors Investment	To focused on perceptions and develops a	The study employed a	The data analysis reveals that most respondents find the

		Behavior in Indian Primary Market	greater understanding of how various factors can influence the level of satisfaction of retail investors towards Initial Public Offerings.	descriptive-exploratory research design, with data collected through a purposive sampling method using a questionnaire from 100 retail investors involved in Initial Public Offerings. The analysis indicated that electronic media is the primary source of information, with 64 percent of respondents relying on it.	Initial Public Offering (IPO) process to be complex, with 46 percent expressing confidence in the performance of the existing companies. Among the sample, 39 percent of investors were satisfied with IPOs. Additionally, factor analysis identified credit ratings, the leadership quality of top management, and institutional investment as significant factors.
4	Tamang /(2022)	Investment Decision Behaviour of Nepalese Investors in Initial Public Offerings.	To explore the investment decision behaviour of Nepalese investors in Initial Public Offerings (IPOs).	The study adopts a qualitative approach, utilizing semi-structured interviews.	The findings suggest that investors are not swayed by psychological biases such as herding behavior; instead, they exhibit overconfidence bias, as they tend to overestimate their abilities when making investment decisions.
5	Badru (2021)	Decompositio n of intended use of initial	To found out what Malaysian initial public	To fulfill the study's objectives, a manual content	The study revealed that issuers outline various purposes for the

		public offering proceeds: Evidence from Malaysia	offering (IPO) issuers indicate the intended use of IPO's proceeds is for, and the use that has the greatest allocation.	analysis was conducted on the prospectuses of 221 IPO issuers spanning the period from 2005 to 2015. The analysis employed descriptive statistics, one-way ANOVA, the Independent Samples t-Test, and the Wilcoxon Rank Sum test.	utilization of IPO proceeds, including business expansion, capital expenditures, debt repayment, research and development (R&D), and working capital. Among these, capital expenditures received the largest share of the proceeds, followed by debt repayment and business expansion.
6	Gnawali and Niroula/ (2021)	The Perception of Investors towards Initial Public Offering: Evidence of Nepal	To analyze the relationship between different factors (quality management, company goodwill, company performance, company sector and market information) and investment decision to examine the factors that impact in IPO to making investment	The study utilized primary data collected from 290 respondents associated with five different brokerage firms in the Kathmandu district.	The study found that quality management, company goodwill, company performance, industry sector, and market information are key factors investors carefully consider before making IPO investment decisions.

			decision.		
7	Vasa/ (2021)	A Study on Investors Perception towards Initial public Offering in Rajkot.	To analyzed and evaluate the complex IPO process and study and incorporate the legal requirements of an IPO, SEBI Norms and Guidelines.	The sample size for this study was restricted to 103 participants, of whom only 95 had invested in IPOs. The data was illustrated using bar graphs, pie charts, line graphs, and other visual aids.	The data clearly indicates that the majority of individuals interested in investment activities are employed, comprising approximately 68% of the sample. Notably, employed individuals show a strong enthusiasm for investment, which is an encouraging trend.
8	Paudel/ (2021)	Perception of Investors towards Initial Public Offering (Ipo) in Nepal	To assessed the perception of investor towards IPO, to assess the relationship between different factors (Quality management, Company Goodwill, Company performance, Company sector and Market information) and investment decision in IPO.	Descriptive analysis was conducted in SPSS utilizing statistical measures such as mean and standard deviation.	The Pearson Correlation analysis indicated a positive correlation at a 1% significance level between the dependent variable (investment decision) and all five independent variables: quality management, company goodwill, company performance, company sector, and market information.
9	Polinar and Buntigao	Initial Public Offering Analysis on	To examine the difference in financial	The financial performance of the company is	The study revealed a significant difference between the financial

	(2021)	the Financial Performance of Companies in the Philippine Stock Exchange.	performance before and after Initial Public Offerings (IPOs) in companies listed on Dares Salaam Stock Exchange (DSE) in Tanzania.	assessed using financial performance ratios. To test the hypothesis regarding differences between pre-IPO and post-IPO financial performance, a significance test is conducted on the difference between the mean scores of the pre-IPO and post-IPO periods.	performance before and after the IPOs, with a notable increase in financial performance following the IPO. However, there is no substantial evidence to suggest that the pre-IPO performance is superior to post-IPO performance. The findings also indicated that the results vary depending on the performance metrics used in the analysis.
10	Basha, Haralayya and Vibhute (2021)	A Study on Performance Evaluation of Initial Public Offering (IPO).	To studie the financial and non- financial factors simultaneously influencing the underpricing of IPOs issue under manufacture sector in terms of the first-day of listing in the Indian Capital Markets.	The data from 2010 to 2018 have been analyzed in relation to the manufacturing sector.	They discovered that factors such as Net-worth to total assets, Qualified Institutional Buyers allotment, Earnings per share, Return on Net-worth, IPO Grading, and the Green Shoe option also impact the success of IPOs in the Indian context.
11	Islam and Ahona	Macroeconomic Factors and Their	To examines the impact of macroeconomic	The study utilizes secondary data from various	The study found that while the inflation rate and remittance have a

	(2021)	Influences on Initial Public Offering (IPO) in Bangladesh	factors such as GDP, inflation, interest rate, stock market index, and remittance on the number of IPOs (Initial Public Offering).	sources to examine the dependent and independent variables. The data was analyzed using quantitative research methods, including descriptive analysis, correlation, and multiple regression analysis.	negative correlation with the number of IPOs, this relationship is not significant. In contrast, the stock market index and interest rates show a significant positive relationship with the number of IPOs issued annually.
12	Gnawali /(2020)	The Perception of Investors towards Initial Public Offering: Evidence of Nepal.	To examined perception of investor towards IPO, to analyze the relationship between different factors.	Inferential analysis was conducted using SPSS, applying statistical tools like correlation and regression analysis to examine the relationship between variables and the impact of various factors on investment decisions.	He found that the key factors to consider before making an investment decision in an IPO include quality management, company goodwill, company performance, the company sector, and market information.
13	Vakil (2018)	A study of investor's perception about IPO and	To evaluate IPO on the basis of risk and return relationship.	Correlation and regression are used for analysis.	Investors prefer long-term investments in IPOs, as they believe it will yield better returns

		IPO's performance in stock market.	Most of them invest due to higher returns, company profile		over time, rather than seeking quick gains. While speculators may invest for short-term intra-day profits, investors are advised to invest for a longer duration, allowing companies the time to grow and perform better.
14	Farooq, Akbar and Alim (2018)	Impact of firm characteristics on IPO's short run performance: Evidence from Pakistan	To conducted a nonsystematic review of literatures on the concept of short runs performance of initial public offering in Pakistan.	In this context, they examined the IPOs of 77 companies listed on the Pakistan Stock Exchange(PSX) from 2000 to 2015.	They discovered a positive and significant relationship between firm size and underwriter reputation, while firm age and risk were negatively related to the dependent variable, MAAR. The performance of initial public offerings has a significant impact on a company's success or failure.
15	Suri and Hada (2018)	Performance Analysis of Initial Public Offerings in India.	To examine the performance of 107 IPO's in Indian stock market	Correlation and regression are used for analysis.	The study results indicate a significant difference in the performance of IPOs launched between 2011 and May 2014 compared to those launched between June 2014 and June 2017.

					Additionally, the number of IPOs and the funds raised through them varied significantly between the two periods.
16	Khatri/ (2017)	Factor Influncing Investors Investment in Initial Public Offering.	To analyze states that there are three major factors that influence investors while investing in IPO are Company Philosophy, Future Prediction and Projection, News relating to company IPO and Financial Performance.	This study adopts a descriptive research design and uses a structured questionnaire as the tool for data collection.	They found that most investors rely on broker advice when investing in IPOs, and the primary issues faced by investors include delays in refunds and a lack of clarity in the allotment process.
17	Rahman, Hossain and Omar (2017)	Factors influencing subscription of IPO in Bangladesh	To study the secondary market during the 2010-2011 stock market crash, small investors in Bangladesh involved themselves in IPO investment.	This study, using secondary data, analyzes the IPO market in Bangladesh and identifies the factors that influence the timing of IPO subscriptions.	The study reported an 85% increase in the number of listed companies on the Dhaka Stock Exchange (DSE) through IPOs over the past decade, with an average of 14.80 IPOs annually. The majority of IPOs utilized the fixed price method, while only 2.70% adopted the

					book-building method.
18	Sarin and Sidana (2017)	A Study of Perceptions of Investors towards IPO Grading in India.	To tried to find out perceptions of investors towards IPO grading.	This study relies on primary data gathered through a carefully structured questionnaire administered to 200 investors from Delhi and Chandigarh.	It can be observed that the majority of investors have confidence in IPOs and actively invest in them. Despite concerns about price volatility, price manipulation, and corporate fraud, investors continue to trust these investment instruments.
19	Mushtaq (2016)	Factors That Influence the Performance of Initial Public Offering at the Nairobi Securities Exchange in Kenya	To determine the relationship between sales volume turnovers, the relationship between profitability and the relationship between asset base and the performance of initial public offering.	The study used a descriptive research design and focused on a sample of 8 companies that issued initial public offerings between 2001 and 2011 and were listed on the Nairobi Securities Exchange.	The study found a positive relationship between asset base and IPO performance, with a correlation value of 0.299. Similarly, sales volume turnover showed a correlation of 0.213 with IPO performance, while the correlation between profitability and IPO success was lower at 0.097. The research further indicated that the independent variablesprofitability, asset base, and sales volume turnoverexplained 6.5% of the variation in IPO

					performance, with the remaining 93.5% attributed to other factors not covered in the study.
20	Pradhan, Shyam and Shrestha/ (2016)	Performance of the initial public offering (IPO) in the Nepalese Stock Market.	To examine the performance and determining variables of IPOs of Nepalese stock market.	Secondary data was used to analyze the performance of initial public offerings in the Nepalese stock market.	They found that IPO factors such as firm size, issue manager reputation, subscription rate, and market conditions positively impact initial returns. This suggests that larger firms tend to have higher initial returns, and a stronger reputation of the issue manager also leads to higher initial returns.
21	Nagtilak and Kulkarni (2015)	Factors That Influence the Performance of Initial Public Offering at the Nairobi Securities Exchange in Kenya	To expand their business, but sometimes large companies also issue them for public trading. Going public is a very big decision for any company.	It permanently changes the way company does business. A public company has more sources of capital than a private company. But going public or offering an IPO is very tedious and time consuming process for any company.	They found that banks may not be able to provide large amounts of money for extended periods. In such cases, the most effective way for a company to raise funds is by offering shares, which represents the company's initial sale of stock or securities to the public.

2.4 Research Gap

The existing literature offers valuable insights into Nepalese investors' perceptions of Initial Public Offerings (IPOs), yet several research gaps remain that warrant further investigation. Karki et al. (2024) highlight the issue of inadequate research policies within the context of Nepalese IPOs. Their study provides insights into IPO investment dynamics but does not thoroughly explore how these policies affect investor behavior and decision-making. Future research could investigate how enhancing these policies might influence investor confidence and market efficiency. Additionally, Dhungana et al. (2023) and Gnawali and Niroula (2021) conducted studies with a focus on specific geographic areas like Pokhara and Kathmandu, limiting the scope to local investor behavior. Expanding research to include a broader range of regions and diverse demographic groups within Nepal could provide a more comprehensive understanding of investor perceptions.

Tamang (2022) explored psychological biases among young investors but did not extensively address how biases like overconfidence and herd behavior influence IPO decisions across different age groups and investor profiles. Further research could examine a wider array of psychological factors and their impact on various investor segments. Kumar (2022) identified that many retail investors find the IPO process complex but did not delve into the specific aspects contributing to this complexity or how it affects investor satisfaction and decision-making. Future studies could explore these factors in detail and propose ways to simplify the IPO process. Furthermore, while Jillali and Belkasseh (2022) and Polinar and Buntigao (2021) analyzed financial performance around IPOs in other contexts, there is a need for research specifically on the long-term financial performance of Nepalese company’s post-IPO and its impact on investor perceptions. Islam and Ahona (2021) examined macroeconomic factors affecting IPOs in Bangladesh, but similar research is lacking for Nepal. Future studies could investigate how local macroeconomic conditions, such as inflation and interest rates, impact IPO activities and investor behavior in Nepal. Lastly, Basha et al. (2021) focused on IPO underpricing in the Indian manufacturing sector, highlighting a gap in research on sector-specific factors affecting IPO performance and investor perceptions in Nepal. Addressing these gaps will enhance our understanding of IPO investor perceptions and contribute to more effective investment strategies and policy development.

In contrast to previous studies, which typically utilized smaller sample sizes and relied solely on descriptive analysis, this research incorporates a larger dataset and employs a broader range of analytical techniques. Previous research often concluded based on limited descriptive statistics, whereas this study's methodology allows for a more comprehensive examination of relationships and causal factors. Future researchers are encouraged to consider larger sample sizes and utilize diverse research design tools beyond those applied in this study.

CHAPTER –III

RESEARCH METHODOLOGY

3.1 Research Design

The study is based on a wide range of variables and factors related to microfinance services. It employs both descriptive and causal-comparative research designs. Comparative data from various banks will be presented to enhance the report's informativeness. Financial and statistical tools will be used to analyze and interpret the financial data. The study is descriptive in nature as it aims to describe how financial literacy influences investment decisions in the Nepalese stock market.

3.2 Population and Sample and sampling design

As of mid-July 2023, the total number of Demat account holders in Nepal has reached 5.8 million (www.investopaper.com). The research population consists of Demat account holders who have invested in both the primary and secondary share markets in Nepal. The study is geographically focused on the Kathmandu cluster. A convenience sampling technique was used to select the sample, with 450 respondents who are investors in the share market.

3.3 Nature and Source of Data and Instrument of Data Collection

This research is based on primary data collected directly from the respondents, who are the investors involved in the study. The data collection instrument used is a questionnaire prepared by the researcher.

3.4 Methods of Analysis

To achieve the study's objectives, various statistical tools were employed, including descriptive statistics, correlation analysis, and multiple regression analysis. The data analysis was conducted based on the patterns present in the available data.

3.4.1 Reliability Analysis

Reliability in this study is assessed using Cronbach's alpha technique, which evaluates the consistency of multiple-question Likert scale surveys. A commonly used guideline for interpreting alpha values for Likert scale questions is:

Table 2

Cronbach's Alpha table

Cronbach's Alpha	Internal Consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \leq 0.8$	Good
$0.8 > \alpha \leq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$A > 0.5$	Unacceptable

3.4.2 Statistical Analysis

Descriptive Analysis

Mean

The mean is the average or most frequent value in a set of numbers. In statistics, it serves as a measure of central tendency, alongside the median and mode. It is also known as the expected value.

Standard Deviation

Standard deviation measures the extent of variation or dispersion in a set of values. It is calculated by taking the square root of the variance, which involves determining the deviation of each data point from the mean (Kumari and Yadav, 2018). It is denoted by (**σ**).

$$\text{Standard Deviation } (\boldsymbol{\sigma}) = \sqrt{\frac{\Sigma(X - \overline{X})^2}{n}}$$

Where,

X=variables

$\overline{X}$ = mean

n = No. of Period

Minimum and maximum

The minimum refers to the lowest value in a given data series, while the maximum represents the highest value. These two values indicate the weakest and strongest points within the data series.

Correlation Analysis

It is the most straightforward method for determining the correlation between two variables. It is unaffected by the size of the extreme values. The Karl Pearson coefficient of correlation is commonly represented by 'r'.

$$\text{Correlation Coefficient (r)} = \frac{n\sum XY - \sum X \sum Y}{\sqrt{[\{n\sum X^2 - (\sum X)^2\}\{n\sum Y^2 - (\sum Y)^2\}]}}$$

Where,

n = number of observations of X and Y

$\sum XY$ = Sum of the product of the observations in series X and Y

$\sum X$ = Sum of the observation in series X

$\sum Y$ = Sum of the observation in series Y

$\sum X^2$ = Sum of the square of the observation in series X

$\sum Y^2$ = Sum of the square of the observations in series Y

Kumari and Yadav (2018) discuss a statistical tool used to determine the direction and strength of the relationship between two sets of variables. It illustrates how two variables move in relation to each other and the degree of their association. The Pearson correlation coefficient is used to explain this relationship. The value of the correlation coefficient ranges from -1 to +1. A correlation coefficient of -1 indicates a perfect negative correlation, meaning the variables move exactly in opposite directions. Conversely, a coefficient of +1 signifies a perfect positive correlation, where the variables move in the same direction.

Multiple Regression Analysis

Multiple regression analysis is a statistical method used to examine the relationship between one dependent (criterion) variable and multiple independent (predictor) variables. The goal of multiple regression analysis is to predict how changes in the independent variables affect the dependent variable. It helps to assess the accuracy of the predictions made by the regression model. Additionally, the coefficient of determination in multiple regression shows the percentage of variance in the dependent variable that can be explained by the independent variables in the regression equation. The multiple regression equation can be represented as follows:

Model

$$ID = \beta_0 + \beta_1 \times QM + \beta_2 \times CG + \beta_3 \times CP + \beta_4 \times CS + \beta_5 \times MI + e$$

Where,

ID= Investment Decisions

QM= Quality management

CG= Company Goodwill

CP= Company Performance

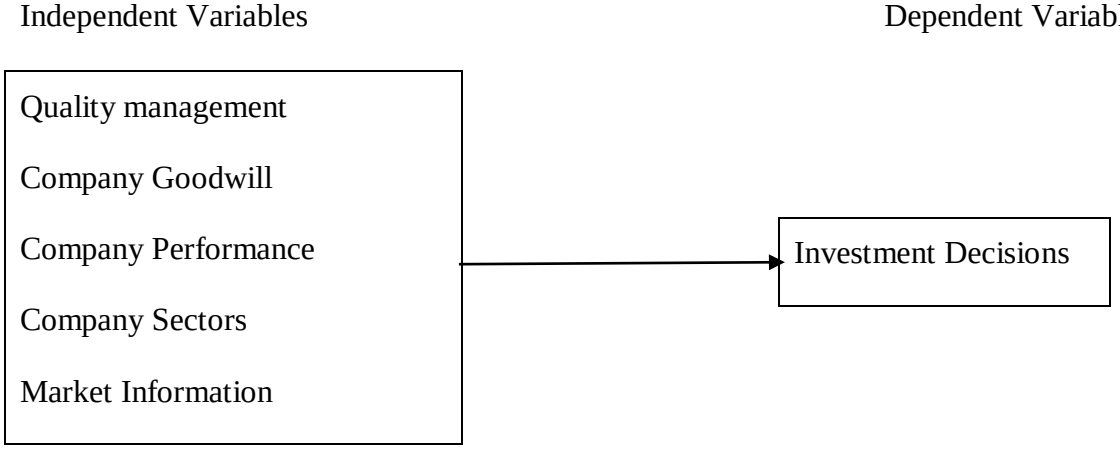
CS= Company Sectors

MI= Market Information

3.5 Research Framework and definition of variables

3.5.1 Research Framework

A research framework offers a structured approach to conducting a study, highlighting the theoretical foundation, key variables, and their connections. It acts as a roadmap for researchers to systematically investigate and analyze their research questions. The framework often includes a conceptual model that illustrates the relationships between independent and dependent variables, along with the hypotheses to be tested. By establishing a clear and organized framework, researchers ensure that their study remains focused, relevant, and methodologically robust, aiding in the collection and analysis of data to derive insightful conclusions and enhance the existing body of knowledge.



Source: *Gnawali (2020)*

Figure 1: research framework

3.5.2 Definition of Variables

Investment Decision

Investment decisions involve selecting from a range of options to achieve the highest possible returns. Investors must consider various alternatives and determine how, when, where, and how much capital to allocate to different investment opportunities. This decision-making process is essential for optimizing returns and applies to both individual investors and organizational management (Bhalla& Chadha, 1982). To make effective investment decisions, a comprehensive analysis of potential returns, risks, and other relevant factors is necessary to maximize financial gains.

Quality Management

Quality management involves supervising all activities and processes required to maintain and improve a desired level of excellence. This includes developing quality policies, implementing quality planning, assurance, control, and continuous improvement procedures. The primary objective of quality management is to ensure that products or services consistently meet or surpass established standards and fulfill customer expectations.

Company Goodwill

Goodwill is an intangible asset created when one company purchases another and pays more than the net fair value of the acquired company's assets and liabilities. This premium reflects the added value derived from factors such as the company's strong brand, loyal customer base, positive employee relations, and proprietary technology. Goodwill represents the competitive edge gained through the acquisition, which is difficult to measure but essential for the acquiring company's long-term success.

Company Performance

Company performance includes multiple dimensions, such as financial and service performance. From an investor's viewpoint, financial performance is a crucial measure of how effectively a company uses its assets to generate income and maintain financial well-being. It serves as a subjective gauge of a firm's ability to produce profits, control costs, and sustain financial stability over time. Common performance indicators include profitability, revenue growth, and return on investment.

Company Sectors

The terms "industry" and "sector" are frequently used interchangeably, but they refer to different concepts. A sector is a broad economic category that groups industries with similar activities. For example, the technology sector includes a range of industries focused on technological development and services. On the other hand, an industry is a more specific group of companies that engage in similar business activities or produce comparable products. Understanding these distinctions allows investors and analysts to better assess market trends and investment prospects.

Market Information

Market information encompasses the various documents and data available, typically online, that offer detailed insights into market conditions and products. This includes details such as current trading hours, margin requirements, overnight financing, and other relevant market specifications. Access to accurate market information is essential for investors to make informed decisions, as it keeps them updated on market trends and the specifics of financial products or services.

CHAPTER-IV

RESULTS AND DISCUSSION

4.1 Result

4.1.1 Demographic Characteristics

This section included the general information of the respondent, including the information of their education, organization etc.

Table 3

Demographic Variables

Variables	Detail	Frequency	Percent
Age	Between 18-25	73	16.2
	Between 26-45	134	29.8
	Between 46-55	131	29.1
	Above 56	112	24.9
Total		450	100.0
Gender	Male	132	29.3
	Female	318	70.7
Total		450	100.0
Education	Below SLC	93	20.7
	Having SLC	151	33.6
	Intermediate	89	19.8
	Bachelor And Above Degree	117	26.0
Total		450	100.0
Profession	Student	60	13.3
	Banker	105	23.3
	Employees	105	23.3
	Business Person	180	40.0
Total		450	100.0
Income Level	monthly up to 15000	107	23.8
	15000-20000 in a month	170	37.8
	20001-50000 a month	45	10.0
	monthly earning more than 50000	128	28.4
Total		450	100.0

Source: *Field Survey-2024*

Table 3 provides a comprehensive overview of various demographic variables of the respondents. It details the age distribution, indicating that among the 450 respondents, 73 individuals, or 16.2%, are aged between 18 and 25. The age group of 26 to 45 years comprises 134 respondents, representing 29.8% of the total. Those aged between 46 and 55

years account for 131 respondents, and 29.1%, while respondents aged 56 and above number 112, making up 24.9% of the sample.

Regarding gender, the data reveals an equal distribution between male and female respondents, each constituting 132 individuals, or 29.3% of the total. This equal representation ensures a balanced perspective in the study.

Educational attainment among respondents varies significantly. Those with education below the School Leaving Certificate (SLC) number 93, accounting for 20.7% of the sample. Respondents with an SLC qualification are the largest group, with 151 individuals, representing 33.6%. Those with intermediate education are 89 in number, making up 19.8% of the respondents. Finally, those with a bachelor's degree or higher constitute 117 respondents, or 26%.

Income levels among the respondents also show a diverse range. Individuals with a monthly income up to NPR 15,000 are 107 in number, representing 23.8% of the total. The largest income group is those earning between NPR 15,000 and 20,000 monthly, numbering 170 and constituting 37.8% of the sample. Respondents with a monthly income between NPR 20,001 and 50,000 are 45 in number, accounting for 10%. Those earning more than NPR 50,000 monthly make up 128 respondents, or 28.4%.

The table also categorizes respondents by profession. Students form a group of 60, representing 13.3% of the total. Bankers are 105 in number, making up 23.3% of the sample. Similarly, government and private sector employee’s number 105, also comprising 23.3%. The largest professional group consists of individuals in other occupations, totaling 180 and accounting for 40% of the respondents.

4.1.2 Reliability Analysis

In this instance, dependability is assessed using the Cronbach's alpha formula. Using the Likert scale, it assesses the reliability of surveys with many questions. The following are criteria for interpreting the alpha Likert scale:

Table 4

Reliability Statistics

Variables	Cronbach's Alpha	N of Items	Internal Consistency
Investment decision	0.929	6	Excellent
Quality management	0.75	5	Acceptable
Company goodwill	0.605	5	Questionable
Company performance	0.756	5	Acceptable
Company sectors	0.737	5	Acceptable
Market information	0.652	5	Questionable

Source: *Field Survey-2024*

Table 4 illustrates that the total number of variables measured using the Likert scale falls within a range that raises questions about their reliability. Despite this, the questions posed in the research are highly relevant and the analysis conducted based on the responses obtained from the questionnaire is considered dependable for the purposes of this study. Each question surpasses a good level of adequacy for all the variables measured, indicating that the overall quality of the questionnaire is satisfactory. This validation suggests that the responses gathered are robust and can be reliably used to draw meaningful conclusions about the research topic.

4.1.3 Descriptive Statistics

Descriptive statistics are statistical tools used to measure various variables, such as the mean, median, minimum, maximum, and standard deviation. These statistics provide valuable insights into both the dependent and independent variables of a study. By examining these descriptive measures, researchers can identify patterns, trends, and outliers in the data, which help in forming a clearer and more detailed understanding of the research findings. This foundational analysis sets the groundwork for applying more advanced statistical techniques and drawing meaningful conclusions.

Table 5 presents the descriptive statistics for 450 observations gathered from investors, outlining key metrics such as the minimum, maximum, mean, and standard deviation for both independent and dependent variables. These variables include quality management, company

goodwill, company performance, company sectors, market information, and investment decisions as the dependent variable.

Table 5

Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Investment decision	450	4.00	5.00	4.95	0.170
Quality management	450	4.60	5.00	4.90	0.167
Company goodwill	450	4.40	5.00	4.89	0.186
Company performance	450	4.40	5.00	4.82	0.267
Company sectors	450	4.00	5.00	4.89	0.208
Market information	450	4.00	5.00	4.92	0.170
Valid N (list wise)	450				

Source: *Field Survey-2024*

For the dependent variable, investment decisions, the minimum value is 4.00, the maximum is 5.00, with a mean of 4.95 and a standard deviation of 0.170. This indicates a high level of consensus among respondents regarding investment decisions, with most ratings clustering near the maximum value.

In terms of quality management, the descriptive statistics show a minimum value of 4.60, a maximum of 5.00, a mean of 4.90, and a standard deviation of 0.167. This suggests that respondents generally rated quality management very positively, with minimal variation in their responses.

Company goodwill has a minimum value of 4.40, a maximum of 5.00, a mean of 4.89, and a standard deviation of 0.186. These statistics reflect a strong positive perception of company goodwill among respondents, though there is slightly more variability compared to quality management. For company performance, the minimum value is 4.40, the maximum is 5.00, with a mean of 4.82 and a standard deviation of 0.267. The wider standard deviation compared to other variables suggests more diverse opinions on company performance among the respondents.

The variable representing company sectors has a minimum value of 4.00, a maximum of 5.00, a mean of 4.89, and a standard deviation of 0.208. This indicates a generally positive view of company sectors with moderate variability in responses.

Lastly, market information has a minimum value of 4.00, a maximum of 5.00, a mean of 4.92, and a standard deviation of 0.170. This data reveals that respondents rated market information highly, with minimal dispersion in their views.

Overall, these descriptive statistics provide a clear picture of how respondents perceive various aspects related to investment decisions, with most variables being rated highly and showing relatively low to moderate variability.

The current status of quality management, company goodwill, company performance, company sectors, market information and investors decision of ipo respondent is shows in the given table, found that respondent response is maximum are good and must of them are maximum or strongly agree and the standard deviation of the research is very low which means the variation of the data flow also very low.

4.1.4 Correlation Analysis

This statistical tool is used to assess the direction and strength of the relationship between two sets of variables, utilizing the Pearson correlation coefficient. The Pearson correlation coefficient measures the extent to which two variables are linearly related, with values ranging from -1 to +1. A correlation coefficient of -1 indicates a perfect negative correlation, meaning the variables move in exactly opposite directions, while a coefficient of +1 denotes a perfect positive correlation, where the variables move in the same direction. A coefficient of 0 indicates no linear relationship between the variables. By analyzing these coefficients, researchers can understand the nature and strength of the interactions between variables, providing valuable insights into their relationship. This tool is essential for identifying patterns and making predictions based on the observed correlations.

Table 6 displays the correlation analysis of various variables based on responses from 450 investors. It illustrates the correlation coefficients between the dependent variable, investment decision, and several independent variables such as quality management, company goodwill, company performance, company sectors, and market information. The

data for this analysis was gathered through questionnaires distributed to share market investors in the Kathmandu Valley.

Table 6

Correlation of analysis

		Investment Decision	Quality management	Company Goodwill	Company Performance	Company Sectors	Market Information
Investment Decision	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	450					
Quality management	Pearson Correlation	.256**	1				
	Sig. (2-tailed)	.000					
	N	450	450				
Company Goodwill	Pearson Correlation	.316**	.948**	1			
	Sig. (2-tailed)	.000	.000				
	N	450	450	450			
Company Performance	Pearson Correlation	.291**	.874**	.828**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	450	450	450	450		
Company Sectors	Pearson Correlation	.501**	.749**	.816**	.690**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	450	450	450	450	450	
Market Information	Pearson Correlation	.065	.393**	.386**	.674**	.485**	1
	Sig. (2-tailed)	.169	.000	.000	.000	.000	
	N	450	450	450	450	450	450

**. Correlation is significant at the 0.01 level (2-tailed).
Source: *Field Survey-2024*

The correlation between investment decision and quality management is positively correlated, with a coefficient of 0.256. This positive correlation is statistically significant, as indicated by a significance value of 0.000, which is less than the 0.01 threshold, denoting a high level of significance at the 1% level. This suggests that improvements in quality management are associated with more favorable investment decisions.

Similarly, the correlation between investment decision and company goodwill is positive, with a coefficient of 0.316. This relationship is also significant, with a significance value of 0.000, confirming that company goodwill positively impacts investment decisions at the 1% significance level.

For company performance, the correlation with investment decision is positive and significant, with a coefficient of 0.291. The significance value of 0.000, which is below the 0.01 level, indicates that better company performance is strongly associated with more favorable investment decisions.

The correlation between investment decision and company sectors shows a positive and significant relationship, with a coefficient of 0.501. This significant correlation, with a significance value of 0.000, suggests that the sector in which a company operates plays a substantial role in influencing investment decisions, and this relationship is robust at the 1% significance level.

On the other hand, the correlation between investment decision and market information, although positive, is not statistically significant. The correlation coefficient is 0.065, but the significance value exceeds 0.05, indicating that the relationship does not reach the conventional threshold for significance.

4.1.5 Multiple Regression Analysis

The main goal of multiple regression analysis is to forecast changes in the dependent variable by examining variations in multiple independent variables. This method enables researchers to evaluate how well these independent variables serve as predictors of the dependent variable, providing a thorough understanding of their collective influence. By analyzing how alterations in the independent variables affect the dependent variable, multiple regression aids in identifying the key factors that most significantly impact the outcomes.

Moreover, the results of a multiple regression analysis can be quantified through the coefficient of determination, commonly known as R^2. This statistic represents the proportion of variance in the dependent variable that is explained by the regression model. In other words, R^2 indicates the percentage of the total variation in the dependent variable that can be accounted for by the independent variables included in the regression equation. A higher R^2

value signifies a better fit of the model to the data, suggesting that the independent variables provide a more accurate prediction of the dependent variable. This measure is crucial for evaluating the explanatory power and practical utility of the regression model in predicting outcomes based on the independent variables.

Table 7

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.666[a]	.443	.437	.128

a. Predictors: (Constant), Market Information, Company Goodwill, Company Sectors, Company Performance, Quality management

Source: *Field Survey-2024*

Table 7 presents the model summary for a dataset consisting of 450 observations across different groups of people. The coefficient of determination, R^2, is 0.443, indicating that 44.3% of the total variation in investment decisions can be explained by the independent variables included in the model: market information, company goodwill, company sectors, company performance, and quality management. This means that these predictors collectively account for just under half of the variation observed in investment decisions, while the remaining 54.7% of the variation is attributed to other factors not included in the model.

Additionally, the adjusted R^2 value is 0.437, which provides a measure of the goodness of fit for the model, accounting for the number of predictors used. This adjusted value reflects the proportion of variance in investment decisions that is explained by the independent variables, adjusted for the number of predictors in the model. The close proximity of the adjusted R^2 to the R^2 value suggests that the model fits the data well, and the predictors are relevant for explaining the variability in investment decisions.

Table 8 presents the ANOVA results for 450 observations of respondents in the share market, focusing on the dependent variable, investment decision, and the independent variables: market information, company goodwill, company sectors, company performance, and quality management. The ANOVA test assesses the overall significance of the regression model,

evaluating whether the independent variables collectively provide a statistically significant explanation for variations in the dependent variable.

Table 8

ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.812	5	1.162	70.676	.000
	Residual	7.302	444	.016		
	Total	13.115	449			

a. Dependent Variable: Investment Decision

b. Predictors: (Constant), Market Information, Company Goodwill, Company Sectors, Company Performance, Quality management

Source: *Field Survey-2024*

The results indicate that the regression model is statistically significant, as evidenced by a significance value of 0.000, which is well below the 5% threshold. This significance level suggests that the independent variables—market information, company goodwill, company sectors, company performance, and quality management—together have a strong and meaningful impact on investment decisions. The low p-value (0.000) demonstrates that the model's ability to explain variations in investment decisions is robust, affirming that the relationships observed are unlikely to be due to random chance. Therefore, the ANOVA results confirm that the regression model provides a valid and reliable assessment of how these predictors influence investment decisions in the share market.

Table 9 provides a detailed view of the coefficients from the regression model used to analyze the investment decisions of 450 respondents in the share market. The model is specified as $id = \alpha+\beta_1\times fk+ \beta_2\times fb+ \beta_3\times fs+ \beta_4\times fa+ \beta_5\times ps+e$, where the dependent variable is investment decision, and the independent variables are market information, company

goodwill, company sectors, company performance, and quality management. The coefficient table reveals how each independent variable affects the investment decision, along with their accuracy and significance levels.

For quality management, the coefficient is -0.986, indicating that a 1% increase in quality management is associated with a 0.986% decrease in investment decisions. The accuracy of this coefficient is 0.142, suggesting a high degree of precision in the measurement. The significance value is 0.00, which is well below the 0.05 threshold, indicating that the impact of quality management on investment decisions is statistically significant.

Table 9

Coefficient of regression

		Unstandardized coefficients			
Model		B	Std. Error	t	Sig.
1	(constant)	6.767	.346	19.577	.000
	Quality management	-.986	.142	-6.941	.000
	Company goodwill	-.162	.119	-1.361	.174
	Company performance	.693	.070	9.831	.000
	Company sectors	.781	.055	14.247	.000
	Market information	-.680	.062	-11.037	.000

Source: *field survey-2024*

Regression model ID= 6.767-0.986×FK-0.162×FB+0.693×FS+ 0.781×FA-0.68×PS+e

Company goodwill has a coefficient of -0.162. This implies that a 1% change in company goodwill results in a 0.162% negative change in investment decisions. The accuracy of this coefficient is 0.119, which is also considered high. However, the significance value is 0.174, which is above the 0.05 threshold, suggesting that the impact of company goodwill on investment decisions is not statistically significant.

Company performance has a positive coefficient of 0.693, indicating that a 1% increase in company performance is associated with a 0.693% increase in investment decisions. The accuracy of this coefficient is 0.07, reflecting a high precision in the calculation. The significance value is 0.00, confirming that the effect of company performance on investment decisions is significant.

The coefficient for company sectors is 0.871, meaning that a 1% change in company sectors results in a 0.871% positive change in investment decisions. With an accuracy value of 0.055, this coefficient is highly precise. The significance value is 0.00, which indicates that the impact of company sectors on investment decisions is statistically significant.

Market information has a coefficient of -0.68, suggesting that a 1% increase in market information leads to a 0.68% decrease in investment decisions. The accuracy of this coefficient is 0.062, showing a high level of precision. The significance value is 0.00, meaning that the effect of market information on investment decisions is also significant.

Overall, the coefficients and their associated significance levels provide a comprehensive understanding of how each independent variable influences investment decisions, with company performance, company sectors, and market information demonstrating significant impacts, while quality management and company goodwill show varied levels of significance.

4.2 Discussion

The first objectives of the research is to examine the current status of the quality management, company goodwill, company performance, company sectors, market information and investors decision of ipos. It is found that the current position of the quality management, company goodwill, company performance, company sectors, market information and investors decision of ipos show that the most of the respond of respondent are strongly agree and the standard deviation of the research is very low which means the variation of the data flow also very low. The result is consistent with the result of Pradhan et al., (2016) and it is also consistent with the result of Gnawali, (2020).

The second objectives of the research is to analyze the relationship between different factors (quality management, company goodwill, company performance, company sectors and market information) and investment decision in ipo by the general investors. It is found that the relationship between investment decision and quality management is positive and that is significant. The result is consistent with the result of Vasa, (2021). The relationship between investment decision and company goodwill is positive and that is significant. The result is consistent with the result of Gnawali&Niroula, (2021). The relationship between investment decision and company performance is positive and that is significant too. The result is

consistent with the result of Islam &Ahona, (2021). The relationship between investment decision and company sectors is positive and that is significant. The result is consistent with the result of Basha et al., (2021). The relationship between investment decision and market information is positive and that is not significant. The result is consistent with the result of Polinar&Buntigao, (2021).

The third objectives of the research is to examine the impact of different factors (quality management, company goodwill, company performance, company sectors and market information) to the investment decision in ipo by the general investors. It is found that the impact of the quality management to the investment decision is negative and significant because significant value is less than five percent. The result is consistent with the result of Badru, (2021). Impact of the financial behavior to the investment decision is negative and significant because significant value is less than five percent. The result is consistent with the result of Jillali&Belkasseh, (2022). Impact of the company performance to the investment decision is positive and significant because significant value is less than five percent. The result is consistent with the result of Kumar, (2022). Impact of the company sectors to the investment decision is positive and significant because significant value is less than five percent. The result is consistent with the result of PradTamang, (2022). Impact of the market information to the investment decision is negative and not significant because significant value is more than five percent. The result is consistent with the result of Dhungana et al., (2023).

CHAPTER-V

SUMMARY AND CONCLUSION

This chapter comprises three key components: summary, conclusion, and implications. The summary provides a comprehensive overview of the entire study process, encompassing the entirety of the research efforts from initiation to completion. Both the summary and conclusion of the thesis are incorporated in this section. Additionally, the implications of the results obtained from the thesis work are discussed.

5.1 Summary

The main goal of multiple regression analysis is to forecast changes in the dependent variable by examining variations in multiple independent variables. This method enables researchers to evaluate how well these independent variables serve as predictors of the dependent variable, providing a thorough understanding of their collective influence. By analyzing how alterations in the independent variables affect the dependent variable, multiple regression aids in identifying the key factors that most significantly impact the outcomes.

The study is very importance in the cost of recent attraction by the public. The recent more involvement of share market by the small investor by the small amount of money in Nepalese share market, the share which issued by the companies in the general form to the general shareholder on the initial public offering form, the purchasing of IPO by the public is heavily increasing without concerning the goodwill, market status and the companies profit etc. The purchasing of the share from the companies in IPO it may be risker and the purchaser view related to the share need to be known so the research is required. On the basis of given background the research is conducted on “perception of Nepalese investors on initial public offering”.

The problem of the research are what is the current status of quality management, company goodwill, company performance, company sectors, and market information and investors decision of ipo? Is there any relationship between different factors (quality management, company goodwill, company performance, company sectors and market information) and investment decision in ipo by the general investors? Whether there is any impact between different factors (quality management, company goodwill, company performance, company

sectors and market information) and investment decision in ipo by the general investors? The problem are solve through the objectives they are To examine the current status of quality management, company goodwill, company performance, company sectors, market information and investors decision of ipos, to analyze the relationship between different factors (quality management, company goodwill, company performance, company sectors and market information) and investment decision in ipo by the general investors and to examine the impact of different factors (quality management, company goodwill, company performance, company sectors and market information) to the investment decision in ipo by the general investors. The various article and thesis are reviewed from the google scholar and Shanker Dev library. The article reviewed developed the conceptual framework with dependent variables is investment decision and independent variable market information, company goodwill, company sectors, company performance, and quality management. The descriptive and casual comparative research design is used. SPSS and excel are the tools of data analysis. Total investors of the Kathmandu valley are the population of the research and the sample are the 450 as a convenience sampling techniques used. Primary source of data are used and they are collected using questionnaire survey. The analysis methods are descriptive statistics, correlation analysis and multiple regression analysis. The tool for analysis are excel and SPSS.

The finding of the research are that variables of the quality management, company goodwill, company performance, company sectors, and market information and investment decision of ipos is available and use by the investors. The relationship between quality management, company goodwill, company performance and company sectors is positive and significant with investment decision of the research. The relationship between market information and investment decision is positive but not significant. The impact of quality management and market information to the investment decision is negative and significant. The impact of company performance and company sectors to the investment decision is positive and significant. The impact of financial behavior and investment decision is negative but not significant.

5.2 Conclusion

The first objectives of the research is to examine the current status of the quality management, company goodwill, company performance, company sectors, market

information and investors decision of ipos. It is found that the current position of the quality management, company goodwill, company performance, company sectors, market information and investors decision of ipos show that the most of the respond of respondent are strongly agree and the standard deviation of the research is very low which means the variation of the data flow also very low. In conclusion current position of the quality management, company goodwill, company performance, company sectors, and market information and investment decision of ipos is available and use by the investors.

The second objectives of the research is to analyze the relationship between different factors (quality management, company goodwill, company performance, company sectors and market information) and investment decision in ipo by the general investors. It is found that the relationship between Quality management, Company Goodwill, Company Performance and Company Sectors is positive and significant with investment decision of the research. The relationship between Market Information and investment decision is positive but not significant. In conclusion the relationship between Quality management, Company Goodwill, Company Performance and Company Sectors is positive and significant with investment decision.

The third objectives of the research is to examine the impact of different factors (quality management, company goodwill, company performance, company sectors and market information) to the investment decision in ipo by the general investors. It is found that the impact of Quality management and Market Information to the investment decision is negative and significant. The impact of Company Performance and Company Sectors to the investment decision is positive and significant. The impact of financial behavior and investment decision is negative but not significant. In conclusion the impact of Quality management and Market Information to the investment decision is negative and significant. The impact of Company Performance and Company Sectors to the investment decision is positive and significant.

5.3 Implications

The implications of research on the perception of Nepalese investors regarding Initial Public Offerings (IPOs) are multifaceted and can significantly impact various stakeholders,

including policymakers, financial institutions, companies considering going public, and investors themselves. Here are some key implications:

i. Understanding investor perceptions can help regulatory bodies like the Securities Board of Nepal (SEBON) enhance investor protection mechanisms.
ii. Companies are encouraged to adopt higher standards of corporate governance and transparency, knowing that these factors significantly influence investor decisions.
iii. Better-informed investors are likely to make more rational investment decisions, which can lead to a more stable and efficient market.
iv. Positive perceptions and experiences with IPOs can increase overall market confidence. This can attract more retail and institutional investors to participate in the market, enhancing liquidity and market depth.
v. The findings can stimulate further academic research into investor behavior, market dynamics, and the effectiveness of regulatory frameworks in emerging markets like Nepal.
vi. Easier access to capital through IPOs can stimulate entrepreneurial activities, leading to job creation and economic diversification.

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APPENDICES

Appendix 1: Survey Questionnaire

June, 2024

Dear Respondent,

As required by the MBS program, I am conducting this questionnaire survey for an academic study. “PERCEPTION OF NEPALESE INVESTORS ON INITIAL PUBLIC OFFERING " is the title of my study. I would like to make it clear that this research is solely for academic purposes, and I am only looking for an honest response from you. I guarantee that all information you provide will be kept strictly confidential and used solely for academic purposes. Convenience sampling was used to guarantee that the traders chosen for the study were those who showed an interest in taking part and were prepared to respond to the questionnaire.

Thank you for your cooperation.

Ranju Niroula

Campus Roll No: 3367/075

Exam Roll No: 13848/19

T. U. Registration No: 7-2-460-46-2014

Shanker Dev Campus

Part I: BIO DATA

1. Your Full Name

   _____

2. Age (Put in to the bracket 1 between 18-25, 2 for 25-45, 3 for 46-55 and 4 for above 56)

- between 18-25 ( )
- 25-45 ( )
- above 56 ( )

3. Marital status (Put in to the bracket 1 for married and 2 for unmarried)
    - Married ( )
    - Unmarried ( )
4. Gender of the respondent (Put in to the bracket 1 for male and 2 for female)
    - Male ( )
    - Female ( )
5. Education (Put in to the bracket 1 for below SLC, 2 for having Slc, 3 for intermediate and 4 for bachelor and above degree)
    - Below SLC ( )
    - Having SLC ( )
    - Intermediate ( )
    - Bachelor and more degree ( )
6. Mention your profession. (Put in to the bracket 1 for Student, 2 for bankers, 3 for Government and other private sector employees and 4 for business person)
    - Student ( )
    - bankers ( )
    - Government and other private sector employees ( )
    - business person ( )
7. Mention your income level? (Put in to the bracket 1 monthly up to 15000 , 2 for 15000-20000 in a month, 3 for 20001-50000 a month and 4 for monthly earning more than 50000)
    - monthly up to 15000 ( )
    - 15000-20000 in a month ( )
    - 20001-50000 a month ( )
    - monthly earning more than 50000 ( )
8. Time you involve in the investment sector (Put in to the bracket for below 5 year, 2 for 5-8 year, 3 for 8-12 year and 4 for more than 12 years)
    - Below 5 year ( )
    - 5-8 year ( )
    - 8- 12 year ( )

- More than 12 years ( )

Part II

Below are several statements about you with which you may agree or disagree. Using the response scale below, indicate your agreement or disagreement with each item by choosing the appropriate number. Please give your responses as follows.

(1 = strongly Disagree, 2= Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree)

A) Investment Decision

Questions	1	2	3	4	5
Investors require sound investing decisions.					
Making investing decisions requires financial literacy.					
Quality management has an impact on investment decisions.					
Company goodwill and investment decisions are related.					
Investment choice and financial expertise are related.					
Market information is importance for the investment decision to the investors.					

B) Quality management

Questions	1	2	3	4	5
The importance of quality management in investing decision-making.					
All investors in the stock market require financial expertise.					
Profit booking on the stock market involves having sound quality management.					
Financial expertise influenced the choice of an investment.					

You believe that good company goodwill is a necessary trait for investors.					

C) Company Goodwill

Questions	1	2	3	4	5
Investment decision-making is influenced by company goodwill.					
All investors in the stock market require company goodwill.					
Financial conduct is at the heart of share market profit booking.					
Investment decisions were influenced by company goodwill.					
You consider good company goodwill to be a trait of successful investors.					

D) Company Performance

Questions	1	2	3	4	5
The importance of quality management in investing decision-making.					
All investors in the stock market require company performance.					
Profit booking on the stock market is purely a matter of financial competence.					
The choice of an investment was influenced by company performance.					
You believe that one of the qualities of successful investors is company performance.					

E) Company Sectors

Questions	1	2	3	4	5
The importance of company sectors in investing decision-making.					
All investors in the stock market need a strong company sectors.					
Profit booking on the stock market is mostly driven by company sectors.					
Financial mindset had an impact on the investment choice.					
You believe that one trait of successful investors is a positive financial mindset.					

F) Market Information

Questions	1	2	3	4	5
Market information's are crucial when making financial decisions.					
All investors in the stock market need market information's.					
Profit booking in the stock market is all about market information's.					
A factor in the investment decision was market information's.					
You consider market information's to be a desirable trait among successful investors.					

Thank you for your participation. Hope you have a great day!!!

Appendix 2

SPSS calculations

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	betwwen 18-25	73	16.2	16.2	16.2
	26-45	134	29.8	29.8	46.0
	46-55	131	29.1	29.1	75.1
	above 56	112	24.9	24.9	100.0
	Total	450	100.0	100.0	

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	132	29.3	29.3	29.3
	female	318	70.7	70.7	100.0
	Total	450	100.0	100.0	

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below slc	93	20.7	20.7	20.7
	having slc	151	33.6	33.6	54.2
	intermediate	89	19.8	19.8	74.0
	bachelor and above degree	117	26.0	26.0	100.0
	Total	450	100.0	100.0	

Income Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	monthly up to 15000	107	23.8	23.8	23.8

	15000-20000 in a month	170	37.8	37.8	61.6
	20001-50000 a month	45	10.0	10.0	71.6
	monthly earning more than 50000	128	28.4	28.4	100.0
	Total	450	100.0	100.0	

Profession

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	60	13.3	13.3	13.3
	bankers	105	23.3	23.3	36.7
	Government and other private sector employees	105	23.3	23.3	60.0
	business person	180	40.0	40.0	100.0
	Total	450	100.0	100.0	

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Investment Decision	450	4.00	5.00	4.9585	.17090
Quality management	450	4.60	5.00	4.9018	.16791
Company Goodwill	450	4.40	5.00	4.8911	.18678
Company Performance	450	4.40	5.00	4.8227	.26717
Company Sectors	450	4.00	5.00	4.8947	.20812
Market Information	450	4.00	5.00	4.9222	.17014
Valid N (listwise)	450				

Correlations

		Investment Decision	Quality management	Company Goodwill	Company Performance	Company Sectors	Market Information
Investment Decision	Pearson Correlation	1	.256**	.316**	.291**	.501**	.065
	Sig. (2-tailed)		.000	.000	.000	.000	.169
	N	450	450	450	450	450	450
Quality management	Pearson Correlation	.256**	1	.948**	.874**	.749**	.393**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	450	450	450	450	450	450
Company Goodwill	Pearson Correlation	.316**	.948**	1	.828**	.816**	.386**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	450	450	450	450	450	450
Company Performance	Pearson Correlation	.291**	.874**	.828**	1	.690**	.674**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	450	450	450	450	450	450
Company Sectors	Pearson Correlation	.501**	.749**	.816**	.690**	1	.485**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	450	450	450	450	450	450
Market Information	Pearson Correlation	.065	.393**	.386**	.674**	.485**	1
	Sig. (2-tailed)	.169	.000	.000	.000	.000	
	N	450	450	450	450	450	450

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

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.666[a]	.443	.437	.12825

a. Predictors: (Constant), Market Information, Company Goodwill, Company Sectors, Company Performance, Quality management

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.812	5	1.162	70.676	.000[b]
	Residual	7.302	444	.016		
	Total	13.115	449			

a. Dependent Variable: Investment Decision

b. Predictors: (Constant), Market Information, Company Goodwill, Company Sectors, Company Performance, Quality management

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.767	.346		19.577	.000
	Quality management	-.986	.142	-.969	-6.941	.000
	Company Goodwill	-.162	.119	-.177	-1.361	.174
	Company Performance	.693	.070	1.083	9.831	.000
	Company Sectors	.781	.055	.951	14.247	.000
	Market Information	-.680	.062	-.677	-11.037	.000

a. Dependent Variable: Investment Decision

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ABSTRACT The objectives they are To examine the current status of

quality management, company goodwill, company performance, company sectors, market information and investors 2 decision of

ipos, to analyze

the relationship between different factors (quality management, company goodwill, company performance, company 2 sectors and market information) and investment decision in ipo by the

general investors and to examine the impact of

different factors (quality management, company goodwill, company performance, company sectors and market 2 information) to the investment decision in ipo by the

general investors.

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market information, company goodwill, company sectors, company performance, and quality management.

The descriptive and casual comparative research design is used. SPSS and excel are the tools of data analysis . Total 1 investors of the Kathmandu valley are the population of the research and the sample are the 450 as a convenience sampling techniques used. Primary source of data are used and they are collected using questionnaire survey. The analysis methods are descriptive statistics, correlation analysis and multiple regression analysis. The tool for analysis are excel and SPSS. The finding of the research are that variables of the

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