

**INVESTORS PERCEPTION AND INVESTMENT DECISION: AN
INITIAL PUBLIC OFFERING PROSPECTIVE**

**A Dissertation Submitted to the Office of the Dean, Faculty of Management in
Partial Fulfillment of the Requirements for the Master of Business Studies (MBS)**

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June, 2024

CERTIFICATE OF AUTHORSHIP

I hereby corroborate that I have not researched and submitted the final draft of dissertation entitled **INVESTORS PERCEPTION AND INVESTMENT DECISION: AN INITIAL PUBLIC OFFERING PROSPECTIVE** the work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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ACKNOWLEDGEMENTS

First of all, I would like to thank Tribhuvan University for giving chance to prepare the thesis for a partial requirement to the fulfillment of Master Degree of Business Studies program held under Tribhuvan University. After many months of hard work and sincere effort from my side, this research has been conducted.

I would like to acknowledge the following notable personalities who have contributed their valuable efforts in different ways in creation of this research. I would express my profound gratitude to my thesis supervisor Bhoj Raj Ojha of Shanker Dev Campus for his valuable guidance and kind support to me all the way through this thesis his co-operation in the revision of this thesis has precisely helped me to groom and bring it in this form. Similarly, I would like to express my specially thanks to Head of Research Department, Asso. Prof. Dr. Sajeeb Kumar Shrestha and Campus Chief, Asso. Prof. Dr. Krishna Prasad Acharya for help the dissertation prepare and providing me the opportunity for doing this dissertation. I also owe deep gratitude to all reputed authors whose writings have provided me the necessary guidance and invaluable materials for the enrichment of my research papers in all possible ways. My special appreciation goes to my colleague and to all my family members, teachers and friends for their continuous encouragement and help to complete this work directly or indirectly.

Perfection is anything can hardly be thought of knowing the universal fact "Human is Error", I Have taken utmost care to avoid errors, but I know they are inescapable, so I shall be obliged if they are forgiven.

Vikas Chaudhary
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TABLE OF CONTENTS

<i>Title page</i>	i
<i>Certificate of authorship</i>	ii
<i>Approval sheet</i>	iii
<i>Declaration</i>	iv
<i>Acknowledgements</i>	v
<i>Table of contents</i>	vi
<i>List of tables</i>	viii
<i>List of figure</i>	x
<i>Abbreviations</i>	xi
<i>Abstracts</i>	xii
CHAPTER-I: INTRODUCTION	1
1.1 Background of the Study	1
1.2 Problem Statement	6
1.3 Objectives of the Study	8
1.4 Rationale of the Study	8
1.5 Limitations of the Study	9
CHAPTER-II: REVIEW OF LITERATURE	10
2.1 Theoretical Review	10
2.1.1 Financial Market.....	13
2.1.2 Money Market	13
2.1.3 Capital Market	14
2.1.5 Securities Market.....	14
2.1.6 Primary market and initial public offering.....	16
2.1.7 Historical Background of Security Market in Nepal	16
2.2 Empirical Review	19
2.3 Research Gap	33
CHAPTER-III: RESEARCH METHODOLOGY	35
3.1 Research Design.....	35
3.2 Population and the Sample of Study	35
3.3 Nature and Sources of Data	35

3.4 Questionnaire	36
3.5 Data collection procedure and instrument	36
3.6 Data processing procedure and data analysis methods	36
Regression Analysis	37
3.7 Research framework and definition of variables	37
CHAPTER-IV: RESULT AND DISCUSSION	40
4.1 Nature of the Respondents.....	40
4.2 Educational level of the respondents.....	41
4.2 Descriptive Analysis	55
4.3 Correlation Analysis.....	56
4.4 Regression Analysis	58
4.5 Discussion.....	61
CHAPTER-V: SUMMARY AND CONCLUSION.....	65
5.1 Summary.....	65
5.2 Conclusion	66
5.3 Implications	67
REFERENCES	
APPENDIX	

LIST OF TABLES

Table 1	Gender of the respondents	40
Table 2	Age Group of the respondents	40
Table 3	Educational level of the respondents	41
Table 4	Occupation of the respondents	41
Table 5	Investment amount in IPO	42
Table 6	Do you apply for IPO through Mero share	42
Table 7	Is it necessary to open D-mat account for IPO	43
Table 8	Reason for investment in IPO	43
Table 9	Do you consider that legitimacy of company affects in your investment in IPO.....	44
Table 10	Do you consider that founder CEO affects in your investment of IPO.....	44
Table 11	Do you consider that human resource value affects in your investment in IPO.....	45
Table 12	Do you consider that historical background will affect while investing in IPO.....	46
Table 13	Do you consider that age of company affects in your investment in IPO .	46
Table 14	Do you consider that current financial position affecting in your investment in IPO.....	47
Table 15	Do you consider that dividend premium matter more for your investment in IPO.....	47
Table 16	Do you consider that Earning Per Share (EPS) make investors to invest in IPO.....	48
Table 17	Do you consider that return on investment (ROI) make investors to invest in IPO.....	49
Table 18	Do you consider that investment in banking sector of IPO is better	49
Table 19	Do you consider that investment in insurance company of IPO is better?	50
Table 20	Do you consider that investment in Hydropower Company of IPO is better	50
Table 21	Do you consider that comment on media affects in your investment in IPO	51

Table 22	Do you consider that future prediction and forecast affect your investment in IPO.....	51
Table 23	Do you consider that the past trend of IPO, while investing in IPO	52
Table 24	Do you concludes that individual invested have more risk in IPO investment	53
Table 25	Considered that IPO's are risk free from investment	53
Table 26	Do you consider that IPOs are guaranteed way of making money	54
Table 27	Descriptive Statistics	55
Table 28	Correlation Analysis	56
Table 29	Model Summary	58
Table 30	ANOVAS Tests.....	59
Table 31	Coefficients Table	60

LIST OF FIGURE

Figure 1	Research Framework.....	38
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ABBREVIATIONS

ADB/N:	Agriculture Development Bank of Nepal
ANZG:	Australia and New Zealand Banking Group
BOK:	Bank of Kathmandu
C.V:	Coefficient of Variance
CAI:	Credit Agricola Indosuez
CG:	Company Goodwill
CP:	Company Performance
CS:	Company Sector
DBC:	Dubai Bank Limited
i.e.:	That is
ID:	Investment Decision
Ltd:	Limited
MI:	Market Information
MVPS:	Market Value Per Share
NP:	Net Profit
NWPS:	Net Worth Per Share
QM:	Quality Management
RBB:	Rastriya Banijya Bank
S.D:	Standard Derivation
S.E:	Standard Error
SBI/N:	State Bank of India/Nepal
SCBNL:	Standard Chartered Bank Limited
SCBT:	Siam Commercial Bank of Thailand
SDK:	Sainik Drabya Kosha

ABSTRACTS

This study investigates investor perceptions of Initial Public Offerings (IPOs) in Kathmandu District, Nepal, with a focus on factors such as quality management, company goodwill, company performance, company sector, market information and dependent variables investment decision. Employing a descriptive and causal comparative research design, data from 150 investors were gathered using structured questionnaire surveys and analyzed using SPSS. It is encompass assessing investor attitudes towards IPOs and exploring the relationships between various factors and investment decisions. Results highlight the pivotal role of quality management and customer growth in shaping investor perceptions, with both factors emerging as significant predictors of investment decisions. Conversely, company performance, sector, and market information showed no significant effects. The study offers practical insights for companies planning IPOs and financial professionals, aiding in informed decision-making. Theoretically, it enriches the IPO and behavioral finance literature, paving the way for future research. Nonetheless, limitations include reliance on primary data, a constrained sample size, and focus on Kathmandu Valley investors, potentially limiting generalizability. Despite these constraints, the study provides crucial insights into IPO investor behavior, fostering a more resilient investment environment in Nepal.

Keywords: Initial Public Offering, Investors Perception, Investment Decision, Quality Management, Company Goodwill

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Shares represent units of ownership in a company and grant shareholders a stake in the company's profits and responsibilities for its debts and losses. There are two main types of shares: Ordinary shares (common stock), which allow shareholders to participate in the company's earnings and voting rights at official meetings, and Preference shares (preferred stock), which provide shareholders with fixed periodic income but typically do not include voting rights. Shares represent units of ownership in a company, signifying a stake in its profits and liabilities. They are categorized into two main types: Ordinary shares (common stock), which grant shareholders rights to company earnings and voting privileges at official meetings, and Preference shares (preferred stock), providing shareholders with fixed periodic income but typically without voting rights (Gyawali, 2020).

The financial market is a platform where various financial assets such as shares, debentures, bonds, and currencies are created and traded. It plays a vital role in efficiently allocating resources in the economy by connecting savers and investors. The financial market facilitates the exchange of assets between buyers and sellers based on the forces of demand and supply. It is broadly categorized into two types based on maturity: the money market and the capital market (Niroula, 2021).

The money market deals with short-term financial assets such as commercial paper, certificates of deposit, and treasury bills that mature within a year. Transactions in the money market are conducted electronically, without a physical marketplace. On the other hand, the capital market trades medium and long-term financial assets. It comprises the primary market, where new securities are issued to the public for the first time, and the secondary market, where already issued securities are traded among investors, including individuals, merchant bankers, stockbrokers, and mutual funds (Loughran, Ritter & Rydqvist, 2021).

The financial market serves as a platform for the creation and trading of various financial assets, including shares, debentures, bonds, derivatives, and currencies. It plays a crucial role in efficiently allocating limited resources within the economy, acting as an intermediary between savers and investors, facilitating the mobilization of funds. Buyers and sellers converge in the financial market to trade assets at prices determined by supply and demand dynamics. The financial market is broadly classified into two types based on maturity: the money market and the capital market.

The money market deals with short-term financial assets such as commercial paper, certificates of deposit, and treasury bills, which mature within a year. Transactions in the money market are conducted electronically, without a physical marketplace. Conversely, the capital market trades medium and long-term financial assets and is further divided into the primary market and secondary market. The primary market, also known as the issue market, involves the issuance of new securities to the public for the first time. The secondary market, an organized marketplace, facilitates the trading of already issued securities among investors, including individuals, merchant bankers, stockbrokers, and mutual funds (Loughran, Ritter & Rydqvist, 2021).

Capital markets, dealing with securities like stocks and bonds, play a crucial role in long-term financial resource mobilization. By directly raising capital from the public, they reduce the cost of capital and enable broader ownership, distributing risks and wealth among smaller investors. Capital markets empower investors to make investment decisions based on their risk and return preferences, thereby fostering savings and productive investments in the economy. An efficient capital market is characterized by constant liquidity, ensuring easy entry and exit for investors through sufficient transaction volume and size (Shrestha, 2019).

Investing in an Initial Public Offering (IPO) can be risky for individual investors due to the unpredictable nature of stock performance on the initial trading day and in the near future. The lack of historical data makes it challenging to analyze the company's potential. Additionally, most IPOs involve companies in transitional growth phases, adding uncertainty about their future value (Bhattacharai, 2004).

An IPO is the first offering of equity by a company to the general public, with the shares subsequently listed on a stock exchange for trading. It represents the company's initial sale of stock to the public, typically involving young or lesser-known companies, although established firms may also opt for an IPO. Going public through an IPO is often a cost-effective means for companies to raise capital compared to other available options. It allows companies to diversify their equity base among a large number of investors and enhances brand visibility as the company's securities are discussed among millions of investors (Singh, 2012).

Institutional investors, as well as individual investors, play vital roles in the investment landscape. Institutional investors, such as organized financial institutions with substantial funds, facilitate the mobilization of financial resources from small savers to large industrial investors. They achieve this by issuing their own securities in large volumes in the primary market and trading securities in significant volumes in the secondary market, providing liquidity and fostering competitive markets for listed securities among various companies (Rai, 2016).

An IPO can involve either debt or equity securities. Most companies initially raise equity capital from a small group of investors, resulting in no liquid market for their stock. However, if the company prospers and requires additional equity capital, it may choose to go public, offering stock to a broader base of investors. IPOs are a crucial aspect of the primary market mechanism. When an institution raises capital from the public for the first time, it conducts an IPO, which serves as a significant source of obtaining substantial amounts of fixed-rate, long-term funds. The size and development level of the capital market significantly influence IPOs, with countries like Nepal, having a relatively short history of capital market development, experiencing these effects (Maglio, Petraglia & Agliata, 2018).

In Nepal, the first public issue of ordinary shares occurred over 50 years ago with the public offerings of Biratnagar Jute Mills and Nepal Bank Limited in 1937 A.D. However, the development of the capital market began in 1976 A.D. with the establishment of the Securities Exchange Centre, aimed at facilitating and promoting the capital market in Nepal. This institution served as the sole entity responsible for

brokering, underwriting, managing public issues, market-making for government bonds, and providing other financial services. Additionally, the Securities Exchange Centre acted as both a broker and a regulatory body (Roka, 2011).

The Securities Board of Nepal (SEBON) was established by the Nepalese government on June 7, 1993, as the apex regulator of securities markets. Operating under the Securities Act of 2006, SEBON plays a crucial role in safeguarding and promoting investors' interests by regulating the issuance, transfer, sale, and exchange of registered securities. SEBON also issues necessary security regulations and directives and provides advisory services to the government on matters related to capital market development. Since the introduction of the Companies Ordinance in 2006, companies are required to register all securities with SEBON before issuance. This ordinance mandates issuing companies to prepare a prospectus and publish it to the public after obtaining SEBON's approval. With the implementation of the Companies Ordinance and SEBON's regulations, the capital market in Nepal has been experiencing continuous growth, with investors showing keen interest in both primary and secondary market investments (Sebon, 2020).

The IPO application process in Nepal has transitioned to a digital platform, eliminating the need for physical visits to banks. Investors can now apply for IPOs through laptops, smartphones, or tablets via the Mero Share website. The application period typically spans four working days, during which investors must access and fill out the Application Supported by Blocked Amount (ASBA) form online, ensuring their bank accounts have the necessary funds to be blocked for ASBA within a week for allotment conclusion. Subsequently, investors receive a certain number of shares based on the number of shares issued, total applications received, and investment amount. Since Shrawan 2074, accurate applications have been receiving a minimum allocation of 10 units of IPO shares. However, depending on application numbers, investors may receive additional shares if available or no shares if demand exceeds supply. Once allocated, the blocked amount is released, and the allotted share quantity appears in the investor's demat account statement after some time (Gao & Hou, 2019).

Investing in the stock market helps mobilize capital, fostering economic development. Investments in shares typically commence in the primary market through the purchase of Initial Public Offerings (IPOs) and are further traded in the secondary market. Equity shares represent ownership capital in a company and are traded based on demand and supply dynamics. Investors aim for capital appreciation and returns, with capital appreciation occurring when shares are sold at a higher price than the purchase price, and returns often received in the form of dividends. The study focuses on investors' attitudes towards equity market investment decisions and their risk tolerance based on demographic factors such as gender, age, income, education, and occupation, categorizing investors into conservative, moderate, and aggressive profiles (Keown and Petty, 2009).

Investors have various investment alternatives, including traditional options like bank deposits and gold, as well as newer options like equity, mutual funds, commodities, and derivatives. This study primarily focuses on equity investment, where a company's total capital is divided into smaller units known as equity shares. Equity investors receive returns in the form of dividends and capital appreciation, along with voting rights in the company. Companies issue shares primarily to raise funds for business growth or expansion, initially offering them to the public through IPOs. Once shares are listed on a stock exchange, they can be freely traded, allowing the general public to subscribe to IPOs and subsequently trade shares on exchanges like NEPSE (Yashaswini, 2019).

An initial public offering (IPO) marks the first sale of a company's stock to the public. Typically, companies opt for an IPO to raise capital or provide an exit strategy. During the early stages of development, companies often rely on personal loans, savings, and investments from family and friends for initial financing. The financial market serves as a platform for buyers and sellers to trade assets based on demand and supply dynamics, with classifications into the money market and capital market, further divided into the primary and secondary markets. The primary market involves companies listing on an exchange for the first time, issuing new securities or bringing fresh issues to the market. This study aims to explore public responses to IPOs in the Nepalese market, focusing on the growth of the primary market and investor expectations. Given Nepal's evolving

capital market, there is a lack of widespread knowledge about stocks and capital market operations among the population. Despite various investment avenues available in the competitive landscape, equity remains a preferred option for many investors due to its liquidity and minimal time requirements for trading. Understanding investor perceptions and their impact on investment decisions is crucial for navigating market dynamics.

Investor perception and investment decisions regarding IPOs are critical for Nepal's capital market development. While progress has been made since the establishment of the market in 1976, Nepal's market is still in a developmental phase compared to global standards. The Securities Board of Nepal (SEBON) serves as the principal regulator, necessitating a thorough understanding of investor sentiments to formulate effective policies and regulations. The recent digitalization of the IPO application process represents a significant advancement, enhancing accessibility and contributing to ongoing market innovation. Understanding investor attitudes and risk management strategies informs targeted education programs, contributing to market stability.

IPOs play a vital role in capital formation, driving business expansion and economic growth. Assessing investor perceptions helps align strategies with market conditions, promoting efficiency and resilience. Research in this area is essential for fostering market development, enhancing investor protection, and promoting sustainable economic growth in Nepal.

1.2 Problem Statement

The Nepalese capital market, compared to other developed stock markets, is relatively small (Yashaswini, 2019). It faces challenges such as a limited number of brokers, a small number of listed companies, few transactions, and a lack of investor awareness about the stock market's advantages and disadvantages. Any malpractice in the securities market could severely damage the national economy, and regaining investors' lost confidence would be challenging.

Various obstacles exist in the initial public offering (IPO) stages in Nepal. Unlike in developed countries where public offerings are well-known, many people in rural areas are illiterate about securities, and even in urban areas, only a few individuals from

business or intellectual backgrounds possess knowledge about it. The concentration of wealth in a few hands exacerbates societal backwardness and widens economic gaps. Efficient portfolio investments can help reduce this gap by generating passive income for small investors. The primary market, a significant source of funding for businesses, plays a crucial role in economic growth by facilitating entrepreneurship, increasing employment, and boosting government revenues. In Nepal, there is optimism among investors regarding the IPO market, evident from oversubscriptions of IPOs, especially in sectors like hydropower. However, changing investor attitudes and psychology necessitate understanding across different demographic variables.

The Nepalese capital market is still in a developmental phase and is relatively small in size, making it prone to saturation. Unsubstantiated rumors can influence investment decisions, and investor sentiment plays a significant role. Financial awareness is vital in protecting investors from manipulation. Therefore, this study also explores investor awareness regarding IPOs in Nepal. Structural changes in the primary market, such as the adoption of online application systems, have reduced the time for allotment and listing of securities, increasing market liquidity and decreasing issuance costs. However, many retail investors in the market are speculative, investing without proper analysis and selling stocks immediately after listing on the Nepal Stock Exchange (NEPSE). Identifying the proportion of such investors and understanding their investment behavior is crucial.

In the Nepalese stock market faces unique challenges in the field of public offerings compared to developed countries, emphasizing the need for targeted interventions and investor education programs to foster market growth and stability.

- i) What is the perception of investors towards initial public offerings in Nepal?
- ii) Is there any relationship between quality management, company goodwill, company performance, company sectors, market information, and investment decisions by investors in IPOs?
- iii) What is the impact of quality management, company goodwill, company performance, company sector, and market information on investment decisions by investors in IPOs?

1.3 Objectives of the Study

The study aims to analyze the perceptions of initial public offerings (IPOs) of shares in the Nepalese context, with the following specific objectives:

- i. To evaluate investors' perceptions regarding IPOs concerning quality management, company goodwill, company performance, company sector, and market information.
- ii. To investigate the relationship between quality management, company goodwill, company performance, company sector, market information, and investment decisions in IPOs.
- iii. To assess the impact of quality management, company goodwill, company performance, company sector, and market information on investment decisions by investors in IPOs.

1.4 Rationale of the Study

Most people in Nepal lack awareness or literacy regarding public offerings. Hence, this study could be beneficial for those seeking knowledge about IPOs, including general investors and organizations indirectly or directly involved in public offerings. Issuing companies can utilize the findings to understand investor perceptions and preferences towards IPOs in Nepal. Additionally, the study aims to identify crucial factors influencing investor perceptions and risk-return considerations regarding IPO investments, benefiting students and researchers interested in IPO research.

Investing in the stock market, especially across different sectors, relies heavily on investor psychology. Given the frequent fluctuations in company prices, investor psychology significantly influences investment decisions, falling under the purview of behavioral finance. While international studies have explored this concept, research specific to Nepal remains scarce. Therefore, this study contributes valuable literature to the field of behavioral finance in Nepal, filling an existing gap.

Amidst various investment alternatives, the study focuses solely on IPOs available to Nepalese investors, seeking to understand their responses towards IPOs. It delves into investor preferences, sector knowledge, attitudes towards investment aspects, and the performance of issue managers. Moreover, it examines IPO distribution processes,

restrictions on margin lending for IPO funding, IPO pricing strategies, and the perception of IPOs as a quick money-making avenue rather than long-term investments. Furthermore, the study acknowledges the influence of whims and rumors on the Nepalese IPO market, including practices such as single IPO applicants submitting multiple applications using the identification documents of others, potentially influencing company management and stock market dynamics.

1.5 Limitations of the Study

The study, conducted as part of the Master in Business Studies program at Tribhuvan University, aims to analyze specific aspects of the primary share market in Nepal. Due to limited studies and references available on the Nepalese capital market, as well as constraints in time and resources, certain limitations exist in this study of public responses regarding IPOs:

- i) The study relies on primary data.
- ii) Analysis and evaluation are conducted on a limited dataset.
- iii) The sample size of 150 used in collecting primary data may not adequately represent the entire population.
- iv) The study only considers investors from the Kathmandu Valley.

CHAPTER-II

REVIEW OF LITERATURE

This chapter provides a comprehensive review covering theoretical, conceptual, and empirical perspectives, while identifying research gaps. The theoretical review outlines fundamental principles, serving as a theoretical framework. The conceptual review explores relevant conceptualizations and models. The empirical section synthesizes findings from Nepalese and international studies, enhancing understanding and identifying disparities. Despite existing research, gaps persist, offering opportunities for future investigation to advance knowledge in the field.

2.1 Theoretical Review

All securities, whether in the money or capital market, are initially issued in the primary market, where companies or governments are directly involved in transactions and benefit directly from the sale of securities. Once these securities are traded among individuals, businesses, governments, or financial institutions, they become part of the secondary market. This study focuses solely on initial public offerings, dealing with the process and activities involved in raising funds from the primary market. While the operation of the secondary market is important and falls within the scope of merchant banking, it is not covered in this manual. Both the primary and secondary markets exist in both the capital and money markets.

Literature review serves as a comprehensive survey of available literature in one's research field, providing insight into the status of the research area. Analyzing past studies helps establish the foundation for the current study (Baru & Fawcett, 2006).

Investor perception and decision-making play crucial roles in the success of Initial Public Offerings (IPOs). This study aims to explore the theoretical frameworks influencing investor behavior in IPOs, drawing insights from various theories. Three prominent theories relevant to this research include prospect theory, information asymmetry theory, and behavioral finance theory.

1. Prospect Theory

Introduced by Daniel Kahneman and Amos Tversky in 1979, Prospect Theory revolutionized the understanding of decision-making under risk and uncertainty. It suggests that individuals assess choices based on potential gains and losses relative to a reference point, rather than focusing solely on final outcomes. This departure from traditional utility theory underscores the significance of framing effects and psychological biases in decision-making processes.

Prospect Theory posits that individuals tend to exhibit risk aversion in the domain of gains, preferring certainty over uncertain outcomes. Conversely, when facing potential losses, individuals become risk-seeking, willing to take on additional risks to avoid losses or mitigate their impact. This asymmetrical risk attitude reflects the psychological impact of losses, perceived as more significant than equivalent gains.

In the context of Initial Public Offerings (IPOs), Prospect Theory sheds light on investor behavior. Investors may be drawn to IPOs offering perceived potential gains, prioritizing profits over fundamental analysis. This preference for gains over risks can lead to market inefficiencies, as investors may overlook IPO fundamentals in favor of speculative opportunities.

Furthermore, Prospect Theory suggests that investors may exhibit risk-seeking behavior when confronted with IPOs promising significant gains. The allure of profits may overshadow concerns about risks, leading investors to take on greater risk exposure than they would under different circumstances. This risk-seeking behavior can contribute to market volatility and inefficiencies.

Prospect Theory provides a nuanced understanding of investor behavior in IPO markets, emphasizing psychological biases and framing effects in decision-making processes. Recognizing its influence on investor perceptions and decisions can help market participants and regulators better understand IPO market dynamics and address potential sources of inefficiency and instability.

2. Information Asymmetry Theory

The Information Asymmetry Theory, first introduced by Grossman and Stiglitz in 1980, challenges the concept of market efficiency by emphasizing disparities in information among market participants. This theory suggests that markets may not always be efficient because some participants possess superior information compared to others. When certain parties have access to information not available to the broader market, they may exploit this advantage for personal gain, leading to market inefficiencies.

In the context of Initial Public Offerings (IPOs), the Information Asymmetry Theory suggests that issuers often have superior information about the company's prospects, financial performance, and future growth potential. This informational advantage enables issuers to strategically time their IPOs and structure offerings to maximize valuation and investor demand. Consequently, IPO shares may be mispriced or overvalued due to incomplete or asymmetric information available to investors.

Limited access to information can hinder investors' ability to accurately assess the true value of IPO shares. Without complete and transparent information, investors may rely on imperfect signals or indicators, increasing the likelihood of mispricing and market inefficiencies. Moreover, asymmetric information can create a power imbalance between issuers and investors, potentially leading to adverse selection and moral hazard problems in IPO markets.

The Information Asymmetry Theory underscores the importance of transparency, disclosure, and regulatory oversight in IPO markets. By addressing information asymmetries and enhancing transparency, regulators can mitigate market inefficiencies and promote investor confidence in IPO markets.

3. Behavioral Finance Theory

Behavioral Finance, a field that combines insights from psychology with finance, challenges the traditional assumption of rational decision-making in financial markets. While traditional finance theories assume investors always make optimal choices based on rational analysis, Behavioral Finance recognizes that investors' decisions are often influenced by cognitive biases and emotions. In the context of Initial Public Offerings

(IPOs), Behavioral Finance suggests that investors' decisions may deviate from rationality due to various psychological biases.

One such bias is overconfidence, where investors tend to overestimate their ability to predict future stock performance. Overconfident investors may be more likely to participate in IPOs, believing they can accurately assess the potential value of newly issued shares. Another bias observed in IPO markets is herding behavior, where investors follow the actions of others rather than conducting independent analysis. Herding behavior can lead to market anomalies such as IPO underpricing, where shares are offered at a lower price than their true value. Investors may join the herd fearing missing out on potential gains, contributing to irrational exuberance and price volatility in IPO markets.

Behavioral Finance highlights the importance of understanding investor behavior and the psychological factors influencing decision-making. By recognizing and addressing cognitive biases and emotional responses, market participants and regulators can better understand market dynamics and mitigate the impact of irrational behavior on IPO pricing and market efficiency.

2.1.1 Financial Market

Financial markets serve as platforms where providers of loans and investments can engage in direct transactions. Unlike traditional lending and investment channels where savers may not have direct knowledge of where their funds are being utilized, participants in financial markets have transparency regarding the allocation of their funds. The financial market comprises two main segments: the money market and the capital market. The money market facilitates transactions involving short-term debt instruments or marketable securities, while the capital market facilitates the trading of long-term securities such as bonds and stocks (Gitman, 1988).

2.1.2 Money Market

Money market activities encompass both primary and secondary market transactions involving short-term negotiable instruments such as Treasury Bills, Government Bonds, Certificates of Deposit, Bankers' Acceptances, and Commercial Paper or Promissory

Notes. Merchant bankers typically serve as users and market makers (dealers) in these types of securities, rather than acting as brokers. While in theory, the money market is distinct from the capital market, in practice, many countries with efficient financial markets see merchant banks actively engaged in both markets. This convergence is attributed to the fact that negotiable money market instruments essentially represent shorter-term capital market instruments. Therefore, the techniques and infrastructure required to operate in the money market are fundamentally similar to those needed for operations in the capital market.

2.1.3 Capital Market

The capital market serves as a platform for companies to raise finance to fulfill diverse needs such as funding new projects, modernization, expansion programs, long-term working capital requirements, and other objectives. It functions by channeling the savings of individuals into investments in shares, debentures, units of mutual funds, and similar financial instruments. These funds are subsequently utilized for productive purposes across various sectors of the economy.

2.1.4 Non-Securities Market

In non-security markets, financial transactions occur directly between users and suppliers without the issuance of securities (Upreti, 2017). Funds raised in these markets typically serve long-term purposes and involve transactions between lending institutions such as development banks, businesses, regular banks, or individuals. Non-security instruments or goods are those that are not traded on recognized markets like the Boston Stock Exchange and are not easily marketable. Although they have value, they may not be readily converted into cash within a short period and do not necessarily have the backing of an underwriter or bank.

2.1.5 Securities Market

The securities market is a crucial component of the broader financial market, facilitating the buying and selling of securities among various economic entities based on demand and supply dynamics (Gyawali, 2020). This market encompasses equity markets, bond markets, and derivatives markets, where prices are determined through

interactions between professional and non-professional participants. One of its primary functions is to bridge the gap between saving and investment, thereby fostering the generation of new wealth. The term "securities market" encompasses a range of markets where securities are traded, involving processes such as placing orders, executing transactions, determining payment and transfer costs, and potentially paying taxes on transaction profits.

i) Primary Market

The primary market, within the capital market, is responsible for the issuance of new securities, wherein companies, governments, or public sector entities can raise funds by selling new stocks or bonds. This process typically involves a syndicate of securities dealers and is facilitated through underwriting. In the case of stocks, the sale is termed an Initial Public Offering (IPO), as outlined in the prospectus. Notably, the primary market is the only market where companies or government bodies are directly involved in transactions and receive proceeds from securities issuance (Bhattarai, 2012). Investment banks play a pivotal role in facilitating the initial sale of securities in the primary market. All securities, regardless of whether they belong to the money or capital markets, are initially issued in the primary market. Once these securities begin trading among various entities such as individuals, businesses, governments, or financial institutions, they transition into the secondary market.

ii) Secondary Market

A secondary market is a financial platform where previously issued securities can be bought and sold. This market is facilitated by brokers, dealers, and market makers. Brokers act as agents who connect buyers with sellers of securities, while dealers facilitate transactions by buying and selling securities at specified prices. Examples of organized stock exchanges where secondary market trading occurs include the Nepal Stock Exchange (NEPSE), New York Stock Exchange (NYSE), and Bombay Stock Exchange (BSE).

In the secondary market, shares that were initially issued in the primary market are traded. This market provides liquidity to shareholders by enabling them to buy or sell securities. However, it's important to note that the secondary market transactions do not

provide any capital to the original issuer of the securities. Instead, existing securities are traded among investors, allowing owners to dispose of their holdings when desired.

2.1.6 Primary market and initial public offering

The issue of shares in the primary market encompasses two categories: seasoned issues and unseasoned issues. Seasoned issues involve additional securities from an established company whose shares already trade in the secondary market. Conversely, unseasoned new issues pertain to the initial offering of securities to the public. An Initial Public Offering (IPO) is a mechanism through which a company sells shares to the public for the first time, thereby raising funds for future projects and becoming listed on a stock exchange. In Nepal, all traded stocks are listed on the Nepal Stock Exchange (NEPSE). IPOs represent a significant milestone for companies, marking their transition into publicly traded entities. During an IPO, companies issue securities to the public, either upon incorporation or upon conversion from a private to a public company. This process enables companies to raise capital by offering investors the opportunity to acquire a portion of the financial claims being sold. The primary market, where new issues of securities are sold to initial buyers, plays a crucial role in facilitating IPOs. Investment banks, also known as issue managers in Nepal, assist in the initial sale of securities in the primary market. Underwriting, the process through which securities are sold to primary buyers, is a fundamental aspect of the primary market operation (Keown and Petty, 2009). In the primary market serves as the platform for companies to issue new securities to initial buyers, with investment banks playing a key role in facilitating the process through underwriting.

2.1.7 Historical Background of Security Market in Nepal

The flotation of shares by Biratnagar Jute Mills Ltd. in 1937 marked the inception of public issuance in Nepal's securities market. This milestone was followed by similar initiatives from Nepal Bank Ltd. and several other companies during that era. Although the history of the securities market dates back nearly seventy years, its substantial development gained momentum only after the restoration of multiparty democracy in 1990. However, foundational steps toward the development of the market were initiated earlier, including the introduction of the Company Act in 1964 and the issuance of the

first Government Bond in the same year. These early initiatives laid the groundwork for subsequent advancements in the securities market. A pivotal moment in the development of Nepal's capital market occurred with the establishment of the Securities Exchange Centre Ltd. in 1976. This institution played a significant role in fostering the growth and regulation of the securities market, providing a platform for trading and facilitating various financial services. That is while the securities market in Nepal has a rich history spanning several decades, its true evolution and expansion occurred in the latter part of the twentieth century, particularly following democratic reforms and the establishment of key regulatory institutions like the Securities Exchange Centre Ltd (Security Board Nepal; 1999).

i) Capital Market in Nepal

The history of Nepal's capital market traces back to the era of Rana Prime Minister Juddha Shamsheer when Gunjaman Singh, the first secretary of the Nepalese Embassy in England, established the "Industrial Council." Nepal Bank Ltd. marked a significant milestone by issuing shares in the securities market in 1937, laying the groundwork for subsequent developments.

The issuance of the first government bond in 1964 was another pivotal moment, reflecting the growing importance of the capital market in Nepal's economy. The government's establishment of the Securities Exchange Centre (SEC) in 1976 further bolstered institutional support for the securities market.

Following the establishment of SEC under the Company Act, Nepal's securities market witnessed institutional development, culminating in the introduction of a secondary market for corporate securities in 1984. The subsequent establishment of the Securities Board of Nepal (SEBON) in 1993 marked a significant regulatory milestone, enhancing oversight and governance in the market.

The conversion of the Security Exchange Centre into the Nepal Stock Exchange (NEPSE) in 1993 represented a transformative shift, facilitating more efficient trading and greater market accessibility. NEPSE's adoption of an "open outcry system" in 1994 further streamlined trading processes.

Presently, NEPSE boasts 23 brokers and 16 issue managers, with 176 listed companies contributing to the vibrancy of the market. Despite these advancements, the growth of the stock market remains closely tied to the overall economic growth, and the contribution of the corporate sector to the economy remains modest.

To further enhance market efficiency, there is a growing consensus on the need for automation in trading processes. Embracing automation would not only improve trading efficiency but also enhance transparency and accessibility, fostering greater investor confidence in Nepal's capital market.

ii) Nepalese IPO Market

The performance of the Nepalese IPO market has positioned it as an attractive destination for investors, evident in the enthusiastic response witnessed whenever public limited companies issue new shares. The Nepal Stock Exchange Ltd. (NEPSE), the country's sole organized stock exchange, experiences heavy oversubscription and robust initial market returns, underscoring investor confidence in IPOs.

Companies issuing new shares in the Nepalese market have the flexibility to offer ordinary shares either at par or at a premium, subject to certain criteria outlined in the Company Act. Specifically, companies with a strong financial track record, including consistent profitability and dividend distribution over the past three years, are eligible to issue shares at a premium. Conversely, shares can be issued at a discount under special circumstances approved by the general meeting (Gyawali, 2020).

In adherence to regulatory guidelines set by the Securities Board of Nepal (SEBON), the process of share allotment, refund, and distribution of share certificates must be completed within a stipulated timeframe, typically ranging from 45 to 90 days. SEBON mandates the appointment of an issue manager by the issuing company, who is responsible for obtaining approval for the public issue and ensuring compliance with due diligence requirements.

Underwriting of IPOs is mandatory for manufacturing companies, although other financial institutions may also undertake underwriting roles. Upon SEBON approval, IPOs must be launched within two months, with the subscription period lasting a

minimum of five working days. IPOs are offered at a fixed price determined by SEBON, providing transparency and uniformity in the public subscription process.

2.2 Empirical Review

Abdulrasool and Othman (2023) conducted a comprehensive analysis of global research on stock market anomalies from a behavioral finance perspective. They observed that investors' psychology and behaviors often contribute to the emergence of imperfections in capital markets. However, the existing body of literature on this topic presents conflicting views, reflecting two major perspectives: behavioral finance and the efficient market hypothesis. To address this, the study aimed to review and establish the global research trends in behavioral finance, specifically examining stock market anomalies in comparison to the efficient market hypothesis. By analyzing studies published over 53 years (1968–2021), the researchers developed search strings targeting investor behaviors in response to stock market anomalies. Using bibliometric analysis, they identified 1,767 documents from the Scopus database, which were later refined to 1,436 after applying exclusion criteria. The findings revealed that authors typically disseminate their research on stock market anomalies in refereed journals, with a focus on unraveling the contrast between rational and behavioral dynamics of investor decision-making based on short-term observations. Most studies fell under the general economics and business subject groups, indicating a broader interest in stock market anomalies rather than specific issues. Additionally, the study highlighted the global distribution of research on stock market anomalies, identified top prolific authors in the field, highlighted key journal sources, and provided insights into the Scopus profiles of selected top authors. Based on these results, the researchers offered recommendations for future studies in this area.

Singh (2022) delves into the determinants of stock prices in the Muscat Securities Market, Oman, focusing on twenty-six non-financial companies. The study underscores that stock prices are vital indicators of firm performance and the sole factor influencing shareholders' wealth, with fluctuations grounded in firm-specific and market-related information. Employing panel data regression with a random effect model, the study examines the relationship between firm-specific variables and stock prices from 2011 to

2016. The dependent variable is the annual closing stock price, while independent variables include firm size (logarithm of total assets), dividends payout, earnings per share (EPS), debt ratio, price-earnings (PE) ratio, and the first of the dependent variable (stock price). The research hypotheses are categorized into two groups: the first group aligns with the semi-strong form of the Efficient Market Hypothesis (EMH), while the second group is rooted in the Arbitrage Pricing Theory (APT). To evaluate the latter set of hypotheses, variables such as oil price, GDP growth rate, and consumer price index are considered, given their influence on business performance and, consequently, stock prices. The findings indicate that EPS, debt ratio, and the first lag of stock prices emerge as significant determinants of stock prices. However, dividend payout, firm size, and PE ratio are deemed insignificant variables. Overall, the study provides empirical evidence on the factors driving stock prices in the Muscat Securities Market, shedding light on both efficient market dynamics and broader economic indicators.

Singh and Setiawan (2021) conducted a study on the Effect of Non-Performing Loans (NPL) on Profitability, focusing on Nepalese commercial banks. The research aimed to examine the impact of NPL on conventional banks in Nepal, utilizing data from major commercial banks spanning the period 2015–2019. Secondary data was collected from each bank's annual report, while GDP and inflation data were sourced from the World Bank database. Multiple regression analysis was employed for data analysis. The study identified NPL as the dependent variable, with Return on Asset (ROA), Capital Adequacy Ratio (CAR), Bank Size, GDP growth, and Inflation serving as independent/explanatory variables. The findings revealed that ROA, Bank Size, GDP, and Inflation significantly influenced NPL, whereas CAR did not exhibit a significant effect on banks' NPL. Interestingly, the study observed a positive and significant relationship between GDP growth and NPL, contrary to previous research indicating a negative effect. This suggests that an increase in GDP growth leads to a notable rise in Nepalese banks' growth, despite minimal changes in income growth. Consequently, GDP growth significantly impacts the NPL of commercial banks, underscoring the importance of considering GDP growth in NPL-related decision-making for bankers and policymakers.

Gupta and Shaju (2021) proposed a unique approach to analyze international stock market behavior during the COVID-19 pandemic using a modified driven iterated function system. They introduced a novel method called chaos game representation (CGR) of iterated function systems (IFS) to visualize and compare financial markets globally. This modified approach, inspired by fractal methods commonly used in life sciences, aimed to assess the impact of COVID-19 on global financial markets. The study utilized the modified driven IFS technique to generate concise fractal representations of financial markets in the form of percentage CGR (PC) plots and subtraction percentage (SP) plots. By comparing these plots across different periods, the study quantified differences using a parameter known as the proximity (Pr) index. Through this analysis, the researchers examined the reaction of financial markets worldwide to the COVID-19 pandemic and assessed volatility. The findings of the study revealed distinctive patterns in financial markets across the globe, indicating both bearish and bullish trends in response to the pandemic. The fractal method introduced by Gupta and Shaju offers a novel tool for understanding and modeling financial market dynamics during times of crisis, providing valuable insights for researchers and market analysts.

Niroula (2021) conducted research on the stock price behavior of commercial banks in Nepal. The study aimed to investigate the behavior of stock prices in Nepalese commercial banks, using the market price per share (MPS) as the dependent variable and several explanatory variables including earnings per share (EPS), price-earnings (PE) ratio, dividend yield (DY) ratio, bank size, return on equity (ROE), book value per share (BV), and return on assets (ROA). Secondary data spanning five years from 2015/16 to 2019/20 was collected from the annual reports published by commercial banks. The research employed a descriptive and analytical research design, utilizing SPSS version 23 for data analysis. A sample of eighteen commercial banks was selected from the population of 27 using convenience sampling technique. Multiple linear regression models were applied to analyze the impact of independent variables on MPS. The findings revealed a positive and statistically significant effect of EPS, PE ratio, and bank size on MPS. However, the study observed negligible effects of other variables on MPS.

Gyawali (2020) investigated the influence of Initial Public Offerings (IPOs) on investment decisions, considering investment decision as the dependent variable influenced by various significant factors. The study aimed to explore the determinants of investment decisions in IPOs, focusing on the impact of quality management, company goodwill, company performance, company sectors, and market information. Employing a robust methodology that encompassed descriptive statistics, correlation analysis, and regression modeling, the research identified quality management and company goodwill as noteworthy predictors of investment decisions. These findings suggest that investors accord substantial importance to factors associated with the quality of management practices and the reputation of the company when evaluating investment opportunities in IPOs.

Kizysa, Tzouvannab, and Donadellic (2020) investigated the impact of government responses to the COVID-19 pandemic on investor herding behavior in international stock markets. Utilizing daily stock market data from 72 countries across developed and emerging economies in 2020, the study analyzed the role of government and regulatory restrictions in mitigating investor herding. Their empirical analysis, based on the Oxford COVID-19 Government Response Tracker, revealed several key findings. Firstly, evidence of investor herding in international stock markets was observed. Secondly, it was found that higher scores on the Oxford Government Response Stringency Index were associated with a reduction in investor herding behavior, attributed to a decrease in multidimensional uncertainty. Thirdly, the study highlighted that temporary short-selling restrictions imposed by national and supranational regulatory authorities in the European Union also contributed to mitigating herding effects. Importantly, these findings remained robust across various model specifications, underscoring the significance of government responses and regulatory interventions in influencing investor behavior during times of heightened uncertainty like the COVID-19 pandemic.

Thapa (2019) delved into the influencing factors of stock prices in Nepal, specifically focusing on Nepalese commercial banks listed on the Nepal Stock Exchange Ltd. spanning from 2008 to 2018AD. Through a combination of questionnaire surveys and analysis of financial statements from relevant organizations, the study employed a

simple linear regression model to examine these factors. The research findings revealed several significant associations with share prices. Earnings per share (EPS), dividend per share (DPS), effective regulatory frameworks, market sentiments and rumors, and company profiles were positively correlated with share prices. It is conversely, interest rates (IR) and price-to-earnings ratio (PER) exhibited inverse associations with share prices. Furthermore, the study underscored the significance of liquidity accessibility, as well as fundamental and technical analysis, in driving the performance of the Nepalese stock market. Notably, the stock market demonstrated significant responsiveness to changes in dividend payouts and interest rates.

Shynkevich, McGinnity, Coleman, and Belatreche (2019) investigated stock price prediction methods leveraging stock-specific and sub-industry-specific news articles. Accurate forecasting in capital markets is crucial for algorithmic trading and investment management. Traders often speculate on news articles, causing price fluctuations. Thus, news publications serve as valuable data for financial forecasting. While prior research has developed prediction models using news article data, no study has explored the benefits of combining news articles with varying relevance to the target stock. This study employs multiple kernels learning to merge information extracted from stock-specific and sub-industry-specific news articles for price movement prediction. Articles are categorized based on their relevance to the targeted stock and analyzed using separate kernels. Experimental findings demonstrate that incorporating both categories of news articles enhances prediction accuracy compared to methods relying on a single news category. This highlights the importance of considering diverse sources of news data for stock price prediction.

Koning, Cassidy, and Ouyed (2018) introduced an extended model for stock price behavior capable of accommodating fat-tailed distributions with support across the entire real line $[-\infty, \infty]$. Known as the "homogeneously saturated" (HS) model, it incorporates a saturation parameter to prevent exponential price changes for large fluctuations. When the saturation parameter approaches zero, the model reverts to the standard geometric Brownian motion for stock price behavior. The study compared simulated stock price series generated using both the standard and HS models for the DJIA and five random stocks from the NYSE and NASDAQ exchanges. Results

consistently showed that the HS model offered a better fit to observed price series than the standard model across all cases. This finding has significant implications for various areas of finance, including the Black-Scholes formula for option pricing.

Ruhani, Islam, and Ahmad (2018) conducted a review of literature focusing on the effects of financial market variables on stock prices. Recognizing the crucial role of the stock market in economic growth and firm expansion, the study aimed to shed light on the relationship between equity prices and financial market activities. The review examined five key financial market variables: market capitalization, earnings per share, price-earnings multiples, dividend yield, and trading volume. Previous literature indicated a positive and significant relationship between market capitalization and stock prices. However, the relationship between dividend yield and stock price remains debated, with conflicting evidence from the relevance and irrelevance theories of Gordon and Modigliani. It is analyzing price-earnings multiples revealed a negative significant effect on stock prices. Additionally, co-integrating relationships between stock prices and trading volume were observed, suggesting trading volume as a source of risk in the stock market. The review highlighted the complexity of the relationship between financial market variables and stock prices, underscoring the need for further research in this area.

Adeyeye, Aluko, and Migiro (2018) conducted a study examining the impact of the global financial crisis on the behavior of the Nigerian stock market. While extensive research has been conducted on the effects of the crisis on stock markets worldwide, limited attention has been given to African stock markets. The study focused on the efficiency and volatility of the Nigerian stock market across different time periods, spanning from July 2004 to December 2014. This period was divided into three segments: before the crisis, during the crisis, and after the crisis. To analyze volatility shocks, the researchers employed the Generalized Autoregressive Conditional Heteroskedasticity (GARCH) model, and they used the Exponential GARCH (EGARCH) model to assess asymmetry and persistence of volatility. The findings revealed that, except for the pre-crisis period, stock prices behaved like a martingale in all sub-sample periods. However, over the overall period, stock prices did not exhibit martingale behavior, indicating that the Nigerian stock market may not be weak-form

efficient. Moreover, the study identified long-term persistence in price volatility throughout the crisis, aftermath, and overall periods. In review, while the global financial crisis led to a reduction in stock prices in the Nigerian market, it did not significantly impact price volatility. These results provide insights into the behavior of the Nigerian stock market during and after the crisis period.

Ahmad, Islam, and Ruhani (2018) conducted a comprehensive review of the literature on the behavior of stock prices in the Malaysian market. The study delved into the extensive research conducted by scholars and finance experts over several decades to understand the factors influencing stock price movements in different markets. The Malaysian stock market holds significant importance as it ranks second among the largest stock markets in Southeast Asia based on its domestic market capitalization. Given its significance, numerous studies have been undertaken to investigate various aspects of the stock price behavior in the Malaysian market. The review focused on two main aspects: the literature related to the efficient market hypothesis (EMH) in the Malaysian context and the impact of economic and financial variables on stock prices. Scholars have explored different models and theories to explain stock price behavior and market efficiency in Malaysia. In the review provides insights into the existing research landscape concerning the behavior of stock prices in the Malaysian market, offering valuable information for further study and analysis in this field.

Ruhani and Ahmad (2018) conducted a thorough analysis of the theories explaining stock price behavior, recognizing its significance for various stakeholders in the market. With the increasing interconnectedness of national markets and the emergence of common players, stock price behavior has gained new dimensions, particularly in terms of its rapid transmission across markets. The study aimed to review the existing literature on theories explaining stock price behavior, categorizing them into two distinct eras: the pre-modern era in financial theory and the era of modern financial economics marked by technological advancements. By examining theories from these two eras, the study provided insights into the evolution of thought regarding stock price behavior, shedding light on the underlying principles and dynamics shaping market movements. This review serves as a valuable resource for understanding the theoretical

foundations behind stock price behavior and its implications in contemporary financial markets.

Nurfadilah and Samidi (2017) conducted a study to examine the factors influencing stock market volatility in Malaysia, focusing on earning per share, net income, dividends, and Sharia compliance. The research aimed to provide insights into the extent to which these factors impact stock market volatility, particularly in the context of the oil price decline that occurred in 2014 and its subsequent effect on share prices. Using a sample of 53 firms listed on the FBM KLCI for the period of 2014, the study applied multiple regression methods to analyze the data. The findings revealed a strong and significant relationship between earning per share and dividends, indicating their influence on stock price volatility. However, net income and Sharia compliance were found to be not significant factors affecting stock market volatility. The study's outcomes offer valuable insights for investors and managers, serving as a reference point to develop more effective strategies and enhance the financial market industry. By understanding the impact of these factors on stock market volatility, stakeholders can make informed decisions to navigate market dynamics more effectively.

Adittyia (2017) conducted a study to analyze the stock price behavior around the release of financial statements for banks listed in the Dhaka Stock Exchange (DSE) in Bangladesh. The research aimed to investigate the market reactions to financial performance announcements and assess the possibility of earning abnormal returns based on the information contained in these statements. Using event study methodology, the study analyzed daily share prices and market returns spanning from 2011 to 2015. Secondary data collected was examined based on the market model. The results of the analysis indicated that the average abnormal returns were not significant at the 5% significance level. This suggests that it was not possible to earn abnormal returns using the information from the financial statements of banks listed in the Dhaka Stock Exchange during the period under review. The findings of this study provide insights into the market dynamics and investor behavior surrounding financial performance announcements in the banking sector of Bangladesh. It underscores the importance of understanding the efficiency of information dissemination and market reactions for investors and policymakers.

Bayrakdaroglu, Mirgen, and Kuyu (2017) conducted an empirical analysis to examine the relationship between profitability ratios and stock prices using data from the Borsa Istanbul 100 Index (BIST-100). The study aimed to investigate whether profitability ratios derived from financial statements are indicative of stock prices and if they can guide investment decisions to maximize earnings. Panel data regression analysis was employed to assess the relationship between lagged stock prices of firms in the BIST-100 and various profitability ratios, including gross profit margin, operating profit margin, net profit margin, return on assets, and return on equity. The researchers determined that a fixed effects model was suitable for the analysis, and the model was estimated using the Driscoll-Kraay Estimator to produce robust standard errors. The analysis revealed a positive linear relationship between firms' net profit margin and their stock prices. This finding suggests that considering net profit margin can be beneficial for investors when making investment decisions, potentially contributing to their earnings. The study contributes to understanding the dynamics between financial ratios and stock prices, providing insights that investors can utilize in their investment strategies.

Poudel (2016) conducted a study to explore the determinants of stock prices in the Nepal Stock Exchange (NEPSE), with a specific focus on private commercial banks. The main objective was to analyze the factors influencing stock prices using statistical and financial tools such as arithmetic mean, correlation analysis, regression analysis, and t-tests. A descriptive research design was adopted for the study, and data collected from surveys were coded for statistical analysis. The Statistical Package for the Social Sciences (SPSS) was utilized to organize the data, identify significant relationships, and assess differences or similarities among different variables. The findings, determined through Z-tests, indicated statistically significant relationships between variables. While variables such as dividends per share (DPS), book value per share (BVPS), and earnings per share (EPS) were found to positively influence market price per share (MPS), the study highlighted the presence of both internal and external factors affecting stock prices. Theoretically, increases in earnings, dividends, and book value per share are expected to lead to corresponding increases in market price per share. However, the study revealed that this theory does not hold true entirely in the context of NEPSE,

suggesting the influence of various other factors on stock prices beyond the fundamental financial metrics considered.

Bam, Thagurathi, and Shrestha (2015) conducted a study to analyze the stock price behavior of Nepalese commercial banks, specifically focusing on the Random Walk Hypothesis (RWH). Using daily stock price data from the fiscal year 2015/16, the study employed various statistical tests including run tests, serial correlation analysis, and martingale random walk hypothesis under the assumption of heteroscedasticity of standard error. The results of the analysis led to the conclusion that the Random Walk Hypothesis (RWH) does not hold true in Nepalese stock markets. This finding aligns with previous studies conducted in the Nepalese context, indicating that stock prices in Nepalese commercial banks do not exhibit random behavior as hypothesized by the RWH.

Rathnayaka, Seneviratna, and Nagahawatta (2014) conducted an empirical investigation into the behavior of the stock market. They defined the stock market as a platform for trading listed company stocks and derivatives at agreed-upon prices between buyers and sellers. Over the past few decades, stock markets have become increasingly institutionalized and have emerged as the primary form of investment for numerous organizations and individuals, enabling the mobilization of large investment funds from the general public. The study focused on the Colombo Stock Exchange (CSE) and observed highly volatile fluctuations and instability patterns in stock prices. Employing multivariate statistical methods and economic data forecasting techniques, the researchers analyzed market prices and trade volume rates in the CSE from 2006 to 2012. The research findings revealed that the sectors of Bank Finance and Insurance, Beverage Food and Tobacco, and Investment Trust were identified as the most suitable sectors for investing capital in the future. These sectors exhibited favorable trends and movements in terms of market prices and trade volume rates, indicating potential opportunities for investors.

Drymbeats and Kyriazopoulos (2014) conducted a study on the short-term stock price behavior surrounding cross-border bank mergers and acquisitions (M&As) in Western Europe from 1998 to 2009, analyzing 40 M&A deals. They utilized the classical event

study methodology to investigate the stock price effects of these M&As, calculating abnormal returns for both acquiring firms and target firms. Additionally, they employed multivariate regression analysis to identify the factors influencing value creation in cross-border bank M&As. Their findings aligned with existing literature, revealing that target firms experienced significant benefits from M&As, while acquiring firms saw price erosions during the M&A days. Specifically, they observed a positive and significant abnormal stock price reaction of more than 3% on the M&A day for target firms, whereas acquiring firms experienced negative abnormal returns. Moreover, they noted that the differential market behavior between acquiring firms and target firms became more pronounced when considering the return on equity of the involved banks.

Table 1

Summary of empirical review

S.N.	Author and Date	Topics	Objectives	Methodology	Findings
1	Abdulrasool & Othman (2023)	Analyzing global research on stock market anomalies: a behavioral finance perspective.	To examine the stock market anomalies: a behavioral finance perspective.	Regression and correlation analysis were used. This study aims to review and establish the global research trend in behavioral finance examining stock market anomalies vis-à-vis its opposing paradigm (i.e., the efficient market hypothesis).	The analyses revealed that authors prefer to disseminate their research on stock market anomalies in refereed journals and also attempt to unravel the contrast between rational and behavioral dynamics of investor decision-making based on short-term observations. Also, most of the studies fall under the general economics and business subject groups, indicating authors' preoccupation with general rather than specific matters on stock market anomalies.
2	Singh (2022)	Stock Price Determinant s: Empirical Evidence from Muscat Securities Market, Oman.	To analyze the stock price determinant of securities markets.	Regression and correlation analysis were used.	There are two categories of research hypothesis: the first one is based on semi-strong form of Efficient Market Hypothesis (EMH) and second one is based on Arbitrage Pricing theory (APT). To test the second set of hypothesis, oil price, growth rate in GDP and consumer price index are considered as independent variables as they affect performance of business and so do the stock prices. EPS, debt ratio and first lag of stock prices are significant determinants of stock prices.

3	Gupta and Shaju (2021)	International stock market behavior during COVID-19 pandemic using a driven iterated function system.	To examine the behavior of stock market during the covid-19 pandemic.	Descriptive and casual research design has been applied. There were correlation and regression analysis used.	Dividend payout, firm size and PE ratio are insignificant variables. This modified driven IFS approach is used to generate compact fractal portraits of the financial markets in form of percentage CGR (PC) plots and subtraction percentage (SP) plots. The markets over different periods are compared and the difference is quantified through a parameter called the proximity (Pr) index. The reaction of the financial market across the globe and volatility to the current pandemic of COVID-19 is studied and modeled successfully.
4	Gyawali, (2020)	The effect of IPO on investment decision	To explore the determinants of investment decisions in Initial Public Offerings (IPOs)	The descriptive statistics, correlation and regression modeling was used.	It was found that the quality management and company goodwill as significant predictors of investment decisions. The investors place considerable weight on factors related to the quality of management practices and the reputation of the company when making investment decisions in IPOs.
5	Kizysa, Tzouvannab and Donadellic (2020)	COVID-19 herd immunity to investor herding in international stock markets: The role of government and regulatory restrictions.	To emphasis the COVID-19 herd immunity to investor herding in international stock markets	Descriptive and casual research design has been applied. There were correlation and regression analysis used.	Results show evidence of investor herding in international stock markets. Second, document that the Oxford Government Response Stringency Index mitigates investor herding behavior, by way of reducing multidimensional uncertainty. Third, short-selling restrictions, temporarily imposed by the national and supranational regulatory authorities of the European Union, appear to exert a mitigating effect on herding.
6	Alam and Uddin (2019)	Relationship between interest rate and stock price: empirical evidence from developed and developing	To investigate the reasons of market inefficiency, relationship between share price and interest rate, and changes of	This study seeks evidence supporting the existence of share market efficiency based on the monthly data from January March 2003 to 2018 and also shows empirical relationship between stock index and interest rate for	All of the countries it is found that interest rate has significant negative relationship with share price and for six countries it is found that changes of interest rate have significant negative relationship with changes of share price. So, if the interest rate is considerably controlled for these countries, it will be the great benefit of these countries'

		countries.	share price and changes of interest rate were determined	fifteen developed and developing countries. Stationary of market return is tested and found none of this stock market follows random walk model, means not efficient in weak form.	stock exchange through demand pull way of more investors in share market, and supply push way of more extensional investment of companies.
7	Shynkevich, McGinnity, Coleman and Belatreche (2019)	Stock price prediction based on stock-specific and sub-industry-specific news articles.	To explore the stock price prediction on stock prices.	This research study uses the multiple kernels learning technique to effectively combine information extracted from stock-specific.	The results show that utilizing two categories of news improves the prediction accuracy in comparison with methods based on a single news category.
8	Ahmad, Islam and Ruhani (2018)	Review of the literatures on stock price behavior of Malaysia.	To explain stock price movement in the different stock market	Hypothesis tests were used with correlation analysis.	As a result have found different models and theories relating to stock price behavior as well as the efficiency of the stock market. Malaysian stock market is considered the second among the largest South East Asian stock markets according to its domestic market capitalization. A considerable number of researches have already been done on the stock price behavior of Malaysian stock market.
9	Adeyeye, Aluko and Migiro (2018)	The global financial crisis and stock price behaviour: evidence from Nigeria.	To examine the impact of the global financial crisis on emerging stock market behaviour	Hypothesis tests were used with correlation analysis. The study showed that price is a martingale in all sub-sample periods, except for the pre-crisis period.	There was evidence of long-term persistence in price volatility in the crisis, aftermath and overall periods. Holistically, this study found that the global financial crisis reduced stock prices, but did not have a significant impact on price volatility in the Nigerian stock market.
10	Koning, Cassidy and Ouyed (2018)	Extended model of stock price behaviour.	To examine the extended model of stock price behaviour.	Hypothesis tests were used with correlation analysis.	It is found that in all cases, the HS model provides a better fit to the observed price series than the standard model. This has implications to many areas of finance including the Black-Scholes formula for option pricing.
11	Ruhani, Islam and Ahmad (2018)	Effects of financial market variables on stock prices: a review of the	To explain the effect of financial market variables and stock price.	Five selected financial market variables, market capitalization, earnings per share, price earnings multiples, dividend yield, and trading	There are the opinions of the positive significant relationship between market capitalization and stock price. Both of the relevance and irrelevance theory of Gordon and Modigliani have the strong evidence in the

		literature.		volume are reviewed in this study. Correlation analyses have been used.	current literature that keeps on the dilemma and provides the scopes for future research. Based on that, it is evidenced that price-earnings multiples have a negative significant effect on stock price. The reviewed studies state the co integrating relationship between the stock price and the trading volume as the trading volume is a source of risk.
12	Ruhani and Ahmad (2018)	Theories explaining stock price behavior: a review of the literature.	To review the existing literature of the theories explaining stock price behavior.	This research study uses the multiple kernels learning technique to effectively combine information extracted from stock-specific.	The growing linkages of national markets in currency, commodity and stock with world markets and the existence of common players, have given stock price behavior a new property – that of its speedy transmissibility across markets.
13	Aditty (2017)	Stock Price Behavior around the Release of Financial Statements: A Study of Banks Enlisted in the DSE.	To examine the effect of financial performance announcement on share returns of firms listed at the Dhaka Stock Exchange	Using the event study methodology, secondary data is collected and analyzed on the basis of the market model.	The results obtained indicate that the average abnormal returns were not significant at 5% significance level. Thus, it is not possible to earn abnormal returns using the information contained in the financial statements of banks enlisted in the Dhaka Stock Exchange.
14	Bayrakdaroglu, Mirgen and Kuyu (2017)	Relationship between profitability ratios and stock prices: an empirical analysis on bist-100	To determine if there is a relationship between stock prices and profitability ratios which take place in financial ratios	Panel data regression analysis was applied between lagged stock prices of firms in ISE100 and their profitability ratios including gross profit margin, operating profit margin, net profit margin, return on asset and return on equity.	It was determined that there is a positive linear relationship between firms' net profit margin and their stock prices. It was concluded that while making investment decisions, taking net profit margin into consideration can contribute to investors' earnings.
15	Nurfadilah and Samidi (2017)	Factors that influence stock market volatility: a case study from Malysia.	To investigate to what extent earning per share, net income, dividends and Sharia compliance affects the stock market volatility in Malaysia	Multiple regression methods have been applied to the data.	The result found that earning per share and dividends have a strong significant relationship, while net income and Shariah-compliance are not significance towards stock price volatility. It is hoped that the outcomes of this study will serve as the reference for the investor and manager to create better and effective strategy as well as to improve the financial market industry.

16	Drymbeats and Kyriazopoulos (2014)	Short-term Stock Price Behaviour around European Cross-border Bank M&As.	To explores the short-term stock price reaction of cross-border bank mergers and acquisitions	Multiple regression methods have been applied to the data.	In specific, it is find positive and significant abnormal stock price reaction of more than 3% on M&A day for targets and negative abnormal returns for bidders. The differential market behaviour between bidders and targets is more evident when the return on equity of the involved banks is taken into account.
17	Rathnayaka, Seneviratna and Nagahawatta (2014)	Empirical investigation of stock market behaviour in the investigation of stock market.	To evaluate the empirical investigation of stock market behaviour in the investigation of stock market	Multivariate statistical methods and economic data forecasting techniques were deeply applied to identify the directions and movements of market prices and trade volume rates in CSE during 2006 to 2012.	The research findings reveals that, Bank Finance and Insurance, Beverage Food and Tobacco, and Investment Trust sectors are most suitable sectors for investing capitals in the future.

2.3 Research Gap

This research, conducted exclusively for academic purposes, concentrates on IPO investors in the Kathmandu district, recognizing its significant investor population and the convenience of convenience sampling for data collection. While numerous studies have examined IPOs in Nepal, there remains a gap in understanding investor attitudes towards pricing, long-term investment objectives versus quick gains, and the influence of rumors and whims on investment decisions, as highlighted by Gyawali (2020), Gupta and Shaiju (2021), and Niroula (2021). Moreover, this research also addresses gaps in sectoral coverage, as previous studies primarily focused on areas such as mutual funds and portfolio management, neglecting the importance of studying investor behavior specifically in the equity market (Gupta & Shaiju, 2021).

Additionally, the research recognizes gaps in considering evolving market dynamics, particularly in the context of the COVID-19 pandemic, which has introduced complexities in investment decision-making. Furthermore, the study highlights gaps in understanding investor behavior in the digital age, where investors now predominantly apply for shares online through platforms like mero share and C-ASBA, a shift from traditional methods (Gyawali, 2020).

Moreover, the research aims to analyze investors' responses, the performance of issue managers during IPOs, sector preferences, and attitudes towards market information and margin lending restrictions. It also delves into the influence of rumors and whims on investment decisions, a crucial aspect often overlooked in previous studies (Niroula, 2021). To address these gaps, the research seeks to involve participants from various sectors such as banking, academia, and business. Additionally, it aims to explore factors influencing IPO investment decisions and investors' preference for personal funds or loans, factors that remain understudied in the Nepalese context (Gyawali, 2020; Gupta & Shaiju, 2021).

CHAPTER-III

RESEARCH METHODOLOGY

The research methodology guides procedural steps with emphasis on design, sample selection, data collection, processing, variable definition, and statistical tools. It ensures validity and reliability through careful design, rigorous sample selection, systematic data collection, and appropriate statistical analysis. The methodology facilitates the generation of valid, reliable findings contributing to the questionnaire base.

3.1 Research Design

The research employed a descriptive and causal-comparative design with a sample size of 150 investors in Kathmandu District, balancing feasibility and representativeness. Kathmandu's importance as Nepal's economic center ensured diverse investor representation, enabling meaningful insights into IPO perceptions through rigorous statistical analysis using SPSS. This approach aimed to understand investor characteristics and potential causal relationships, enhancing the study's validity and relevance in finance and investment.

3.2 Population and the Sample of Study

The research focuses on investors' perceptions towards initial public offerings (IPOs) in Kathmandu District, representing the broader investor population. With 50 brokers registered with NEPSE, 150 small-scale investors within Kathmandu Valley were selected as the sample, employing convenience sampling for practicality. This approach aims to gauge public response to IPOs through pre-tested questionnaires and descriptive research, providing insights into investor sentiments and behaviors in the Nepalese securities market.

3.3 Nature and Sources of Data

The current study relies on primary data collected through a structured questionnaire survey method to fulfill its objectives, specifically examining investors' perceptions of IPOs in Kathmandu District. Utilizing a questionnaire-based approach with a 5-point rating scale (ranging from 1-Strongly Agree to 5-Strongly Disagree), data was gathered to gauge investor sentiments towards IPOs. This method allows for systematic data

collection, ensuring relevance and reliability in assessing investor perceptions in the Nepalese context.

3.4 Questionnaire

The distribution and collection of structured questionnaires via email streamline the process, ensuring completeness of responses and minimizing missing data. This method also enables researchers to address any respondent queries, enhancing data quality and reliability (Gnawali, 2020).

3.5 Data collection procedure and instrument

The essential data for this research are sourced primarily through online platforms from respondents within the Kathmandu district, gathered via questionnaires. Upon collection, the data are organized into tables and analyzed using software such as SPSS and Microsoft programs, alongside various statistical tools.

3.6 Data processing procedure and data analysis methods

Various statistical tools such as mean, median, standard deviation, and correlation have been employed to analyze and interpret the data collected through primary sources. SPSS software facilitated the processing of data through tabulated frequency distribution. Additionally, correlation statistical techniques were utilized to establish relationships among variables. Analysis involves a meticulous study of available facts to draw conclusions based on established principles and sound logic. The collected data were tabulated, categorized, and analyzed using appropriate statistical and financial tools, including open-ended questions in the questionnaires. Comparative analysis was conducted using percentages, graphs, and charts, with statistical tools employed to highlight comparative results.

Percentage

Percentage serves as a vital tool for comparing two quantities or variables, representing values per hundred. It signifies a fraction with 100 as its denominator, where the numerator denotes the rate of percent. This fundamental concept enables straightforward comparisons and analysis in various contexts.

Correlation Analysis

Correlation stands as a fundamental statistic, measuring the degree of relationship between variables. It signifies the extent to which changes in one variable correspond with changes in another. Correlation can be positive or negative and ranges between -1 and +1. A correlation close to 1 indicates a strong relationship, suggesting that changes in one variable strongly correlate with changes in another. Conversely, a correlation near zero signifies a weak relationship between variables.

Regression Analysis

Regression analysis, a key inferential statistic, is employed to estimate the impact of one or more independent variables on a dependent variable. The model utilized in this study is outlined as follows:

$$ID_{it} = \beta_0 + \beta_1 QML_{it} + \beta_2 CGS_{it} + \beta_3 CP_{it} + \beta_4 CS_{it} + \beta_5 MI_{it} + \epsilon_{it}$$

Where,

ID_{it} = Investment decision

QML_{it} = Quality Management

CGS_{it} = Company Goodwill

CP_{it} = Company Performance

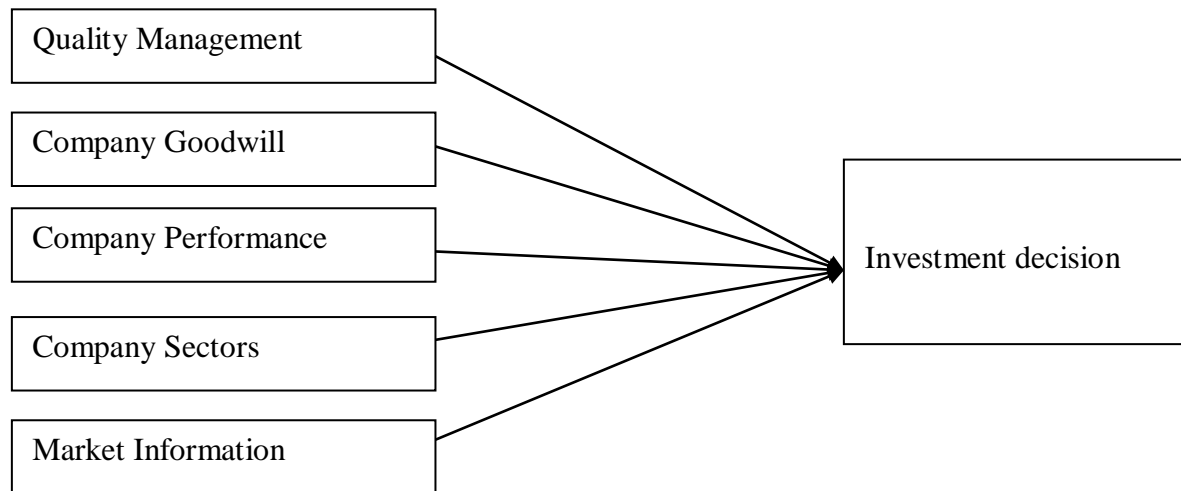
CS_{it} = Company Sectors

MI_{it} = Market Information

ϵ_{it} = Error

3.7 Research framework and definition of variables

A conceptual framework often referred to as a conceptual model or research model, serves as a visual representation that elucidates the anticipated relationships between cause and effect within a financial context. This framework provides a structured outline for understanding and analyzing the factors influencing financial phenomena, aiding researchers in conceptualizing their study and formulating model based on theoretical constructs.

Independent Variables**Dependent Variables**

(Sources: Gyawali, 2020)

Figure 1: Research Framework

Definition of Variables**Quality Management**

Quality management refers to overseeing activities and tasks to maintain a desired level of excellence, encompassing quality policy determination, planning, assurance, control, and improvement (Gyawali, 2020).

Company Goodwill

Company goodwill represents an intangible asset reflecting the excess purchase price of another company, calculated by subtracting the fair market value of asset and liabilities from the purchase price (Gyawali, 2020).

Company Performance

Company performance combines financial and non-financial aspects to gauge how well an organization executes its business strategy, identifying areas for improvement (Gyawali, 2020).

Company Sector

Company sectors denote areas of the economy where businesses share related business activities, products, or services (Gyawali, 2020).

Market Information

Market information refers to conveyed or represented information influencing investment decisions, including genetically transmitted information (Gyawali, 2020).

Investment Decision

Investment decision pertains to how a firm's funds are allocated across assets to achieve the highest possible return for investors (Gyawali, 2020).

CHAPTER-IV

RESULTS AND DISCUSSION

This chapter entails the presentation and analysis of data gathered from respondents. The questionnaires were distributed and collected by the researcher personally. Various tools and techniques were employed to analyze the collected data. The results of the analysis are systematically presented and meticulously interpreted in the subsequent sections.

4.1 Nature of the Respondents

Respondents were randomly sampled from Kathmandu Valley. The distribution of respondents based on gender, age, and occupation is presented as follows:

Table 1

Gender of the respondents

		Frequency	Percent	Valid Percent
Valid	Male	90	60.0	60.0
	Female	60	40.0	40.0
	Total	150	100.0	100.0

Source: Field Survey report 2080

Table 1 illustrates that 60% of the respondents are male, whereas 40% are female. It is evident from the data that a majority of the respondents in this primary survey are female.

Table 2

Age Group of the respondents

		Frequency	Percent	Valid Percent
Valid	Below 20 Years	18	12	12
	20-40 Years	91	60.7	60.7
	40-60 Years	28	18.7	18.7
	Above 60 years	13	8.6	8.6
	Total	150	100.0	100.0

Source: Field Survey report 2080

Table 2 categorizes respondents' ages into four sections. Among them, 12% of the respondents are less than 20 years old, while 60.7% fall into the 20-40 years age group. Additionally, 18.7% are aged between 40-60 years, and 8.6% are above 60 years old. It can be inferred that the 20-40 years age group constitutes the majority, with 60.7% representation.

4.2 Educational level of the respondents

Table 3

Educational level of the respondents

		Frequency	Percent	Valid Percent
Valid	Intermediate & Bellow	19	12.7	12.7
	Bachelor Degree	72	48	48
	Master Degree and Above	59	39.3	39.3
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 3 shows that, the education level of respondents. Among them, most of the respondents are Bachelor's Degree i.e. 48%. Similarly, 39.3% of total respondents are Master Degree or Above and the rest number of respondents is intermediate and bellow is 12.7%. So, percent in academic qualification graduate and post graduate and above have higher in total respondents.

Table 4

Occupation of the respondents

		Frequency	Percent	Valid Percent
Valid	Student	37	24.7	24.7
	Business	42	28	28
	Private Employer	52	34.7	34.7
	Government Employer	19	12.6	12.6
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 4 discloses that 24.7% of the respondents are involved in students, similarly both 28% and 34.7% of respondents are business sectors and private employer but only 12.6% of the respondents is government job. It can be concluded that most of respondents response for business and private sector likewise each 28% and 34.7% respectively.

Investment amount in IPO

Table 5

Investment amount in IPO

		Frequency	Percent	Valid Percent
Valid	1-10 thousand	71	47.4	47.4
	10-20 thousand	44	29.3	29.3
	20-30 thousand	20	13.3	13.3
	30-40 thousand	9	6	6
	Above 40 thousand	6	4	4
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 5 reveals that, 47.4% of the respondents' verdicts on them invest Rs.1-10 thousand in IPO. However 29.3% of the respondents said that, they invest in IPO and the amount range are Rs.10 to 20 thousand, comparably 13.3% of the respondents are invest in IPO the range about Rs.20 to Rs. 30 thousand just as 6 % of the respondents are invest bulk amount likely to the range have Rs. 30 to Rs.40 thousand, and 4% of the respondents are said that above Rs40 thousand. The final conclusion shows that, the small skill investors are very high in Nepalese share market in current scenarios likely to they invest in IPO within the range amount is Rs.1 to 10 thousand investment in IPO.

Do you apply for IPO through Mero share

Table 6

Do you apply for IPO through Mero share

		Frequency	Percent	Valid Percent
Valid	Yes	135	90.0	90.0
	No	15	10.0	10.0
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 6 stipulates that 90% of the respondents are preferred “Yes” on above statement likely to they preferred Mero Share to invest in stock, while 10% of the respondents are “No” likely to they invest in IPO through broker or banks or other options. It can be concluding that most of the respondents are preferred Yes options where they are investing in IPO through Mero Share.

Is it necessary to open D-mat account for IPO

Table 7

Is it necessary to open D-mat account for IPO

		Frequency	Percent	Valid Percent
Valid	Yes	147	98.0	98.0
	No	3	2.0	2.0
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 7 reveals that D-mat account is necessary for an online stock trading likely to 98% of the respondents have opened D- mat account for online stock trading, while 2% of the respondents said that, they feel they don’t need D-mat account for an online stock trading. It clear that most of the respondents have feel the necessary of D-mat account for an online stock trading respectively.

Reason for investment in IPO

Table 8

Reason for investment in IPO

		Frequency	Percent	Valid Percent
Valid	Liquidity	14	9.3	9.3
	Dividend Purpose	48	32.0	32.0
	Capital Gains	83	55.4	55.4
	Others	5	3.3	3.3
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 8 indicates that 55.4% investors selecting the IPO for Capital Gain reasons, however 32% investors selecting the IPO for high rate of dividend reason, while 9.3% investors response the value appreciation reason likely to liquidity, but 3.3% of the

respondents choose other options. It can be concluded that, on above statement form 55.4% investors selecting the IPO for capital gain reasons.

Do you consider that legitimacy of company affects in your investment in IPO

Table 9

Do you consider that legitimacy of company affects in your investment in IPO

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	35	23.3	23.3
	Agree	64	42.7	42.7
	Neutral	31	20.7	20.7
	Disagree	15	10	10
	Strongly Disagree	5	3.3	3.3
	Total	150	100.0	100.0

Source: Field Survey report 2080

Table 9 illustrates that 35 respondents, constituting 23.3%, strongly agree that the legitimacy of a company influences investment decisions in IPOs. Additionally, 64 respondents (42.7%) express agreement with this notion. They believe that changing global economic activities, innovations, and workforce dynamics necessitate generating new ideas and innovations to reduce risk levels in various investment alternatives. However, 5 respondents (3.3%) strongly disagree, while 15 (10%) disagree, and 31 (20.7%) remain undecided. Respondents argue that legitimacy impacts IPO investments, emphasizing the need for practical education to minimize risks and maximize profits. The majority agreement on this statement underscores its significance.

Do you consider that founder CEO affects in your investment of IPO

Table 10

Do you consider that founder CEO affects in your investment of IPO

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	40	26.7	26.7
	Agree	64	42.7	42.7
	Neutral	25	16.6	16.6
	Disagree	16	10.7	10.7
	Strongly Disagree	5	3.3	3.3
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 10 indicates that, 26.7% of the respondents are strongly agree with on above statement likely to consider that the founder CEO affects in investment of IPO while 42.7% of the respondents are followed of agree on above statement but 16.6% of the respondents are marking on silent option. Similarly, 10.7% of the respondents are disagree with above statement, which is followed by 3.3% of the respondent (strongly disagree options). It can be conclude that, majority of the respondents are agreeing with on above statement likely to the founder of CEO affects the investment of IPO in Share market.

Do you consider that human resource value affects in your investment in IPO

Table 11

Do you consider that human resource value affects in your investment in IPO

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	31	20.7	20.7
	Agree	53	35.3	35.3
	Neutral	32	21.3	21.3
	Disagree	18	12	12
	Strongly Disagree	16	10.7	10.7
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 11 shows that 31 respondents which make up 20.7% of the respondents strongly agreed that on above statement. 53 respondent which make up 35.3% of the total respondents also agreed to this while 16 of 10.7% strongly Disagree and 18 of 12% disagreed and 32 respondent (21.3%) is neutral with the opinion that “If I have choice to invest my some money, I would choose A product with a low average annual return but almost no risk of loss of the initial investment”. From the above it can be concluding that in addition to formulating and implementing some unique value creating strategy being almost no risk of loss of the initial investment and will be gaining competitive advantage in the changing economy for new venture investors.

Do you consider that historical background will affect while investing in IPO

Table 12

Do you consider that historical background will affect while investing in IPO

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	22	14.7	14.7
	Agree	50	33.3	33.3
	Neutral	37	24.7	24.7
	Disagree	30	20	20
	Strongly Disagree	11	7.3	7.3
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 12 shows that 22 respondents which make up 14.7% of the respondents strongly agreed that on above statement. 50 respondents which make up 33.3% of the total respondents also agreed to this while 11 of 7.3% strongly disagree and 30 of 20% disagreed and 37 respondents (24.7%) is neutral with the opinion that “Do you consider that historical background will affect while investing in IPO”. From the above it can be concluding that background of company will affects the perceptions towards the initial public offering investment in the changing economy for investors.

Do you consider that age of company affects in your investment in IPO

Table 13

Do you consider that age of company affects in your investment in IPO

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	22	14.7	14.7
	Agree	60	40	40
	Neutral	31	20.7	20.7
	Disagree	26	17.3	17.3
	Strongly Disagree	11	7.3	7.3
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 13 depicts that, 40% and 14.7% of the respondents are agree and strongly agree with above statement, while 20.7% of the respondents are neutral with “that the age of company affects in your investment decision in IPO”. Similarly, 17.3% and 7.3% of the respondents are disagreeing and strongly disagree with above statement. It can be conclude that most of the respondents are agreeing with above statement and neutral respondents are followed of agreeing options.

Table 14

Do you consider that current financial position affecting in your investment in IPO

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	41	27.3	27.3
	Agree	66	44	44
	Neutral	31	20.7	20.7
	Disagree	8	5.3	5.3
	Strongly Disagree	4	2.7	2.7
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 14 presents that, 27.3% and 44% of the respondents are marking on strongly agree and Agree options likely to “Do you consider that current financial position affecting in your investment in IPO”. Similarly, 20.7% of the respondents are verdict on neutral on above statement while, 5.3% and 2.7% of the respondents are disagree on above statement. It can be conclude that, majority of the respondents are agreeing with the current financial position affecting in the investment in IPO respectively.

Do you consider that dividend premium matter more for your investment in IPO.

Table 15

Do you consider that dividend premium matter more for your investment in IPO

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	25	16.7	16.7
	Agree	45	30	30
	Neutral	40	26.7	26.7
	Disagree	26	17.3	17.3
	Strongly Disagree	14	9.3	9.3
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 15 shows that the statement of “Do you consider that dividend premium matter more for your investment in IPO” where 16.7% and 30% of the respondents are strong agree and agree with on above statement, while 26.7% of the respondents are neutral on above statement. Similarly, 17.3% of the respondents are disagree on above statement but 9.3% of the respondents are strongly disagree with the on above statement likely to “Do you consider that dividend premium matter more for your investment in IPO”. It concludes that, most of the respondents are agree on above statement.

Do you considered that Earning Per Share (EPS) make investors to invest in IPO.

Table 16

Do you consider that Earning Per Share (EPS) make investors to invest in IPO

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	30	20.00	20.00
	Agree	55	36.60	36.60
	Neutral	37	24.70	24.70
	Disagree	16	10.70	10.70
	Strongly Disagree	12	8.00	8.00
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 16 shows that the statement of “Earning Per Share (EPS) makes investors invest in IPO” where strongly agree: 20.00%, agree: 36.60%, neutral: 24.70%, disagree: 10.70% and strongly disagree: 8.00%. A significant portion of respondents (56.60%) either strongly agree or agree that EPS is a factor influencing investors to invest in IPOs. A considerable number (24.70%) are neutral on the statement, suggesting they may not strongly lean towards any opinion. A smaller percentage (18.70%) either disagrees or strongly disagrees with the statement. Overall, the majority of respondents seem to acknowledge the importance of Earning Per Share (EPS) in influencing investors' decisions to invest in Initial Public Offerings (IPOs). However, it's crucial to note that these results represent the opinions of the surveyed individuals and may not reflect the broader market sentiment.

Do you consider that return on investment (ROI) make investors to invest in IPO

Table 17

Do you consider that return on investment (ROI) make investors to invest in IPO

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	41	27.3	27.3
	Agree	64	42.7	42.7
	Neutral	28	18.7	18.7
	Disagree	11	7.3	7.3
	Strongly Disagree	6	4	4
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 17 indicates that 27.3% investors selecting the strongly agree options with the statement of do you consider that return on investment (ROI) make investors to invest in IPO, however 42.7% investors selecting agree with on above statement, while 18.7% of the investors are neutral and 7.3% of the respondents are disagree with above statement and 4% of the respondents are strongly disagree with on above statement. It can be concluded that majority of the respondents are agreeing options with do you consider that return on investment (ROI) make investors to invest in IPO.

Do you consider that investment in banking sector of IPO is better

Table 18

Do you consider that investment in banking sector of IPO is better

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	39	26	26
	Agree	53	35.3	35.3
	Neutral	31	20.7	20.7
	Disagree	17	11.3	11.3
	Strongly Disagree	10	6.7	6.7
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 18 shows that operate on criteria for the primary investment in banking sector by investors, 26% are strongly agree with on above statement while 35.3% of the investors are followed of agree options. Similarly, 20.7% of the respondents are neutral on above statement while 11.3% of the respondents marking on disagree on above

statement while 6.7% of the respondents are followed of strongly disagree options. It concluded that most of the respondents are agreeing on above statement.

Do you consider that investment in insurance company of IPO is better?

Table 19

Do you consider that investment in insurance company of IPO is better?

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	53	35.3	35.3
	Agree	60	40	40
	Neutral	21	14	14
	Disagree	11	7.3	7.3
	Strongly Disagree	5	3.4	3.4
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 19 depicts that, 40% of the respondents are agreeing with 35.3% strongly agree on above statement likely to consider that the investment of IPO in Insurance sector is better than other alternatives. Similarly, 14% of the respondents are neutral and 7.3% of the respondents are disagreeing with 3.4% strongly disagree on above statement. It can be conclude that majority of the investors are interested for initial public offering in insurance sectors.

Do you consider that investment in Hydropower Company of IPO is better

Table 20

Do you consider that investment in Hydropower Company of IPO is better

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	19	12.7	12.7
	Agree	45	30	30
	Neutral	43	28.7	28.7
	Disagree	30	20	20
	Strongly Disagree	13	8.6	8.6
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 20 depicts that, 12.7% and 30% of the respondent are strongly agree and agree with on above statement, while 28.7% of the respondents are response on neutral on above statement but 20% and 8.6% of the respondents are disagree and strongly

disagree with on above statement. The finding result shows that, majority of the respondents (i.e. 42.7% of the respondents out of total respondents) are agreeing with statement likely to “Do you consider that investment in hydro power company of IPO is better”. It conclude that, most of the respondents are agree with the investment in hydro power company of IPO is better than others alternatives.

Do you consider that comment on media affects in your investment in IPO

Table 21

Do you consider that comment on media affects in your investment in IPO

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	38	25.3	25.3
	Agree	53	35.4	35.4
	Neutral	35	23.3	23.3
	Disagree	16	10.7	10.7
	Strongly Disagree	8	5.3	5.3
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 21 displays that the 38(25.3%), as well as 53 (35.4 %) of the respondent are agreeing with on above statement likely to comment on media affects in your investment in IPO. Similarly, 35(23.3%) of the respondents are neutral on above statement. But 16 (10.7%) of the respondents are disagree with on above statement, and 8(5.3 %) of the respondents also follow the strongly disagree options. It clears that majority of respondents are agreeing with the comment on media affects in your investment in IPO.

Future prediction and forecast affect your investment in IPO

Table 22

Do you consider that future prediction and forecast affect your investment in IPO

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	33	22.00	22.00
	Agree	55	36.70	36.60
	Neutral	32	21.30	21.30
	Disagree	22	14.70	14.60
	Strongly Disagree	8	5.30	5.30
	Total	150	100.0	100.0

Source: Field Survey report 2080

Table 22 presents data collected through a survey or questionnaire regarding opinions on the influence of future prediction and forecasts on investment in Initial Public Offerings (IPOs). The majority of respondents, 55 (36.70%), fall into the "Agree" category, followed by 33 (22.00%) in the "Strongly Agree" category. "Neutral" has 32 respondents, constituting 21.30% of the total. Additionally, 22 respondents chose "Disagree" and 8 respondents selected "Strongly Disagree". A combined total of 58.70% of respondents (Strongly Agree + Agree) perceive future predictions and forecasts to affect their IPO investment decisions. The "Neutral" option, chosen by 21.30% of respondents, indicates a more ambivalent stance, while 20% (Disagree + Strongly Disagree) do not consider future predictions and forecasts to significantly influence their IPO investment decisions. Overall, a majority of respondents acknowledge the impact of future predictions and forecasts on IPO investment decisions, with a substantial percentage expressing agreement.

Do you consider that the past trend of IPO, while investing in IPO

Table 23

Do you consider that the past trend of IPO, while investing in IPO

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	28	18.6	18.6
	Agree	45	30.0	30.0
	Neutral	39	26	26
	Disagree	25	16.7	16.7
	Strongly Disagree	13	8.7	8.7
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 23 shows that, 18.6% of the respondents are strongly agreed with the statement that, the past trend of IPO while investing in IPO. Similarly, 30% of the respondents are also agree with above matter while 26% of the respondents are marking on neither agree nor disagree. Moreover, 16.7% of the respondents are don't believe the past trends of IPO while investing in IPO, while 8.7% of the respondents also followed of strongly disagree statement. It clears that, little bit of the respondents are agree with above statement.

Do you concludes that individual invested have more risk in IPO investment

Table 24

Do you concludes that individual invested have more risk in IPO investment

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	12	8	8
	Agree	24	16	16
	Neutral	30	20	20
	Disagree	39	26	26
	Strongly Disagree	45	30	30
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 24 presents that, 30% of the respondents are strongly disagree with above statement that the individual invested have more risk in IPO investment. Similarly, 26% of the respondents are support for disagree on statement while 20% of the respondents marking on silent but 16% of the respondents are agree with on above statement while only 8% of the respondents are strongly agree and followed of agree options. Finally, the result finds that, (56%) most of the respondents are disagreed with above statement.

Do you consider that IPO's are risk free from investment?

Table 25

Considered that IPO's are risk free from investment

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	37	24.60	24.60
	Agree	57	38.00	38.00
	Neutral	34	22.70	22.70
	Disagree	13	8.70	8.70
	Strongly Disagree	9	6.00	6.00
	Total	150	100.0	100.0

Source: Field Survey report 2080

Table 25 presents that the data provided seems to represent responses to a survey question regarding the perceived risk of investing in Initial Public Offerings (IPOs). Respondents were asked to indicate their level of agreement with the statement "IPOs

are risk-free from investment." Strongly Agree: 24.60% of the respondents strongly agree that IPOs are risk-free from investment. Agree: 38.00% of the respondents agree that IPOs are risk-free from investment. Neutral: 22.70% of the respondents neither agree nor disagree, indicating a neutral stance on the statement. Disagree: 8.70% of the respondents disagree that IPOs are risk-free from investment. Strongly Disagree: 6.00% of the respondents strongly disagree with the statement that IPOs are risk-free from investment. Overall, it appears that a majority of respondents (62.60% combined from Strongly Agree and Agree categories) hold a positive view regarding the risk associated with investing in IPOs. However, there is a significant portion (14.70% combined from Disagree and Strongly Disagree categories) that acknowledges some level of risk in IPO investments. The neutral category suggests that notable proportions of respondents are undecided or have a neutral opinion on the matter. The interpretation should be cautious, as the context and details of the survey questions and the population surveyed could influence the findings.

Do you consider that IPOs are guaranteed way of making money

Table 26

Do you consider that IPOs are guaranteed way of making money

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	34	22.7	22.7
	Agree	60	40	40
	Neutral	33	22	22
	Disagree	14	9.3	9.3
	Strongly Disagree	9	6	6
	Total	150	100.0	100.0

Source: Field Survey report 2080

The table 26 depicts that, 40% of the respondents are believe on above statement that the IPOs are guaranteed way of making money and 22.7% of the respondents are also strongly agree with above statement they believe on IPOs guaranteed way of making money. However, 22% of the respondents are verdict on neutral, they are neither agree nor disagree while 9.3% of the respondents are disagree with above statement and 6%

of the respondents also strongly disagree with above statement. Finally, it concludes that, most of the respondents are believe on IPOs are guaranteed way of making money.

4.2 Descriptive Analysis

Descriptive analysis is an essential first step in data analysis, providing a comprehensive summary of the characteristics of the data before more advanced analyses are conducted. It helps in understanding the underlying structure of the data and guiding further investigation or decision-making processes.

Table 27

Descriptive Statistics

Variables	N	Mean	Median	Std. Deviation
QM	150	7.0533	7.00	3.03843
CG	150	7.4667	7.50	2.90028
CP	150	7.4067	7.00	3.12834
CS	150	7.2267	7.00	2.14303
MI	150	7.4667	8.00	2.95984
ID	150	8.2333	8.00	1.39229
Valid N (listwise)	150			

Table 27 presents the descriptive statistics of a dataset containing six variables: Quality Management (QM), Company Goodwill (CG), Company Performance (CP), Company Sectors (CS), Market Information (MI), and Investment Decision (ID), each with 150 observations. The interpretation of these statistics provides valuable insights into the characteristics and patterns present in the data.

On average, the Quality Management scores hover around 7, with a moderate standard deviation of approximately 3, indicating moderate variability in the scores. The average Customer Growth score is slightly higher at approximately 7.47, with a moderately variable standard deviation of around 2.90.

Similarly, the average Customer Profitability score is about 7.41, displaying moderate variability with a standard deviation of approximately 3.13. Customer Satisfaction scores average around 7.23, with relatively low variability compared to other variables,

as indicated by the standard deviation of approximately 2.14. The average Market Influence score stands at approximately 7.47, with a moderately variable standard deviation of around 2.96. Innovation Depth scores average around 8.23, with a relatively low standard deviation of approximately 1.39, suggesting less variability in this aspect compared to others.

This descriptive statistics offer insights into the central tendency, variability, and distribution of each variable within the dataset. Understanding these characteristics can aid in identifying areas of strength or improvement within the surveyed domain, providing a comprehensive understanding of the data's underlying patterns.

4.3 Correlation Analysis

Correlation is a statistical tool that measures the degree of relationship between two or more variables. It indicates the extent to which changes in one variable are associated with changes in another variable, without implying causation. A correlation can be positive, indicating a direct relationship, or negative, indicating an inverse relationship. However, correlation alone does not establish causation; it simply quantifies the strength and direction of the relationship between variables.

Table 28

Correlation Analysis

Variables		ID	QM	CG	CP	CS	MI
ID	Pearson Correlation	1					
	Sig. (2-tailed)						
QM	Pearson Correlation	.652**	1				
	Sig. (2-tailed)	.000					
CG	Pearson Correlation	.656**	.887**	1			
	Sig. (2-tailed)	.000	.000				
CP	Pearson Correlation	.608**	.882**	.899**	1		
	Sig. (2-tailed)	.000	.000	.000			
CS	Pearson Correlation	.542**	.678**	.707**	.714**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
MI	Pearson Correlation	.560**	.856**	.869**	.860**	.635**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	

The table 28 shows that the correlation between the variables. The correlation analysis shows Pearson correlation coefficients between different variables (ID, QM, CG, CP, CS and MI) and their corresponding significance values. Here's the interpretation ID vs. other Variables. The correlation between ID and all other variables (QM, CG, CP, CS and MI) is positive. The correlation coefficient for ID and QM is 0.652, indicating a moderately strong positive relationship. The p-value for the correlation between ID and QM is statistically significant ($p < 0.05$). QM vs. Other Variables has the correlation between QM and all other variables are positive. The correlation coefficient for QM and CG is 0.656, indicating a strong positive relationship. The p-values for all correlations involving QM are statistically significant ($p < 0.05$). The variables CG vs. Other Variables, the correlation between CG and all other variables is positive. The correlation coefficients for CG with QM, CP, CS, and MI are all very strong (0.887, 0.899, 0.707, 0.869, respectively). All p-values for CG correlations are statistically significant ($p < 0.05$). The variables CP vs. Other Variables have the correlation between CP and all other variables are positive. The correlation coefficients for CP with ID, QM, CG, CS, and MI are all very strong (0.608, 0.882, 0.899, 0.714, 0.860, respectively). All p-values for CP correlations are statistically significant ($p < 0.05$). Similarly, CS vs. Other Variables, the correlation between CS and all other variables is positive. The correlation coefficients for CS with ID, QM, CG, CP, and MI are all strong (0.542, 0.678, 0.707, 0.714, and 0.635, respectively). All p-values for CS correlations are statistically significant ($p < 0.05$). Lastly, MI vs. other Variables has the correlation between MI and all other variables is positive. The correlation coefficients for MI with ID, QM, CG, CP, and CS are all very strong (0.560, 0.856, 0.869, 0.860 and 0.635, respectively). All p-values for MI correlations are statistically significant ($p < 0.05$). In summary, there are strong positive correlations among the variables, and all correlations are statistically significant. This suggests that changes in one variable are associated with systematic changes in the others, providing insights into potential relationships and dependencies in the dataset.

4.4 Regression Analysis

Based on the regression analysis results presented in the following tables, the regression coefficient model is estimated using multiple regression analysis. The developed regression model is:

Table 29

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.685 ^a	.469	.450	1.03215

a. Predictors: (Constant), MI, CS, QM, CP, CG

The table 29 shows that the model summary that provided seems to be the output of a regression analysis, likely linear regression. Let's break down the key metrics the model is fit. The R of the coefficient of determination, indicating the proportion of the variance in the dependent variable (outcome) that is predictable from the independent variables (predictors). In this case, R is 0.685, suggesting that approximately 68.5% of the variance in the dependent variable is explained by the independent variables. R Square (R^2): This is the square of the correlation coefficient (R) and represents the proportion of the variance in the dependent variable that is explained by the independent variables. Here, R^2 is 0.469, indicating that 46.9% of the variance in the dependent variable is accounted for by the independent variables. Adjusted R Square of the study is a modification of R^2 that adjusts for the number of predictors in the model. It penalizes the inclusion of irrelevant predictors. The adjusted R square is 0.450.

Model Accuracy of the study that the Std. Error of the Estimate shows that the standard deviation of the residuals, which are the differences between the observed and predicted values. In this case, it is 1.03215, providing a measure of the accuracy of the model's predictions.

The predictors included in the model are listed as (Constant), MI, CS, QM, CP, and CG. These are likely independent variables used to predict the dependent variable.

Overall, the model appears to have moderate predictive power, as indicated by the R^2 value. The adjusted R square is slightly lower, suggesting that some predictors may not

be contributing significantly to the model. The interpretation of the coefficients for each predictor (MI, CS, QM, CP and CG) would provide more insights into their individual contributions to the dependent variable.

Table 30

ANOVAS Tests

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	135.427	5	27.085	25.424	.000 ^b
	Residual	153.407	144	1.065		
	Total	288.833	149			

a. Dependent Variable: ID

b. Predictors: (Constant), MI, CS, QM, CP, CG

The table 30 presented that the ANOVA (Analysis of Variance) table provided summarizes the results of the regression analysis. The Regression Analysis shows that the Sum of Squares (SS) is the total variability in the dependent variable (ID) that is explained by the regression model. In this case, the regression sum of squares is 135.427. In the case of Degrees of Freedom (df), the number of predictors in the model. Here, it's 5, corresponding to MI, CS, QM, CP, and CG. The mean square (MS) shows that the sum of squares divided by its degrees of freedom. It represents the average variability explained by each predictor. In this case, it's 27.085. The F-statistic (F) shows that the ratio of the mean square for regression to the mean square for residuals. It tests whether the overall regression model is statistically significant. Here, F is 25.424 in case of the significance (Sig.) level the p-value associated with the F-statistic. A low p-value (typically below 0.05) suggests that the regression model is statistically significant. In this case, the p-value is very low (0.000), indicating that the regression model is statistically significant. The unexplained variability in the dependent variable that is not accounted for by the regression model.

In this case, the residual sum of squares is 153.407. The total number of observations shows that the minus the number of predictors which is 144 and the sum of squares divided by its degrees of freedom. It represents the average unexplained variability in the dependent variable. In this case, it's 1.065. The total variability in the dependent

variable, which is the sum of the regression and residual sum of squares. Here, the total sum of squares is 288.833. The total number of observations minus 1.

In this case, it's 149. The dependent variable in this analysis is ID. The predictors included in the model are listed as (Constant), MI, CS, QM, CP, and CG. The regression model, as a whole, is statistically significant ($p\text{-value} < 0.05$). The predictors (MI, CS, QM, CP and CG) collectively contribute significantly to explaining the variability in the dependent variable (ID). The F-statistic of 25.424 indicates that the variance explained by the model is significantly greater than the unexplained variance.

Table 31

Coefficients Table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.647	.307		18.419	.000
QM	.179	.069	.390	2.599	.010
CG	.200	.080	.417	2.516	.013
CP	-.026	.072	-.060	-.369	.713
CS	.086	.058	.133	1.491	.138
MI	-.080	.064	-.170	-1.245	.215

a. Dependent Variable: ID

The table 31 shows that the coefficients table for a regression model with the dependent variable ID and several independent variables (QM, CG, CP, CS and MI). Let's break down the interpretation of the table the Constant (Intercept), Unstandardized Coefficient (B) is 5.647. The standard error is 0.307 where the t-Value is 18.419. The significant value is 0.000 (p-value). The intercept is 5.647. The t-value of 18.419 is highly significant ($p\text{-value} < 0.05$), suggesting that the intercept significantly differs from zero.

The variables QM (Independent Variable) has unstandardized coefficient (B) is 0.179 which standard error is 0.069, beta (Standardized Coefficient) is 0.390, t-Value 2.599 and significant 0.010 (p-value). For the variable QM, the unstandardized coefficient is 0.179, and the standardized coefficient (Beta) is 0.390. The t-value of 2.599 is

significant at the 0.05 level, indicating that QM has a significant effect on the dependent variable.

The variable CG (Independent Variable), which unstandardized coefficient (B) is 0.200 and standard error is 0.080. Where the beta (Standardized Coefficient) is 0.417, and t-value is 2.516. The significant result is 0.013 (p-value). Similar to QM, CG also has a significant positive effect on the dependent variable. The unstandardized coefficient is 0.200, and the standardized coefficient (Beta) is 0.417.

The variables CP (Independent Variable) has unstandardized coefficient (B) is -0.026 and standard error is 0.072 where beta (Standardized Coefficient) is -0.060 where t-value is -0.369. The significant value of the study is 0.713 (p-value). The variable CP does not seem to have a significant effect on the dependent variable, as the p-value is greater than 0.05.

CS (Independent Variable) has unstandardized coefficient (B) of the study has 0.086 where standard error is 0.058, the beta (Standardized Coefficient) is 0.133 and t-Value: 1.491. The significant value is 0.138 (p-value). The variable CS also does not have a significant effect, as the p-value is greater than 0.05.

Similarly, the MI (Independent Variable) has unstandardized coefficient (B) is -0.080, the standard error of the study is 0.064, the beta (Standardized Coefficient) is -0.170 where the t-value is -1.245. The significant level of this study has 0.215 (p-value). MI does not have a significant effect on the dependent variable, as the p-value is greater than 0.05.

In summary, QM and CG appear to be significant predictors of the dependent variable ID, while CP, CS, and MI do not seem to have a significant impact based on the given significance levels.

4.5 Discussion

In this research study found that ID to QM has positive correlation and significant relationship. Similarly, ID to CG, CP, CS and MI has positive correlation and significant relationship. In the same way QM to CG, CP, CS and MI has also positive correlation and significant relationship. Similarly, CG to CP, CS and MI has also

positive correlation and significant relationship. In case of CP to CS and MI, it has also positive correlation and significant relationship. At last, CS to MI has also positive correlation and significant relationship. Rao, Prasad and Yadhav (2022), Gnawali and Niraula, (2021), Poudel, (2021), Bhatta, (2019) has also found significant relation and impact on their study. Their studies are consistency with this research. Similarly, The previous scholars Mohamed and Mbogo (2022), Min (2022), Munira and Surti (2021), Manu and Saini (2020) has also consistency with this study.

Similarly, in case of regression analysis overall there is significant impact on dependent to independent variables. In the case of coefficient, there is significant impact on dependent to independent variables where individually, ID to QM, CG has significant impact and ID to CP, CS and MI has insignificant impact or insignificant relationship between the variables. The previous scholars, Rao, Prasad and Yadhav (2022), Gnawali and Niraula, (2021), Poudel, (2021), Bhatta, (2019) have also found significant relation and impact on their study. Their studies are consistency with this research. The previous scholars Mohamed and Mbogo (2022), Min (2022), Munira and Surti (2021), Manu and Saini (2020) has also consistency with this study.

The previous scholars Sandhu and Guhathakurta (2020), Gao and Hou (2019), Badru, Ahmad-Zaluki and Wan-Hussin (2018), Hossain and Khan (2018) and Khatri (2017), Khan and Choudhury (2017), Sidana and Sarin (2017) Seng, Yang and Yang (2017), Singh and Yadav (2016), Gurung (2020) are contrast with our study findings. They found insignificant relationship and impact, but our study has found significant relationship and impact.

The analysis conducted reveals strong positive correlations among the variables ID, QM, CG, CP, CS, and MI, indicating systematic relationships between them. The regression model, as evidenced by the R^2 value suggests moderate predictive power, with QM and CG significantly impacting the dependent variable ID. However, CP, CS, and MI do not appear to have a significant effect. The overall model is statistically significant, as indicated by the ANOVA results, with predictors collectively contributing significantly to explaining the variability in ID. Further interpretation of

individual coefficient effects provides insights into the relative importance of each predictor in the model.

The study establishes positive correlations and significant relationships between several pairs of variables, such as ID to QM, CG, CP, CS, and MI, as well as interrelationships among QM, CG, CP, CS, and MI. These findings suggest a systematic connection between these constructs, indicating that improvements or changes in one variable may correspond to changes in others.

The research findings align with prior studies conducted by Rao, Prasad, Yadhav, Gnawali, Niraula, Poudel, Bhatta, Mohamed, Mbogo, Min, Munira, Surti, Manu, and Saini. This consistency strengthens the validity of the current study's results and underscores the robustness of the relationships observed.

The regression analysis reveals significant impacts of certain independent variables (ID, QM, and CG) on the dependent variable, with QM and CG showing particularly noteworthy effects. However, CP, CS, and MI do not exhibit significant impacts individually. This suggests that while certain factors may strongly influence the dependent variable, others may have a more nuanced or indirect effect.

A comparison with previous scholars who found insignificant relationships and impacts (such as Sandhu, Guhathakurta, Gao, Hou, Badru, Ahmad-Zaluki, Wan-Hussin, Hossain, Khan, Khatri, Choudhury, Sidana, Sarin, Seng, Yang, Singh, Yadav, and Gurung) highlights divergent findings. These differences could stem from variations in methodologies, sample characteristics, or contextual factors, emphasizing the importance of contextualizing study results within specific contexts and conditions.

The regression model demonstrates moderate predictive power, as indicated by the R^2 value, with QM and CG significantly impacting the dependent variable ID. While CP, CS, and MI do not show significant effects individually, the overall model remains statistically significant, indicating that the predictors collectively contribute to explaining variability in ID.

These findings have implications for theory development, practice, and policy. Understanding the relationships between variables like ID, QM, CG, CP, CS, and MI

can inform interventions aimed at enhancing organizational performance, productivity, and effectiveness. Future research could delve deeper into understanding the mechanisms underlying these relationships and explore potential moderators or mediators that may influence the observed effects.

CHAPTER-V

SUMMARY AND CONCLUSION

This chapter embodies three parts of the study summary, conclusion and implications. The first part goes over with summarization of the whole study, the second part depicts the conclusion and the final part presents implications in the light of its findings. The facts and findings from primary data analysis are presented in this chapter.

5.1 Summary

The aim of this study is to examine the investor's perception towards initial public offering (IPO), in Nepalese Context to analyze the relationship between dependent and independent variables likely to (quality management, company goodwill, company performance, and company sector and market information) and reasons of investment decision in IPOs. This study is examine the reasons of investment in IPOs and its impacts on others variables. This research used primary data. The data are collected from 150 respondents with convenient sampling method at Kathmandu district. The inferential analysis was preferred in SPSS 27 versions by using statistical tools such as correlation and regression analysis to analyze the relationship between two variables and the impact of different factors on investment decision in IPOs.

The study revealed that quality management, company goodwill, company performance, company sector, reasons for investment decision in IPOs and market information are the highly considerable factors before making investment decision in IPO.

The provided information outlines the results of a regression analysis with the dependent variable ID and independent variables QM, CG, CP, CS, and MI. Correlation analysis strong positive correlations exist among the variables ID, QM, CG, CP, CS, and MI. All correlations are statistically significant, suggesting systematic relationships and dependencies. Regression Model is statistically significant with an F-statistic of 25.424. Predictors (MI, CS, QM, CP and CG) collectively contribute significantly to explaining the variability in ID. The regression model as a whole is statistically significant, and QM and CG appear to be significant predictors of ID. However, CP,

CS, and MI do not seem to have a significant impact on the dependent variable at the given significance levels. Further interpretation of coefficients could provide more insights into the individual contributions of each predictor to the dependent variable.

5.2 Conclusion

The analysis of the dataset, comprising six variables quality management, company goodwill, company performance, company sector, market information and investment decision, offers valuable insights into the factors influencing investment decisions regarding initial public offerings. The descriptive statistics highlight the central tendency and variability within each variable, providing a comprehensive understanding of the dataset's characteristics. For instance, the moderate variability in quality management scores suggests varying levels of quality management practices among the observations. Similarly, strong positive correlations among the variables indicate potential relationships and dependencies within the dataset, contributing to a deeper understanding of investor perceptions.

The regression analysis further elucidates the relationship between the independent variables quality management, company goodwill, company performance, company sector and market information and the dependent variable investment decision. The model's moderate predictive power, as indicated by the coefficient of determination (R^2), underscores the significance of the predictors in explaining the variance in investment decisions. While quality management and company goodwill emerge as significant predictors of investment decisions, other variables such as company performance, company sectors, and market information do not demonstrate significant effects.

The coefficients table provides additional insights into the individual contributions of each predictor to investment decisions. Quality management and company goodwill exhibit significant positive effects on investment decisions, highlighting the importance of these factors in shaping investor perceptions. Conversely, company performance, company sectors and market information do not exert significant influences on investment decisions based on the given significance levels.

It is concluded that the findings underscore the multifaceted nature of investor perceptions towards IPOs, influenced by various factors such as quality management practices and company goodwill prospects. While some variables demonstrate significant effects on investment decisions, others do not exhibit substantial impacts. These insights can inform stakeholders in the financial industry, including policymakers and market participants, in devising strategies to enhance investor confidence and facilitate informed investment decisions in the IPO market.

At last, the analysis provides valuable insights into the complex dynamics of investor perceptions and decision-making processes in the context of IPOs. By understanding the factors that drive investment decisions, stakeholders can take proactive measures to address concerns and capitalize on opportunities, ultimately fostering a more robust and resilient investment environment. Further research and analysis may delve deeper into specific variables to uncover nuanced insights and refine investment strategies accordingly.

5.3 Implications

The implications of this analysis based on practical, theoretical, and research perspectives, offering valuable insights for stakeholders in the financial industry and paving the way for future exploration.

Practically, the findings underscore the importance of quality management practices and customer growth prospects in shaping investor perceptions of Initial Public Offerings (IPOs). Companies intending to go public can utilize these insights to prioritize efforts aimed at enhancing quality management standards and fostering sustainable customer growth. By doing so, they can increase their appeal to potential investors and improve their chances of a successful IPO. Moreover, financial professionals and advisors can leverage these findings to offer customized advice to clients regarding IPO investment decisions, emphasizing the need to consider factors beyond conventional financial metrics.

On a theoretical level, this analysis contributes to the understanding of investor behavior and decision-making mechanisms in the IPO context. By elucidating the relationships between various factors and investment decisions, the study enriches

existing literature on IPOs and behavioral finance theories. Future theoretical research can build upon these findings to develop more intricate models of investor decision-making, integrating additional variables and exploring nuanced dynamics.

From a research perspective, this analysis highlights avenues for further investigation. While quality management and customer growth emerge as significant predictors of investment decisions, other variables such as company performance, company sectors, and market information do not demonstrate significant effects. Future research could delve deeper into understanding the underlying reasons for this lack of significance and explore potential moderating or mediating variables that may influence the relationships between these factors and investment decisions. Additionally, longitudinal studies tracking investor perceptions over time could provide valuable insights into the evolving dynamics of IPO markets and investor behavior.

The implications of this analysis extend beyond informing practical decision-making in the financial industry to advancing theoretical understanding and guiding future research endeavors. By addressing these implications, stakeholders can navigate the complexities of IPO markets more adeptly, ultimately contributing to the development of a more resilient and robust investment environment.

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APPENDIX

Questionnaire

Investor's Perception and Investment Decision: An Initial Public Offering (IPOs) Perspective

Dear Respondent,

I am Vikas Chaudhary from Shankar Dev Campus, Tribhuvan University. I am pursuing Master of Business Studies with Finance as major. As a part of the MBS study, I am conducting a research entitled "Investors' perception towards initial public offering in Nepalese context". As an investor in IPO, you are humbly requested to fill this questionnaire. This study is carried out purely for academic purpose and the information given will be treated with confidentiality and for only the purpose of this study. Your response and time is greatly appreciated.

Respondent profile

- 1) Email
- 2) Name
- 3) Gender
 - i) Male
 - ii) Female
- 4) Age
 - i) below 20
 - ii) 20-40
 - iii) 40-60
 - iv) Above 60
- 5) Education
 - i) Intermediate
 - ii) Bachelor
 - iii) Master level or above

6) Occupation

i) Student

ii) Business

iii) Private employee

iv) Government employee

7) Investment amount in IPO

i) 1-10 thousand

ii) 10-20 thousand

iii) 20-30 thousand

iv) 30-40 thousand

v) above 40 thousand

8) Do you apply for IPO through meroshare?

i) Yes

ii) No

9) Is it necessary to open demat account for IPO?

i) Yes

ii) No

10) Reason for investment in IPO?

i) Liquidity

ii) Dividend purpose

iii) Capital gain

iv) Other (please specify.....)

11) Kindly tick the appropriate box

SA - Strongly Agree (1)

A- Agree (2)

N- Neutral (3)

D- Disagree (4)

SD- Strongly Disagree (5)

S.N.	Factor	Answer				
		1	2	3	4	5
A.	Quality Management					
1.	Do you consider that legitimacy of company affects in your investment in IPO?					
2.	Do you consider that founder CEO affects in your investment of IPO?					
3.	Do you consider that human resource value affects in your investment in IPO?					
B.	Company Goodwill					
1.	Do you consider that historical background will affect while investing in IPO?					
2.	Do you consider that age of company affects in your investment in IPO?					
3.	Do you consider that current financial position affecting in your investment in IPO?					
C.	Company Performance					
1.	Do you consider that dividend premium matter more for your investment in IPO?					
2.	Do you consider that earning per share (EPS) make investors to invest in IPO?					
3.	Do you consider that return on investment (ROI) make investors to invest in IPO?					
D.	Company Sectors					
1.	Do you consider that investment in banking sector of IPO is better?					
2.	Do you consider that investment in insurance company of IPO is better?					
3.	Do you consider that investment in hydropower company of IPO is better?					
E.	Market Information					
1.	Do you consider that comment on media affects in your investment in					

	IPO?					
2.	Do you consider that future prediction and forecast affect your investment in IPO?					
3.	Do you consider that the past trend of IPO, while investing in IPO?					
F.	Investment decision					
1.	Do you conclude that individual invested have more risk in IPO investment?					
2.	Do you consider that IPOs are risk free from of investment?					
3.	Do you consider that IPOs are guaranteed way of making money?					

Thank You!

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ABSTRACTS This study investigates investor perceptions of Initial Public Offerings (IPOs) in Kathmandu District, Nepal, with a focus on factors such as

quality management, company goodwill, company performance, company sector, market information and dependent variables **investment decision** . Employing a descriptive **and**

causal comparative research design, data from 150 investors were gathered using structured questionnaire surveys and analyzed using SPSS. It is encompass assessing investor attitudes towards IPOs and exploring the relationships between various factors and investment decisions. Results highlight the pivotal role of quality management and customer growth in shaping investor perceptions, with both factors emerging as significant predictors of investment decisions. Conversely, company performance, sector, and market information showed no significant effects. The study offers practical insights for