

FACTORS INFLUENCING NEPALESE INDIVIDUAL INVESTOR'S BEHAVIOR IN SECONDARY MARKET

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

By

Hemant Shrestha

Campus Roll No: 19/077

Exam Roll No: 35556/21

T.U. Regd. No: 7-2-39-1604-2016

Shankar Dev Campus

Specializations: finance

Kathmandu

August 2024

CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**FACTORS INFLUENCING NEPALESE INDIVIDUAL INVESTOR’S BEHAVIOR IN SECONDARY MARKET**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degree nor has it been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declared that all information sources and literature used are cited in the reference section of the dissertation.

Hemant Shrestha

August 2024

REPORT OF RESEARCH COMMITTEE

Mr. Hemant Shrestha has defended research proposal entitled “**FACTORS INFLUENCING NEPALESE INDIVIDUAL INVESTOR’S BEHAVIOR IN SECONDARY MARKET** “, successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Mr. Bhoj Raj Ojha, and submit the thesis for evaluation and viva voce examination.

.....
Mr. Bhoj Raj Ojha,
(Supervisor)

.....
Dissertation Proposal Defended Date

.....
Dissertation Submitted Date

.....
Asso. Prof. Dr. Sajeeb Kumar Shrestha
Head of Research Committee

.....
Dissertation Viva Voce Date

APPROVAL SHEET

We have examined the dissertation entitled “**FACTORS INFLUENCING NEPALESE INDIVIDUAL INVESTOR’S BEHAVIOR IN SECONDARY MARKET** ” presented by Mr. Hemant Shrestha for the degree of Masters of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

.....

Mr. Bhoj Raj Ojha,
Dissertation Supervisor

.....

Internal Examiner

.....

Internal Expert

.....

External Expert

.....

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

.....

Asso. Prof. Dr. Krishna Prasad Acharya
Campus Chief

August 2024

ACKNOWLEDGEMENTS

This dissertation on “FACTORS INFLUENCING NEPALESE INDIVIDUAL INVESTOR’S BEHAVIOR IN SECONDARY MARKET” has been prepared as a partial fulfillment of the requirement for the degree of Master in Business Studies (MBS). This study would not have been materialized without the continued support of and cooperation from number of individuals. I take this opportunity to thank them all. First and foremost, I offer my sincerest gratitude and indebts to my supervisor, Lecturer Bhoj Raj Ojha, who has supported me throughout my report with his patience and knowledge. He has shared thoughtful suggestions and valuable comments on every chapter on my work. His guidance helped me throughout the research and writing of this dissertation. Without him, this dissertation could not have been completed. I would like to thankful to the Campus Chief, Asso. Prof. Dr. Krishna Prasad Acharya and Research Head, Asso. Prof. Dr. Sajeeb Kumar Shrestha of Shanker Dev Campus. I am equally indebted to other teachers and other staffs for their kind help. My sincere thanks also go to all the friends who help me the understanding the research them. I would like to express my thanks to my friends for their support and all the fun we have had over these past years.

Most importantly, none of this could have happened without my family. My grateful thanks go to my grandparents and mom for their constant encouragement and support. This dissertation stands as a testament to their unconditional love and encouragement. Finally, I would like to thank everybody who was important to the successful realization of my dissertation, as well as expressing my apology that I could not mention personally one by one.

Any remaining errors are mine.

Hemant Shrestha

TABLE OF CONTENTS

<i>Title of the Page</i>	<i>i</i>
<i>Certification of Authorship</i>	<i>ii</i>
<i>Report of Research Committee</i>	<i>iii</i>
<i>Approval Sheet</i>	<i>iv</i>
<i>Acknowledgement</i>	<i>v</i>
<i>Table of Content</i>	<i>vi</i>
<i>List of Table</i>	<i>viii</i>
<i>List of Figure</i>	<i>ix</i>
<i>Abbreviations</i>	<i>x</i>
<i>Abstract</i>	<i>xi</i>
CHAPTER-I: INTRODUCTIONS	1
1.1 Background of the Study	1
1.2 Problem Statement	3
1.3 Objectives of the study	6
1.4 Rationale of the Study	7
1.5 Limitations of the Study	8
CHAPTER- II : LITERATURE REVIEW	10
2.1 Theoretical review	10
2.2 Empirical review	11
2.3 Research Gap	21
CHAPTER- III: RESEARCH METHODOLOGY	23
3.1 Research design	23
3.2 Population and Sample and Sampling design	23
3.3 Nature and Source of data	23
3.4 Instrument of data collections	24
3.5 Method of analysis	24
3.5.1 Reliability analysis	24
3.5.2 Statistical analysis	24
3.6 Research framework and Definition of Variables	27
CHAPTER-IV: RESULTS AND DISCUSSION	31
4.1 Result	31
4.2 Discussion	40

CHAPTER- V: SUMMARY AND CONCLUSION	42
5.1 Summary	42
5.2 Conclusion	43
5.3 Implications	44
REFERENCES	45
APPENDIX'S	48

LIST OF TABLES

Table 1	Summary of Empirical Review	16
Table 2	Cronbach's Alpha table	24
Table 3	Demographic Variables	32
Table 4	Reliability Statistics	33
Table 5	Descriptive Statistics	34
Table 6	Correlation of Variable	36
Table 7	Model Summary	37
Table 8	ANOVA Table	38
Table 9	Coefficient of Variable	38

LIST OF FIGURE

Figure1	Research framework	27
---------	--------------------	----

ABBREVIATIONS

DP	:	Dividend policy
ECE	:	Expected corporate earnings
ESB	:	Expected stock/ capital increase/ bonus
GRQ	:	Get rich quick
IID	:	Investors investment decisions
PPOC	:	Past performance of the company
SD	:	Standard Deviation

ABSTRACT

The objectives of research is to assess the individual behaviors factors that influence the Nepalese investors investment decision in the secondary market, to analyze the relationship of past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick to the Nepalese investors investment decisions in the secondary market and to examine the impact past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick to the Nepalese investors investment decisions in the secondary market. The descriptive and casual comparative research design has been employed. 400 respondents who are investors and sample of the research. Primary nature and investors of the secondary market are the source of the data. The instrument of data collection are the questionnaire and methods of analysis has statistical analysis. The finding of the research have been the individual behaviors factors that influence the Nepalese investor's investment decision in the secondary market are past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick. The relationship of investors investment decisions, past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings and dividend policy have significant to the investors investment decisions. The get rich quick relationships to the investor's investment decisions is insignificant to the investor's investment decisions. The impact of past performance of the company, expected corporate earnings, dividend policy and get rich quick have significant impact to the investors investment decisions. The impact of expected stock/ capital increase/ bonus to the investor's investment decisions is not significant.

Keywords: *Investor's investment decisions, past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick*

CHAPTER-I

INTRODUCTIONS

1.1 Background of the Study

The behavior of individual investors in the secondary market is a complex phenomenon shaped by a diverse interplay of psychological, economic, and market-related factors. In the context of Nepal, where the stock market is still in its nascent stage, characterized by high volatility, limited market depth, and restricted access to comprehensive information (Vaidya, 2021), understanding these influences is particularly crucial. This study seeks to explore the key determinants that drive the investment decisions of Nepalese individual investors, focusing on variables such as past company performance, anticipated stock or capital appreciation and bonuses, expected corporate earnings, dividend policy, and the aspiration for rapid wealth accumulation (Khadka & Khadka, 2022).

A significant factor influencing investor behavior is the historical performance of a company. In a market where access to reliable historical data is often limited, investors tend to place considerable emphasis on a company's performance trends as an indicator of future success. Companies with a strong track record of profitability and consistent growth are more likely to attract investors who view past success as a proxy for future stability. This reliance on historical performance often drives investment decisions, as investors aim to mitigate risk by selecting stocks with proven stability and profitability (Shrestha, 2024).

The expectation of stock or capital appreciation, along with potential bonuses, is another critical determinant of investment behavior. Investors are frequently drawn to the prospect of capital gains, and the possibility of receiving bonuses or additional shares can be a powerful motivator. In the Nepalese market, where the range of investment opportunities may be perceived as limited, the allure of such incentives can lead investors to favor stocks that promise immediate returns, even if these investments carry higher risks (Rawat, 2023).

Expected corporate earnings also play a crucial role in shaping investment decisions. Investors tend to gravitate toward companies with strong earnings forecasts, as these are viewed as reliable indicators of a company's future profitability. In Nepal, where dividend policy is often inconsistent and access to reliable data is limited, the emphasis on corporate earnings becomes

even more pronounced. Investors may rely heavily on earnings announcements and forecasts to make decisions, often reacting quickly to any news that might impact a company's financial outlook (Dahal, 2022).

The dividend policy of a company plays a significant role in influencing investor decisions. For many investors, especially those seeking a steady income, companies with a reliable and attractive dividend payout are particularly appealing. In Nepal, where alternative income-generating investments might be scarce, dividends can provide a vital income stream. Consequently, investors may gravitate toward stocks with strong dividend policies, considering them as safer and more stable investments that offer tangible returns (Pandey et al., 2020).

The desire to achieve quick wealth is another psychological factor that can significantly impact investment behavior, particularly in emerging markets like Nepal. This mindset often leads investors to engage in speculative investments, prioritizing high-risk, and high-reward opportunities over long-term value. The volatility of the Nepalese market, coupled with limited financial literacy among some investors, can intensify this tendency, resulting in decisions that favor short-term gains over sustainable growth (Adhikari, 2020).

These independent variables past company performance, expected stock or capital appreciation and bonuses, anticipated corporate earnings, dividend policy, and the drive for quick wealth interact in complex ways to shape the investment decisions of Nepalese individual investors. Understanding these interactions is crucial for developing strategies that promote more informed and rational decision-making in the market. By investigating how these factors collectively influence investor behavior, this study aims to provide a deeper understanding of the motivations and thought processes that drive investment decisions in Nepal's secondary market (Rawat, 2023).

Moreover, Nepal's investment landscape is characterized by unique challenges, such as limited market infrastructure, regulatory constraints, and a relatively low level of investor education. These challenges can amplify the impact of the aforementioned variables, making it even more critical to study them in depth. For example, the emphasis on past performance might be more pronounced in a market where future projections are less reliable, while the appeal of quick

profits could be stronger in an environment where long-term investments are seen as risky (Khadka & Khadka, 2022).

Additionally, cultural factors, such as a preference for tangible returns (like dividends) over intangible future gains (like company performance), can also influence the behavior of Nepalese investors. This cultural context, combined with market-specific factors, creates a distinctive investment environment that deserves careful analysis. By exploring the factors that shape investment decisions, this study aims to provide insights that can help develop policies and educational programs to better guide investors toward decisions that align with their long-term financial objectives (Ahmad, 2017).

In summary, the investment decisions of Nepalese individual investors in the secondary market are shaped by a blend of economic indicators, psychological factors, and market conditions. By examining the influence of variables such as past performance, expected stock increases and bonuses, corporate earnings, dividend policy, and the desire for quick wealth, this study seeks to deepen the understanding of investor behavior in Nepal. This understanding is essential for crafting strategies that foster a more stable, informed, and resilient stock market in the country. Thus, this research focuses on “Factors Influencing Nepalese Individual Investor’s Behavior in the Secondary Market.”

1.2 Problem Statement

The secondary market in Nepal, while still in its developmental phase, has become an increasingly important platform for individual investors looking to grow their wealth. However, the investment choices made by these investors are often influenced by a complex mix of factors that have not been fully understood or systematically studied. This gap in understanding presents a problem, as it can lead to less-than-optimal investment decisions that not only affect individual portfolios but also impact the overall stability and efficiency of the market (Pandey et al., 2020). The primary challenge is to identify and analyze the key factors that drive these investment decisions, with a particular focus on variables such as a company’s past performance, expectations of stock or capital gains and bonuses, anticipated corporate earnings, dividend policies, and the desire for rapid wealth accumulation.

One significant issue is the heavy reliance of Nepalese individual investors on the past performance of companies. In a market where reliable and forward-looking information is

limited, investors often depend on historical data to guide their decisions (Dahal, 2022). This reliance can be problematic, as it may lead to the overestimation of a company's future potential based solely on its past achievements, without adequately considering current market conditions and future uncertainties. The problem arises when past performance becomes the dominant factor in decision-making, overshadowing other critical considerations such as future earnings potential or market trends (Rawat, 2023).

The expectation of stock or capital gains and bonuses also complicates the understanding of investor behavior. Many individual investors in Nepal are driven by the anticipation of quick capital gains and the possibility of receiving bonuses or additional shares. This focus on immediate returns can skew investment strategies toward riskier ventures where the potential for short-term gains is higher. The issue here is that such behavior may lead to increased market volatility and the potential for significant losses, particularly when these expectations are not met (Almansour et al., 2023).

Expected corporate earnings are another critical factor influencing investment decisions, but the challenge lies in the fragmented and sometimes unreliable nature of earnings forecasts in the Nepalese market. Investors who base their decisions on expected earnings may encounter difficulties due to inconsistent reporting standards and limited access to comprehensive financial data. This can lead to misinformed decisions, where investments are made based on inaccurate or overly optimistic projections of a company's profitability, ultimately resulting in financial losses (Phan et al., 2023).

The dividend policies of companies further complicate the investment landscape. While dividends are an attractive feature for many investors, especially those seeking a steady income, there is a risk that investors may prioritize dividend-paying stocks without fully considering the overall financial health and growth potential of the company. This focus on dividends can lead to a concentration of investments in companies that may not necessarily offer the best long-term returns, thereby limiting the growth potential of investor portfolios (Shukla et al., 2024).

The psychological drive to get rich quickly exacerbates these challenges. In an emerging market like Nepal, where financial literacy may be limited, many individual investors are drawn to high-risk, high-reward investments with the hope of achieving rapid wealth accumulation.

This mindset often leads to speculative behavior, where investment decisions are made based on short-term market movements rather than sound financial analysis. The problem is that this speculative approach can result in significant financial losses, particularly in a volatile market environment, and can contribute to market instability (Shukla et al., 2024).

The interplay between these factors—past performance, expected stock or capital gains and bonuses, corporate earnings, dividend policies, and the desire for quick wealth—creates a complex decision-making environment for individual investors in Nepal. The lack of a clear understanding of how these variables interact to influence investment decisions is a significant issue that needs to be addressed. Without this understanding, investors are at risk of making decisions that are not aligned with their long-term financial goals, leading to potential financial distress and reduced market confidence (Aggarwal, 2022).

Moreover, the Nepalese secondary market is characterized by unique challenges, such as limited access to reliable information, regulatory constraints, and a relatively nascent investment culture. These challenges amplify the impact of the factors mentioned above, making it even more critical to investigate their influence on investor behavior. The problem is that without targeted research, these factors may continue to lead investors towards suboptimal decisions, which could hinder the development of a more robust and efficient market (Shrestha, 2024).

Another dimension of the problem is the potential for cultural factors to influence investment decisions, such as a preference for immediate, tangible returns like dividends over long-term considerations like a company's future performance. This cultural inclination, combined with other factors, may lead to a skewed investment strategy that favors short-term gains at the expense of long-term wealth creation. The issue is that this could result in a market overly focused on short-term performance, with less emphasis on sustainable growth and value creation.

In conclusion, the central issue lies in the need for a systematic and comprehensive study of the factors influencing Nepalese individual investors' behavior in the secondary market. Without such an understanding, there is a risk that investors will continue to make decisions based on incomplete or misleading information, driven by psychological biases and short-term incentives (Rawat, 2023). This research is essential to identify these influences, understand

their impact, and develop strategies to guide investors toward more informed, rational, and long-term investment decisions, ultimately contributing to a more stable and resilient market in Nepal. Therefore, the study on “Factors Influencing Nepalese Individual Investor’s Behavior in the Secondary Market” is not only timely but also critical for the future development of the market. The problem of the statement is further clarified by the following research question.

- i. What are the individual behaviors factors that influence the Nepalese investor’s investment decision in the secondary market?
- ii. Is there is the relationship of past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick to the Nepalese Investors investment decisions in the secondary market?
- iii. Do the past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick impacted to the Nepalese Investors investment decisions in the secondary market?

1.3 Objectives of the study

The objectives of the research are;

- i. To assess the individual behaviors factors that influence the Nepalese investor’s investment decision in the secondary market.
- ii. To examine the relationship of past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick to the Nepalese Investors investment decisions in the secondary market.
- iii. To analyze the impact past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick to the Nepalese Investors investment decisions in the secondary market.

1.4 Rationale of the Study

The rationale for examining the factors that influence Nepalese individual investors' behavior in the secondary market is grounded in the critical role these investors play in shaping market dynamics. As Nepal’s stock market continues to evolve, understanding individual investor behavior is essential for fostering a stable, efficient, and transparent market. These investors, who constitute a significant portion of market participants, are often key drivers of market trends and volatility. However, their decisions are frequently influenced by a complex mix of

factors, including past company performance, anticipated stock increases, corporate earnings, dividend policies, and the psychological desire to "get rich quick."

In a market like Nepal's, where access to comprehensive financial information is limited and financial literacy levels are relatively low, investors' decisions can be vulnerable to biases and speculative behavior. This can lead to suboptimal investment choices that not only affect individual financial outcomes but also contribute to broader market inefficiencies. By identifying and analyzing the key factors that shape these decisions, this study aims to provide insights that can enhance investor education and promote more informed, rational decision-making.

Furthermore, the findings from this study are expected to have significant implications for policymakers and regulatory bodies. Understanding the drivers of investor behavior will enable regulators to design policies that protect investors and create a more stable market environment. For example, if the study uncovers an overreliance on past performance or a strong preference for high-risk investments, targeted interventions can be developed to address these issues, thereby reducing market volatility and boosting investor confidence.

Additionally, the study will be valuable for companies listed on the Nepalese stock exchange, as it can help them better understand investor expectations and adjust their communication strategies, dividend policies, and corporate disclosures accordingly. Aligning company actions with investor expectations can lead to more favorable market valuations and increased investor trust.

Ultimately, this study seeks to contribute to the development of a more resilient and inclusive financial market in Nepal. By shedding light on the factors that influence individual investor behavior, the research aims to support the creation of a market environment that encourages long-term, sustainable investment strategies, benefiting both investors and the broader economy. Thus, the study on "Factors Influencing Nepalese Individual Investor's Behavior in the Secondary Market" is both timely and crucial for the ongoing growth and stability of Nepal's financial sector.

1.5 Limitations of the Study

The limitations of the study of the Factors Influencing Nepalese Individual Investor's Behavior in the Secondary Market are;

- i. One of the primary limitations of this study is the availability and quality of data. The Nepalese secondary market is characterized by limited access to comprehensive and reliable financial data, which can affect the accuracy of the study's findings. Inconsistent reporting standards, the absence of a centralized database, and limited historical data pose significant challenges in drawing robust conclusions.
- ii. The study is also face challenges related to the representativeness of the sample. Nepal's investor base is diverse, encompassing individuals from different socioeconomic backgrounds, education levels, and geographic regions. Capturing this diversity within a single study can be difficult, leading to potential sampling bias. The study's focus on individual investors in the secondary market exclude insights from institutional investors or those engaged in primary market activities, limiting the scope of the analysis.
- iii. Another limitation is the inherent difficulty in accurately measuring and analyzing cultural and behavioral factors that influence investment decisions. Factors such as the desire to "get rich quick" or reliance on past performance are deeply rooted in cultural and psychological contexts that may not be fully captured through traditional survey instruments or quantitative analysis. These factors can vary widely among individuals and are influenced by a range of personal experiences, making them challenging to quantify and interpret consistently.
- iv. The Nepalese secondary market is influenced by a variety of external factors, including political instability, regulatory changes, and global economic conditions. These external influences can have a significant impact on investor behavior, yet they are difficult to control for in the study. As a result, the findings may be affected by these external variables, which could lead to an incomplete understanding of the factors driving investment decisions.
- v. The study's methodology, particularly the use of surveys and quantitative analysis, not fully capture the complexity of investor behavior. While these methods are useful for identifying broad trends and correlations, they not provide deep insights into the underlying motivations and decision-making processes of individual investors.

CHAPTER- II

LITERATURE REVIEW

Chapter two focuses on the literature review relevant to the study. This chapter encompasses a theoretical review, an empirical review, and the identification of research gaps. The theoretical review discusses theories that are pertinent to the research topic, while the empirical review covers the analysis of national and international articles within the context of the study. The research gap section highlights the differences between current research and previous studies, as well as potential areas for future investigation.

2.1 Theoretical review

Efficient Market Hypothesis (EMH)

This theory asserts that financial markets are efficient, meaning all available information is already reflected in asset prices. Consequently, individual investors cannot consistently achieve returns higher than the market average through stock picking or market timing. Investors who adhere to EMH are more likely to choose passive investment strategies, such as investing in index funds, under the assumption that consistently outperforming the market is impossible (Phan et al., 2023).

Behavioral Finance

Behavioral finance challenges traditional finance theories like EMH by emphasizing the role of psychological biases and heuristics in influencing investor behavior, often leading to irrational decisions. Investors may overestimate their knowledge or ability to predict market trends, follow the crowd instead of making independent decisions, or exhibit a greater fear of losses compared to the pleasure of gains, leading to risk-averse behavior. Developed by Daniel Kahneman and Amos Tversky, this theory explains how people make decisions between probabilistic alternatives involving risk, where the probabilities of outcomes are known (Almansour et al., 2023).

Prospect Theory

A component of behavioral finance, prospect theory suggests that investors value gains and losses differently, which can result in irrational decision-making. For instance, the pain of losing is often perceived more strongly than the pleasure of gaining, leading investors to hold

onto losing investments longer than is rational (a phenomenon known as loss aversion) and to sell winning investments too quickly (Gutsche et al., 2023).

Regret Theory

This theory proposes that the anticipation of regret over a poor decision can influence investor choices. To avoid regret, investors might either refrain from making decisions altogether or opt for overly cautious ones. This can lead to an excessively conservative investment approach or a reluctance to sell losing investments (Aggarwal, 2022).

Market Microstructure Theory

Market microstructure theory focuses on the processes and mechanisms through which securities are traded in the secondary market. It examines the behavior of market participants, the design of trading systems, and the impact these factors have on price formation, liquidity, and transaction costs (Shaik et al., 2022).

Bid-Ask Spread

This term refers to the difference between the price at which a dealer is willing to buy (bid) and sell (ask) a security. The bid-ask spread is a crucial component of transaction costs in the secondary market (Din et al., 2021).

Information Asymmetry

This concept highlights the situation where different market participants have varying levels of access to information, leading to inefficiencies in the secondary market (Ahmad, 2017).

Liquidity Preference Theory

Primarily associated with interest rates, liquidity preference theory can also be applied to secondary markets. It suggests that investors prefer more liquid securities because they can be sold more easily without a significant loss in value. Consequently, more liquid assets in the secondary market tend to be more desirable. In such markets, securities with higher liquidity usually have lower yields and narrower bid-ask spreads, as investors are willing to accept lower returns in exchange for the convenience and security of liquidity (Aggarwal, 2022).

2.2 Empirical review

Suresh (2024) delved into how financial literacy and behavioral biases collectively influence investment decisions. The study employed a questionnaire using a Likert scale to gather data,

which was then analyzed using Structural Equation Modeling (SEM). The findings revealed that heuristic biases had a strong and positive impact on the development of behavioral biases in investment decision-making. Conversely, the framing effect, cognitive illusions, and herd mentality were negatively associated with these biases. The results indicated that investors are more inclined to rely on heuristic biases rather than other irrational methods when making investment choices. This underscores the significant role that financial literacy plays in shaping stock market investment decisions.

Shukla et al. (2024) investigated how specific behavioral biases affect stock trading decisions among investors in North India. The study highlighted that, although numerous studies focus on financial theories impacting investment decisions, the influence of behavioral biases has been relatively underexplored. Data was collected through a structured questionnaire from respondents across Uttar Pradesh, Delhi, Haryana, and Punjab. Using SEM, the study demonstrated that cognitive biases, including Overconfidence Bias, Representativeness Bias, and Herding Bias, significantly influence stock trading and investment decisions.

Shrestha (2024) examined the effect of various behavioral factors on individual investment decisions within the Nepalese stock market. Utilizing a structured survey questionnaire, the study found that behavioral factors such as the desire for rapid wealth accumulation, the reputation of firms, emotional attachment to a company's products and services, and the industry status of firms were significant in shaping investment decisions. Recommendations from friends, family, and brokers were identified as highly influential, while personal financial needs were impacted by return maximization, stock marketability, ease of obtaining borrowed funds, and expected dividends. Additionally, factors like past stock trends, dividend information, stock price levels, and market data were crucial in influencing investment decisions in Nepal.

Phan et al. (2023) explored the role of investor behavior on the Vietnamese stock market, emphasizing its critical impact. The research used data from the Vietnamese stock exchange to develop a sentiment index through Principal Components Analysis (PCA). The results indicated a negative contemporaneous relationship between investor sentiment and market returns, which aligns with existing literature on the impact of sentiment on stock returns.

Almansour et al. (2023) investigated how behavioral finance factors affect investment decisions in the Saudi equity markets, with a focus on risk perception as a mediating variable. An online questionnaire was distributed to 150 individual investors, with 134 responses analyzed using SEM. The study found that factors such as herding behavior, disposition effect, and blue-chip bias had a significant positive impact on risk perception, while overconfidence significantly influenced decision-making but not risk perception. All four behavioral finance factors showed a significant positive indirect effect on investment decisions through risk perception. The study's context in Saudi Arabia may limit the generalizability of its findings to other cultural settings, and it suggests the need for further research on additional factors influencing investment decisions.

Sapkota and Chalise (2023) analyzed the influence of investor behavior on equity investment decisions using a quantitative research approach. A sample of 400 individual investors from top brokerage firms was surveyed, with data collected from 293 respondents via a structured questionnaire. The analysis, employing descriptive and inferential statistics, revealed that investor behavior significantly affects equity investment decisions, though gender did not play a significant role. The study concluded that investor behavior often drives financial markets more than fundamental principles, leading to phenomena such as excessive trading and market overreaction.

Gutsche et al. (2023) conducted an incentivized framed field experiment within a representative survey of financial decision-makers in German households. The study found a strong preference for sustainable funds, driven primarily by non-financial factors like financial literacy, environmental values, and social norms. Economic preferences and Big Five personality traits had a lesser impact. These findings offer valuable insights into encouraging individual investors to support sustainable development.

Rawat (2023) examined the impact of behavioral biases, including market factors, herding behavior, and awareness, on investor decision-making on the Nepal Stock Exchange. The study utilized a conceptual framework and quantitative methodology to analyze data from 408 individual investors. The results highlighted that herding behavior was the most significant factor affecting investor sentiment. All examined variables—market factors, herding behavior, and awareness—had a significant influence on decision-making. The study underscores the

importance of understanding investor sentiment and suggests that awareness programs could improve market comprehension.

Khadka and Khadka (2022) explored the key factors influencing investment decisions using a causal-comparative research approach. The study, involving 385 respondents, identified firm image, accounting information, personal financial demands, and herding behavior as significant factors. Correlation and regression analyses highlighted that firm image and herding behavior had particularly strong impacts on investment decisions, while personal financial obligations were less significant. The study suggests that enhancing corporate image could influence investment decisions and recommends further research into additional factors affecting investor behavior.

Dahal (2022) investigated investor preferences in the Nepalese securities market using a convenient sampling method, collecting 203 responses from stock brokers' sites in Kathmandu Valley. The study found a preference for equities and the banking sector, with profit being the primary investment goal. Despite this, investors did not engage in risk-return analyses and were dissatisfied with their investment decisions and the prevailing regulations. The study emphasizes the role of dividend policies and market understanding in shaping investment decisions.

Aggarwal (2022) reviewed literature on sentiment measurement and its role in stock market behavior. Analyzing 81 scholarly articles, the study found that the sentiment construct in finance literature remains poorly defined, with numerous empirical proxies leading to conflicting results. The study argues for a re-evaluation of sentiment constructs through psychological perspectives to better understand their role in financial markets.

Shaik et al. (2022) investigated investment behavior among IT professionals using a structured survey. The study found that most respondents had low savings and prioritized bank deposits and insurance policies. The primary investment goal was to achieve returns for future family needs, with the economic scenario being a major factor influencing investment decisions.

Din et al. (2021) examined the effect of behavioral biases on herding behavior in Islamic financial products, with sharia literacy as a mediating factor. Data from 410 respondents revealed that self-attribution, illusion of control, and information availability significantly influenced herding behavior, while sharia literacy had an insignificant direct impact but

affected the significance of other factors. The study provides insights for avoiding herding behavior in Islamic financial markets.

Vaidya (2021) explored the experiences of Nepalese investors in the secondary market, focusing on their investment decision-making processes. Using grounded theory and semi-structured interviews, the study found mixed opinions on the influence of macroeconomic factors. Investors primarily relied on fundamental aspects and technical analysis for short-term trading, while facing challenges such as unstable political conditions and insider trading. The study emphasizes the need to manage information flow and market trends effectively.

Adhikari (2020) identified factors influencing individual investors' decisions on the Nepal Stock Exchange. Key factors included government statements, expected capital gains, firm industry status, attractiveness of non-stock investments, and ease of obtaining borrowed funds, family opinions, rumors, and dividends paid.

Pandey et al. (2020) analyzed psychological factors affecting investment decisions in the equity market. Variables such as self-image/firm image coincidence, accounting information, advocate recommendations, and personal financial needs significantly impacted investment decisions, with self-image/firm image coincidence showing the highest correlation.

Rana (2019) assessed the relative importance of investment decision factors based on demographic characteristics. Using a sample of 106 investors, the study identified six key factors: Earnings and Image Factors, Corporate Governance and Positioning Factors, Goodwill and Market Share Factors, Industry Competition and Size Factors, Fundamental Market Factors, and Decision-Making Factors. Fundamental Market Factors were perceived as the most important by the sample.

Awuor (2017) explored behavioral factors influencing investment decisions at the Nairobi Securities Exchange (NSE). The study found that prospect theory, heuristic-driven biases, and herding behavior significantly impacted investment decisions. The study suggested incorporating additional analytical models like factor analysis alongside regression analysis for a comprehensive understanding.

Mohamad (2017) investigated the social, cultural, environmental, and financial impacts on investment decisions, comparing individual and institutional investors. The study highlighted

accounting information, personal financial needs, gender, and advocate recommendations as crucial factors for avoiding investment losses and bankruptcy, particularly within the Malaysian context.

Table 1

Summary of Empirical Review

Author/ date	Title	Objectives	Methodology	Findings and conclusion
Suresh (2024)	Impact of financial literacy and behavioral biases on investment decision-making.	To examine delved into how financial literacy and behavioral biases collectively influence investment decisions.	The study employed a questionnaire using a Likert scale to gather data, which was then analyzed using Structural Equation Modeling.	The results indicated that investors are more inclined to rely on heuristic biases rather than other irrational methods when making investment choices. This underscores the significant role that financial literacy plays in shaping stock market investment decisions.
Shukla et al. (2024)	Impact of Behavioral Biases on Investors' Stock Trading Decisions: A Comprehensive Quantitative Analysis.	To investigate how specific behavioral biases affect stock trading decisions among investors in North India	The study highlighted that, although numerous studies focus on financial theories impacting investment decisions, the influence of behavioral biases has been relatively underexplored. Data was collected through a structured questionnaire	The study demonstrated that cognitive biases, including Overconfidence Bias, Representativeness Bias, and Herding Bias, significantly influence stock trading and investment decisions.
Shrestha (2024)	Impact of financial literacy and behavioral	To examine the effect of various behavioral	Utilizing a structured survey questionnaire,	This study revealed that firms, emotional attachment to a company's products and

	biases on investment decision-making.	on factors individual investment decisions within the Nepalese stock market.	on the study found that behavioral factors such as the desire for rapid wealth accumulation	services, and the industry status of firms were significant in shaping investment decisions.
Almansour et al. (2023)	Behavioral finance factors and investment decisions: A mediating role of risk perception.	To investigate how behavioral finance factors affect investment decisions in the Saudi equity markets	An online questionnaire was distributed to 150 individual investors, with 134 responses analyzed using SEM	The study found that factors such as herding behavior, disposition effect, and blue-chip bias had a significant positive impact on risk perception, while overconfidence significantly influenced decision-making but not risk perception. All four behavioral finance factors showed a significant positive indirect effect on investment decisions through risk perception
Gutsche et al. (2023)	Determinants of individual sustainable investment behavior-A framed field experiment.	To examine incentivized framed field experiment within a representative survey of financial decision-makers in German households	Regression analysis is conducted.	These findings offer valuable insights into encouraging individual investors to support sustainable development.

Rawat (2023)	Effect of behavioral biases on investment decision making in nepalese stock market with the mediating role of investors' sentiment.	To examine the impact of behavioral biases, including market factors, herding behavior, and awareness, on investor decision-making on the Nepal Stock Exchange.	The study utilized a conceptual framework and quantitative methodology to analyze data from 408 individual investors.	The results highlighted that herding behavior was the most significant factor affecting investor sentiment. All examined variables market factors, herding behavior, and awareness had a significant influence on decision-making.
Khadka and Khadka (2022)	Management Dynamics, 25(2), 1-11. Vaidya, R. (2021). Qualita	To examine the key factors influencing investment decisions using a causal-comparative research approach.	The study, involving respondents, identified firm image, accounting information, personal financial demands, and herding behavior as significant factors.	Correlation and regression analyses highlighted that firm image and herding behavior had particularly strong impacts on investment decisions, while personal financial obligations were less significant.
Dahal (2022)	Individual investors in the Nepalese securities market: What they know and what they like.	To investigate investor preferences in the Nepalese securities market	A convenient sampling method, collecting responses from stock brokers' sites in Kathmandu Valley.	The study found a preference for equities and the banking sector, with profit being the primary investment goal. Despite this, investors did not engage in risk-return analyses and were dissatisfied with their investment decisions and the prevailing regulations.
Aggarwal (2022)	Defining and measuring market sentiments: A review of the literature.	To reviewed literature on sentiment measurement and its role in	The study is based on an analysis of 81 scholarly articles to critically	The sentiment construct in finance literature remains poorly defined, with numerous empirical proxies

		stock market behavior.	analyze the approach toward defining and measuring market sentiments. The articles have been examined to identify and critique different classification of sentiment measures.	leading to conflicting results.
Shaik et al. (2022)	Financial literacy and investment behavior of IT professional in India.	To investigated investment behavior among IT professionals using a structured survey.	The current has studied the investment behavior of IT investors by using a structured survey	The study found that most respondents had low savings and prioritized bank deposits and insurance policies. The primary investment goal was to achieve returns for future family needs, with the economic scenario being a major factor influencing investment decisions.
Din et al. (2021)	The impact of behavioral biases on herding behavior of investors in Islamic financial products.	To examined the effect of behavioral biases on herding behavior in Islamic financial products.	Data from 410 respondents revealed that self-attribution, illusion of control	The results information availability significantly influenced herding behavior, while sharia literacy had an insignificant direct impact but affected the significance of other factors.
Vaidya (2021)	Qualitative analysis on investment decisions of Nepalese stock market investors.	To explore the experiences of Nepalese investors in the secondary market, focusing on their investment decision-	Using grounded theory and semi-structured interviews, the study found mixed opinions on the influence of macroeconomic factors.	Investors primarily relied on fundamental aspects and technical analysis for short-term trading, while facing challenges such as unstable political conditions and insider trading.

Adhikari (2020)	Factors influencing investment decisions of individual investors at Nepal stock exchange.	making processes. To identified factors influencing individual investors' decisions on the Nepal Stock Exchange.	The sample are selected based on random sampling. The questionnaire is the tools for data collections.	They found that the most significant attractiveness of non-stock investments, and ease of obtaining borrowed funds, family opinions, rumors, and dividends paid.
Pandey et al. (2020)	The psychology of investors in Nepalese stock market and investment decisions.	To analyzed psychological factors affecting investment decisions in the equity market.	The study had adopted descriptive and analytical research design. The mean, standard error, t-test statistic, correlation and regression analysis were used to analyze the data collected from self-administered structured questionnaire.	Variables such as self-image/firm image coincidence, accounting information, advocate recommendations, and personal financial needs significantly impacted investment decisions, with self-image/firm image coincidence showing the highest correlation.
Rana (2019)	Factors affecting individual investors' stock investment decision in Nepal.	To assessed the relative importance of investment decision factors based on demographic characteristics.	Using a sample of 106 investors, the study identified six key factors: Earnings and Image Factors	The results of f Corporate Governance and Positioning Factors, Goodwill and Market Share Factors, Industry Competition and Size Factors, Fundamental Market Factors, and Decision-Making Factors. Fundamental Market Factors were perceived as the most important by the sample.
Awuor (2017)	Behavioural factors that influence	To explored behavioral factors	The study suggested incorporating	The study found that prospect theory, heuristic-driven biases,

	individual investment decisions at the Nairobi securities exchange	influencing investment decisions at the Nairobi Securities Exchange (NSE).	additional analytical models like factor analysis alongside regression analysis	and herding behavior significantly impacted investment decisions.
Mohamad (2017)	Factors influencing individual investor's decision.	To investigate the social, cultural, environmental, and financial impacts on investment decisions, comparing individual and institutional investors.	This paper reviews relevant literatures and reports related to shareholders' investment decision making and its contributing factors.	This paper argues that these four determinants of shareholders' investment are important to avoid losses and bankruptcy.

2.3 Research Gap

Based on the review of existing literature, several studies have examined the factors influencing individual investors' decisions in the Nepalese stock market, focusing on various behavioral and psychological aspects. For instance, Shrestha (2024) identified key behavioral factors such as self-image, firm-image, and advocate recommendations that significantly influence investment decisions. Similarly, Rawat (2023) introduced a conceptual framework incorporating herding behavior and market dynamics to understand investor sentiment, while Khadka and Khadka (2022) explored the impact of firm image and personal financial needs on investment choices. Vaidya (2021) provided insights into the mixed opinions of investors regarding the influence of macroeconomic factors, and Adhikari (2020) emphasized the role of government statements and rumors in shaping investment decisions. Further, Dahal (2022) highlighted the influence of dividend policy and investor dissatisfaction with current regulations, and Pandey et al. (2020) analyzed the correlation between psychological factors and investment decisions.

However, a noticeable research gap exists in the comprehensive analysis of the interplay between behavioral factors, market dynamics, and macroeconomic influences on investment decisions in the context of Nepal's evolving financial landscape. While individual studies have

focused on specific factors, there has been limited exploration of how these factors collectively influence investor behavior over time. Additionally, there is a lack of longitudinal studies that examine the changing preferences and decision-making processes of investors in response to external economic conditions and regulatory changes. This research seeks to fill this gap by employing a more integrative approach that considers the combined effects of behavioral, market, and macroeconomic factors on investor decisions, providing a deeper understanding of the complexities involved in the Nepalese stock market.

CHAPTER- III

RESEARCH METHODOLOGY

This chapter is related to the research methodology which included research design, population and sample and sampling design, nature and source of data, instrument of data collection, method of data analysis and research framework and definition of variables.

3.1 Research design

This research utilizes both descriptive and causal-comparative research designs. The descriptive design is used to achieve the first objective of the study, while the causal-comparative design addresses the second and third objectives. Specifically, the causal-comparative design examines the relationship between independent and dependent variables and assesses the impact of independent variables on the dependent variable

3.2 Population and Sample and Sampling design

As of mid-July 2024, the total number of Demat account holders in Nepal has reached 5.88 million, as reported by NEPSE. This study encompasses all individuals who hold Demat accounts and are active investors in both the primary and secondary share markets in Nepal. From this broader population, a convenience sampling method was used to select 400 respondents out of 700 distributed questionnaires. Data collection was carried out using a structured questionnaire, and the 400 responses were gathered to represent the investor population.

3.3 Nature and Source of data

The data used in this research are categorized into two types based on their nature: primary and secondary data. Primary data are collected directly from research respondents and serve as the principal source of information for the study. This direct collection method ensures that the data reflect the respondents' firsthand experiences and perspectives. In contrast, secondary data are obtained from existing sources such as published reports, academic journals, and other relevant documents, and are used to complement and contextualize the primary data.

3.4 Instrument of data collections

Data collection instruments are the tools utilized to gather information. In this research, the primary tool for data collection is the questionnaire. The questionnaire is employed to systematically collect the necessary data.

3.5 Method of analysis

The method of data analysis are two reliability analysis and statistical analysis.

3.5.1 Reliability analysis

In this context, reliability is evaluated using the Cronbach's alpha measurement technique, which assesses the consistency and reliability of responses in surveys that employ multiple Likert scale questions. Cronbach's alpha measures the extent to which a set of questions consistently reflects the same underlying construct. To interpret Cronbach's alpha in the context of Likert scale questions, the following general guidelines are applied:

Table 2

Cronbach's Alpha table

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

3.5.2 Statistical analysis

Under this descriptive statistics, correlation and regression analysis are included.

Descriptive statistical analysis

Mean (\bar{X})

The mean, in statistics, represents the average or arithmetic average of a set of numerical values. It is calculated by summing all the numbers in the dataset and then dividing the sum by the count of values. This measure is widely used to gauge the central tendency of a dataset, providing an indication of the typical value around which the data points cluster. Alongside other measures of central tendency such as the median and mode, the mean is a key concept in probability distributions and statistical analysis. It is also commonly referred to as the expected value, especially in the context of probability theory, where it represents the long-run average

outcome of a random variable. The mean is foundational in various statistical methods and is crucial for understanding data patterns and making inferences.

Standard Deviation (σ):

Standard deviation is a statistical measure used to quantify the amount of variation or dispersion in a dataset. It reflects how much individual data points deviate from the mean of the dataset. To compute the standard deviation, one first calculates the variance, which is the average of the squared differences between each data point and the mean. The standard deviation is then determined by taking the square root of this variance. This measure provides insight into the spread of the data: a low standard deviation indicates that data points are close to the mean, while a high standard deviation signifies that the data points are more spread out. By assessing the extent of dispersion, the standard deviation helps in understanding the consistency or variability within the dataset, making it an essential tool in statistical analysis and data interpretation. It is denoted by (σ).

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum(X - \bar{X})^2}{N}}$$

Where,

X=variables

\bar{X} = mean

N= No. of Period

Minimum and Maximum

In the research context, the minimum value denotes the smallest frequency observed within a dataset, while the maximum value signifies the highest frequency. These measurements are crucial for understanding the range and distribution of frequency values. The minimum and maximum provide a clear picture of the spread and extremes within the dataset, allowing researchers to assess the variability and identify the range of data points. By evaluating these extremes, researchers can gain insights into the overall distribution, detect outliers, and better understand the extent of variation within the research values. This analysis aids in summarizing the dataset's characteristics and contributes to a more comprehensive interpretation of the data.

Correlation Analysis (r):

It is one of the simplest techniques for assessing the correlation between two variables. This method is advantageous because it remains unaffected by extreme values or outliers. The Karl Pearson coefficient of correlation, typically represented as 'r,' measures both the strength and direction of the linear relationship between the two variables. By computing 'r,' researchers can gauge how closely the variables are related to each other, offering insights into their level of association. This coefficient is an essential statistical tool for uncovering patterns and relationships in data, without being distorted by extreme data points.

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

Where,

N = number of X and Y

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

$\sum X$ = Sum of the series X

$\sum Y$ = Sum of the series Y

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

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

It illustrates how two variables co-vary and quantifies the strength and direction of their association. The Pearson correlation coefficient is employed to describe this relationship, providing a numerical value that ranges from -1 to +1. A correlation coefficient of -1 represents a perfect negative correlation, meaning that the two variables move in exactly opposite directions; as one increases, the other decreases proportionally. On the other hand, a coefficient of +1 denotes a perfect positive correlation, indicating that the variables move together in the same direction; as one variable increases, the other also increases in a directly proportional manner. Thus, the Pearson correlation coefficient offers a clear measure of how closely two variables are related, whether they are inversely or directly associated.

Multiple Regression Analysis

Multiple regression analysis is a comprehensive statistical technique used to investigate the relationship between one dependent (criterion) variable and several independent (predictor) variables. This method aims to predict changes in the dependent variable based on variations

in the independent variables. By evaluating the influence of multiple predictors simultaneously, multiple regression analysis allows researchers to assess how well the independent variables collectively forecast the dependent variable. This analysis not only provides insights into individual predictor contributions but also measures the overall predictive power of the regression model.

Model

$$IID = \alpha + \beta_1 \times PPOC + \beta_2 \times ESB + \beta_3 \times ECE + \beta_4 \times DP + \beta_5 \times GRQ + e$$

Where;

IID=Investors investment decisions

PPOC=Past performance of the company

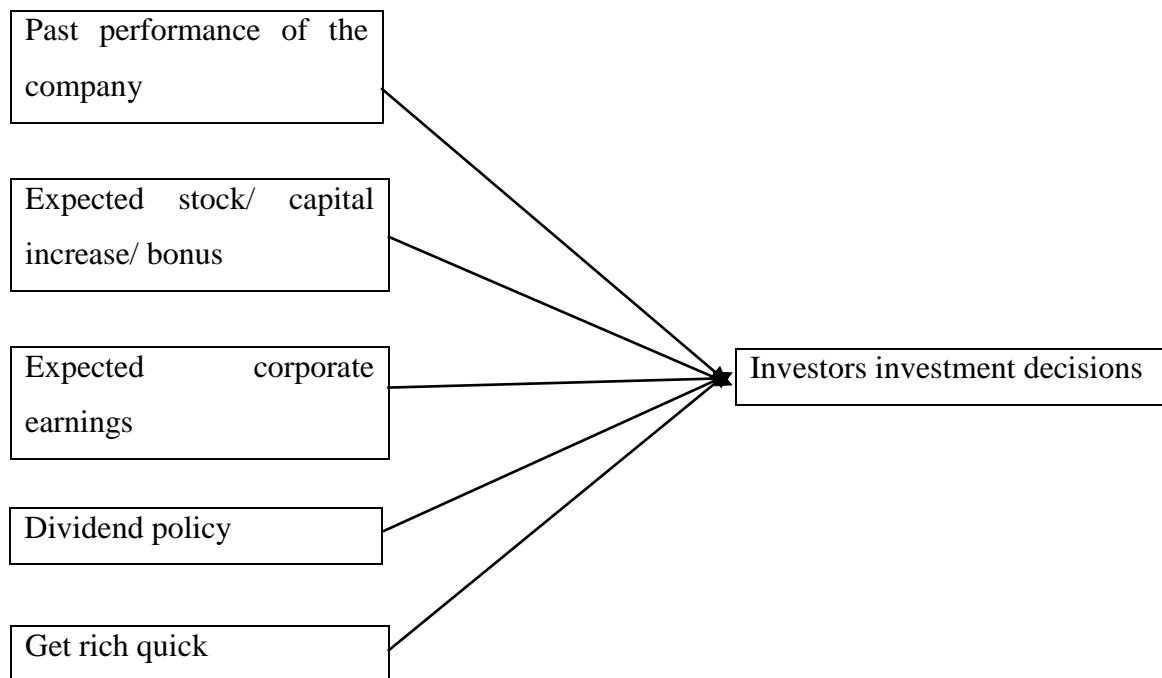
ESB=Expected stock/ capital increase/ bonus

ECE=Expected corporate earnings

DP=Dividend policy

GRQ=Get rich quick

3.6 Research framework and Definition of Variables



Source: *Obamuyi (2013)*

Figure 1: Research framework

Definitions of the Variables

Dependent Variable

Investor Investment Decisions

Investment decisions made by investors are influenced by a complex mix of factors, including financial goals, risk tolerance, market conditions, and psychological biases. Rational investors typically base their decisions on financial metrics, market trends, and economic indicators, aiming to maximize returns while managing risks. However, psychological factors such as overconfidence, loss aversion, and herd behavior can lead to deviations from purely rational decision-making models (Aggarwal, 2022). For example, investors might follow market trends or react emotionally to short-term fluctuations instead of sticking to long-term strategies. External factors like interest rates, inflation, and geopolitical events also significantly impact investment choices. Ultimately, an investor's unique blend of financial knowledge, goals, and behavioral tendencies shapes their market decisions (Din et al., 2021).

Independent Variables

Past Performance of the Company

The past performance of a company is a vital metric that investors use when making investment decisions. It includes various financial indicators and trends that reflect the company's historical success or struggles. Key metrics such as revenue growth, profit margins, earnings per share (EPS), return on equity (ROE), and dividend history are crucial for evaluating the company's ability to generate profits, manage costs, and provide returns to shareholders over time (Ahmad, 2017). Analyzing past performance can also reveal how well the company has weathered economic downturns, its market position relative to competitors, and the effectiveness of its management. While past performance is an important factor, it does not guarantee future results, so investors should also consider market conditions, industry trends, and potential risks (Gutsche et al., 2023).

Expected Stock/Capital Increase/Bonus

Investors often consider potential stock price increases, past company performance, or bonus distributions as key factors in their investment decisions (Shukla et al., 2024). Anticipated rises in stock prices may be driven by strong financial performance, promising growth prospects, or strategic business initiatives, which can boost demand for the stock and drive its price higher (Phan et al., 2023). Companies might also announce capital increases to fund expansion

projects, reduce debt, or strengthen their financial position, signaling growth and attracting more investors. Bonus distributions, such as stock dividends or bonus shares, are appealing because they provide shareholders with additional equity without requiring extra investment. These factors collectively make a compelling case for investors seeking immediate returns and long-term value (Aggarwal, 2022).

Expected Corporate Earnings

Expected corporate earnings play a crucial role in shaping investor sentiment and decision-making. Investors closely watch earnings forecasts to gauge a company's financial health and future profitability. Strong expected earnings often signal robust company performance, leading to increased investor confidence, higher stock prices, and potentially better returns on investment (Shaik et al., 2022). Conversely, lower-than-expected earnings may indicate challenges such as declining sales, rising costs, or market competition, potentially leading to a drop in stock prices. These earnings expectations not only influence the valuation of individual companies but also affect broader market trends, as investors adjust their portfolios based on anticipated earnings performance across various sectors. Therefore, earnings forecasts are vital for both short-term trading and long-term investment planning (Din et al., 2021).

Dividend Policy

A company's dividend policy is a crucial element of its financial strategy, reflecting how it distributes profits to shareholders. This policy determines whether profits are paid out as dividends or reinvested in the company for growth. A stable and generous dividend policy can attract income-focused investors, signaling financial stability and a commitment to rewarding shareholders (Ahmad, 2017). Companies with consistent dividend policies are often seen as lower risk, making their stocks more appealing to conservative investors. On the other hand, a company might choose to retain earnings to fund expansion, which can benefit long-term growth-oriented investors. The choice of dividend policy depends on factors like profitability, cash flow, growth opportunities, and market conditions. A well-crafted dividend policy aligns with the company's strategic goals and meets shareholder expectations, balancing immediate returns with future growth potential (Phan et al., 2023).

Get Rich Quick

The allure of "get rich quick" schemes often entices individuals with promises of rapid wealth accumulation with minimal effort. These schemes typically exploit the desire for financial success without the patience or diligence required for traditional wealth-building. Although some schemes may seem legitimate, they often involve high risks, unrealistic returns, or fraudulent activities that can lead to substantial financial losses (Gutsche et al., 2023). Genuine financial success generally results from consistent, long-term investments, sound financial planning, and prudent risk management. Pursuing quick riches can lead to poor decisions driven by greed rather than careful analysis, leaving individuals vulnerable to scams or volatile investments. It is crucial to approach such opportunities with skepticism and prioritize sustainable, informed strategies for wealth creation over the temptation of immediate gains (Aggarwal, 2022).

CHAPTER-IV

RESULTS AND DISCUSSION

The presentation of the data analysis results is designed to offer a clear and accessible overview of the findings related to the study's objectives. This analysis is carefully aligned with the research methodology outlined in Chapter Three to achieve optimal results. This chapter aims to guide the reader through the data analysis and interpretation processes. The presentation is organized methodically, showcasing the array of tools and techniques used to uncover relationships and significance between the data and the study's goals. It includes a comprehensive review of both primary data and the insights derived from it.

4.1 Result

4.1.1 Demographic Characteristics

This section provides a comprehensive overview of the respondent demographics, including details such as their educational qualifications, organizational affiliations, and other relevant characteristics.

Table 3 presents a detailed breakdown of demographic variables, including frequencies and percentages for each category. The respondents' ages are categorized into four groups: 18-25 years (73 individuals, 18.3%), 26-45 years (134 individuals, 33.5%), 46-55 years (118 individuals, 29.5%), and above 56 years (75 individuals, 18.8%).

Regarding marital status, the respondents are classified as either married or unmarried, with frequencies of 199 (49.8%) and 201 (50.2%), respectively.

The gender distribution is detailed as male and female, with frequencies of 117 (29.3%) and 283 (70.8%), respectively.

Educational attainment among respondents is segmented into four categories: Below SLC (85 individuals, 21.3%), SLC (136 individuals, 34.0%), Intermediate (71 individuals, 17.8%), and Bachelor's Degree and above (108 individuals, 27.0%).

The professional background of respondents includes categories such as Student (60 individuals, 15.0%), Banker (105 individuals, 26.3%), Employees (105 individuals, 26.3%), and Business Person (130 individuals, 32.5%).

Table 3

Demographic Variables (n=400 and total percent is 100)

Variables	Detail	Frequency	Percent
Age	Between 18-25	73	18.3
	Between 26-45	134	33.5
	Between 46-55	118	29.5
	Above 56	75	18.8
Marital status	married	199	49.8
	unmarried	201	50.2
Gender	Male	117	29.3
	Female	283	70.8
Education	Below SLC	85	21.3
	Having SLC	136	34.0
	Intermediate	71	17.8
	Bachelor And Above Degree	108	27.0
Profession	Student	60	15.0
	Banker	105	26.3
	Employees	105	26.3
	Business Person	130	32.5
Income Level	monthly up to 15000	97	24.3
	15000-20000 in a month	151	37.8
	20001-50000 a month	36	9.0
	monthly earning more than 50000	116	29.0
time in this sectors	Below 5 year	130	32.5
	5-8 year	134	33.5
	8- 12 year	93	23.3
	More than 12 years	43	10.8

Source: *Field survey- 2024*

The income levels of the respondents are categorized as follows: up to 15,000 per month (97 individuals, 24.3%), 15,000 to 20,000 per month (151 individuals, 37.8%), 20,001 to 50,000 per month (36 individuals, 9.0%), and more than 50,000 per month (116 individuals, 29.0%).

The length of experience in the sector among respondents is divided into four groups: less than 5 years (130 individuals, 32.5%), 5 to 8 years (134 individuals, 33.5%), 8 to 12 years (93 individuals, 23.3%), and more than 12 years (43 individuals, 10.8%).

4.1.2 Reliability Analysis

The Cronbach's alpha value is interpreted based on established criteria for Likert scale surveys. Typically, an alpha value of 0.70 or above is considered acceptable, indicating good internal consistency. Values between 0.60 and 0.69 may be acceptable in exploratory research, while values below 0.60 suggest that the scale may need refinement or that the items may not be reliably measuring the intended construct. By employing this method, researchers ensure that their survey instruments are reliable and capable of producing consistent results.

Table 4

Reliability Statistics

Variables	Cron bach's Alpha	N of Items	Internal Consistency
Investors investment decisions	0.927	6	Excellent
Past performance of the company	0.627	5	Questionable
Expected stock/ capital increase/ bonus	0.605	5	Questionable
Expected corporate earnings	0.751	5	Acceptable
Dividend policy	0.738	5	Acceptable
Get rich quick	0.661	5	Questionable

Source: *Field survey- 2024*

Table 4 reveals that the total number of variables on the Likert scale has reached a point of concern. As a result, the importance of the research questions becomes particularly evident,

and the analysis based on the questionnaire data is considered reliable for the study. Overall, the questions demonstrate an acceptable level of consistency across all variables.

4.1.3 Descriptive Statistics

Descriptive statistics serve as essential tools for evaluating a range of variables, providing a comprehensive overview through measures such as mean, median, minimum, maximum, standard deviation, and additional pertinent metrics. These statistical summaries are instrumental in offering detailed insights into both dependent and independent variables within the study. By summarizing the data in various ways, descriptive statistics help in understanding the central tendencies, dispersion, and overall distribution of the variables, thereby facilitating a clearer interpretation of the study's findings.

Table 5

Descriptive Statistics (N=400)

	Minimum	Maximum	Mean	Std. Deviation
Investors investment decisions	4.00	5.00	4.95	.173
Past performance of the company	4.60	5.00	4.89	.169
Expected stock/ capital increase/ bonus	4.40	5.00	4.88	.189
Expected corporate earnings	4.40	5.00	4.81	.269
Dividend policy	4.00	5.00	4.89	.211
Get rich quick	4.00	5.00	4.91	.175
Valid N (listwise)				

Source: *Field survey- 2024*

Table 5 provides a summary of descriptive statistics based on 400 investor observations. It includes the maximum, minimum, mean, and standard deviation for both independent variables (such as past performance of the company, expected stock/capital increase/bonus, expected corporate earnings, dividend policy, and get rich quick) and the dependent variable (investors' investment decisions). These statistics are derived from the responses to the questionnaire.

For investors' investment decisions, the minimum value is 4.00, the maximum is 5.00, with a mean of 4.95 and a standard deviation of 0.173. The variable related to past performance of the company shows a minimum of 4.60, a maximum of 5.00, a mean of 4.89, and a standard deviation of 0.169. Expected stock/capital increase/bonus has a minimum of 4.40, a maximum of 5.00, a mean of 4.88, and a standard deviation of 0.189. Expected corporate earnings report

a minimum of 4.40, a maximum of 5.00, a mean of 4.81, and a standard deviation of 0.269. Dividend policy ranges from a minimum of 4.00 to a maximum of 5.00, with a mean of 4.89 and a standard deviation of 0.211. The variable "get rich quick" shows a minimum of 4.00, a maximum of 5.00, a mean of 4.91, and a standard deviation of 0.175.

The consistently low standard deviations across these variables particularly for investors' investment decisions, past performance of the company, expected stock/capital increase/bonus, expected corporate earnings, dividend policy, and get rich quick indicate that the respondents' answers are uniformly positive, with minimal variation in the data.

4.1.3 Correlation Analysis

This statistical technique is used to assess both the direction and magnitude of the relationship between two variables. The Pearson correlation coefficient, ranging from -1 to +1, measures this relationship. A coefficient of -1 denotes a perfect negative correlation, where the variables move in completely opposite directions when one variable increases, the other decreases in a perfectly predictable manner. In contrast, a coefficient of +1 signifies a perfect positive correlation, where both variables increase or decrease together. Values near 0 indicate a weak or no linear relationship between the variables. By examining the Pearson correlation coefficient, researchers can understand the degree of linear association between the two variables and predict how changes in one might affect the other.

Table 6 provides a detailed correlation matrix for various variables, derived from a sample of 400 investors. This matrix encompasses both dependent and independent variables, including past performance of the company, expected stock/capital increase/bonus, expected corporate earnings, dividend policy, and get rich quick schemes, with investors' investment decisions as the dependent variable. The correlation analysis is essential for addressing the research objectives and evaluating the criteria specified in the study.

The data for this correlation analysis were collected via a questionnaire distributed to investors in the share market within the Kathmandu valley, ensuring the primary data used for the calculations were robust and relevant.

Table 6

Correlation of Variable

		IID	PPOC	ESB	ECE	DP	GRQ
IID	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	400					
PPOC	Pearson Correlation	.260**	1				
	Sig. (2-tailed)	.000					
	N	400	400				
ESB	Pearson Correlation	.311**	.944**	1			
	Sig. (2-tailed)	.000	.000				
	N	400	400	400			
ECE	Pearson Correlation	.294**	.867**	.818**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	400	400	400	400		
DP	Pearson Correlation	.498**	.741**	.808**	.680**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	400	400	400	400	400	
GRQ	Pearson Correlation	.072	.381**	.375**	.667**	.486**	1
	Sig. (2-tailed)	.150	.000	.000	.000	.000	
	N	400	400	400	400	400	400

Source: *Field survey- 2024*

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

Investors' investment decisions exhibit a positive and significant correlation with past performance of the company (correlation coefficient = 0.260, significant at the 0.01 level), suggesting that better past performance of a company positively influences investment decisions.

There is a positive and significant correlation between investors' investment decisions and expected stock/capital increase/bonus (correlation coefficient = 0.311, significant at the 0.01 level), indicating that anticipated increases in stock prices or bonuses positively affect investment choices.

Investors' investment decisions are also positively and significantly correlated with expected corporate earnings (correlation coefficient = 0.294, significant at the 0.01 level), reflecting that higher expected earnings lead to more favorable investment decisions.

There is a strong and positive correlation between investors' investment decisions and dividend policy (correlation coefficient = 0.498, significant at the 0.01 level), demonstrating that attractive dividend policies significantly impact investment decisions.

While investors' investment decisions show a positive correlation with get rich quick schemes (correlation coefficient = 0.072), this relationship is not statistically significant, as indicated by a p-value greater than 0.05, suggesting that the appeal of quick wealth is less influential on investment decisions compared to other factors.

4.1.4 Regression Analysis

The primary objective of conducting multiple regression analysis is to predict variations in the dependent variable by examining the influence of multiple independent variables. This statistical technique enables researchers to evaluate how well these independent variables collectively forecast changes in the dependent variable. By analyzing the relationships between the dependent and independent variables, multiple regression helps in assessing the strength and nature of these predictive relationships

Table 7

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.655 ^a	.428	.421	.132

Source: *Field survey- 2024*

Table 7 shows the model summary of 400 observations different group of people. $R^2=0.428$ means 42.8% of total variations in investors investment decisions is explained by independent variable called predictor of the research i.e. dividend policy , expected stock/ capital increase/ bonus , get rich quick, expected corporate earnings and past performance of the company but 57.2 % of total variation on investors investment decisions is explained by other factors. Here adjusted R square is 0.421 which represent the goodness of fit. It's the cumulative variations to the investors investment decisions by independent variable called predictor are get rich

quick, expected stock/ capital increase/ bonus , get rich quick, expected corporate earnings and past performance of the company .

Table 8

ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.153	5	1.031	59.079	.000 ^b
	Residual	6.873	394	.017		
	Total	12.027	399			

Source: *Field survey- 2024*

Table 8 presents the ANOVA results based on 400 observations from respondents in the share market. In this analysis, the dependent variable is investors' investment decisions, while the independent variables include dividend policy, expected stock/capital increase/bonus, get-rich-quick schemes, expected corporate earnings, and past performance of the company. The ANOVA results show that the regression model is statistically significant, as indicated by a significance value of 0.000, which is well below the 5% threshold. This result demonstrates that the regression model is robust and effectively explains the variability in investors' investment decisions. The strong significance value suggests that the independent variables collectively have a meaningful impact on the dependent variable, affirming the relevance and strength of the regression model used in this study.

Table 9

Coefficient of Variable

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	6.518	.362		17.99	.000
Past performance of the company	-.876	.149	-.854	-5.86	.000
Expected stock/ capital increase/ bonus	-.219	.123	-.239	-1.77	.077
Expected corporate earnings	.660	.074	1.025	8.94	.000
Dividend policy	.777	.058	.946	13.35	.000
Get rich quick	-.647	.064	-.656	-10.03	.000

Source: *Field survey- 2024*

Table 9 provides a detailed analysis of the coefficients for 400 observations, with investors' investment decisions as the dependent variable and dividend policy, expected stock/capital increase/bonus, get-rich-quick schemes, expected corporate earnings, and past performance of the company as the independent variables. This table illustrates the individual contributions of each variable to the dependent variable, along with their precision and significance levels.

For the variable past performance of the company, the coefficient (beta) is -0.876. This implies that a 1% change in past performance of the company is associated with a 0.876% decrease in investors' investment decisions. The standard error for this coefficient is 0.149, indicating a high degree of precision. With a significance value of 0.00, which is well below the 0.05 threshold, this impact is statistically significant, highlighting a substantial influence of past performance on investment decisions.

Regarding expected stock/capital increase/bonus, the beta is -0.219. This means that a 1% change in expected stock/capital increase/bonus results in a 0.219% decrease in investors' investment decisions. The standard error for this coefficient is 0.123, showing considerable accuracy. However, the significance value is 0.077, which exceeds the 0.05 threshold, indicating that the effect of expected stock/capital increase/bonus on investment decisions is not statistically significant.

For expected corporate earnings, the beta is 0.66, suggesting that a 1% change in expected corporate earnings leads to a 0.66% increase in investors' investment decisions. The standard error is 0.074, reflecting a high level of precision. The significance value is 0.00, which is below 0.05, indicating that the effect of expected corporate earnings on investment decisions is statistically significant.

The coefficient for dividend policy is 0.777, indicating that a 1% change in dividend policy results in a 0.777% increase in investors' investment decisions. The standard error is 0.058, denoting strong precision. The significance value is 0.00, well under the 0.05 threshold, demonstrating that the impact of dividend policy on investment decisions is significant.

Finally, for get-rich-quick schemes, the beta is -0.647, suggesting that a 1% change in get-rich-quick schemes leads to a 0.647% decrease in investors' investment decisions. The standard error is 0.064, indicating high accuracy. The significance value is 0.00, which is less than 0.05,

showing that the influence of get-rich-quick schemes on investment decisions is statistically significant.

4.2 Discussion

The first objective of research is to assess the individual behaviors factors that influence the Nepalese investor's investment decision in the secondary market. It is found that the individual behaviors factors that influence the Nepalese investor's investment decision in the secondary market are past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick. The result is also consistence with the result of Obamuyi, (2013)

The second objectives of research is to analyze the relationship of past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick to the Nepalese investors investment decisions in the secondary market. It is found that there is a positive and significant correlation between investor's investment decisions and past performance of the company. The result is consistence with the result of Sapkota & Chalise, (2023). There is a positive and significant correlation between investor's investment decisions and expected stock/ capital increase/ bonus. The result is consistence with the result of Gutsche et al., (2023). There is a positive and significant correlation between investor's investment decisions and expected corporate earnings. The result is consistence with the result of Aggarwal, (2022). There is a positive and significant correlation between investor's investment decisions and dividend policy. The result is consistence with the result of Shaik et al., (2022). There is a positive correlation between investor's investment decisions and get rich quick, but this correlation is not statistically significant. The result is consistence with the result of Din et al., (2021).

The third objectives of research is to examine the impact past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick to the Nepalese Investors investment decisions in the secondary market. The result is consistence with the result of Ahmad, (2017). It is found that the impact of past performance of the company on investor's investment decisions is significant. The result is consistence with the result of Dhar et al., (2017). The impact of expected stock/ capital increase/ bonus on Investors investment decisions is not significant. The result is consistence with the result of

Usmani, (2012). The impact of expected corporate earnings on investor's investment decisions is significant. The impact of dividend policy on investor's investment decisions is significant. The result is consistence with the result of Shrestha, (2024). The impact of get rich quick on investor's investment decisions is significant. The result is consistence with the result of Adhikari, (2020).

CHAPTER- V

SUMMARY AND CONCLUSION

The summary provides a comprehensive overview of the research from start to finish. The conclusion presents findings organized according to the research objectives and includes a general concluding statement. The implications discuss the potential future applications of the research. This chapter encompasses all three elements: the summary, conclusions, and implications.

5.1 Summary

One of the key drivers of investor behavior is a company's past performance. In markets where historical data is limited or unreliable, investors often use past performance trends as a proxy for predicting future success. Another significant factor is the anticipation of stock price increases or capital gains and potential bonuses, which can strongly motivate investment decisions. Investors are often drawn to the prospect of capital gains, and the opportunity to receive bonuses or additional shares can be particularly enticing. Expected corporate earnings also play a crucial role in investment choices, with investors typically favoring companies with strong earnings forecasts as these suggest a greater likelihood of future profitability. Additionally, a company's dividend policy is an important consideration for many investors, especially those seeking regular income. Companies that offer consistent and favorable dividend payouts are often more attractive to these investors. The psychological factor of wanting to get rich quickly also heavily influences investment behavior, particularly in emerging markets like Nepal. This mindset can lead investors to pursue high-risk, high-reward opportunities rather than focusing on long-term value. These independent variables past performance, expected stock or capital increases, anticipated corporate earnings, dividend policy, and the desire for quick wealth interact in complex ways to shape the investment decisions of Nepalese individual investors. This context forms the basis for research into the factors influencing Nepalese individual investors' behavior in the secondary market.

The objectives of research is to assess the individual behaviors factors that influence the Nepalese investors investment decision in the secondary market, to analyze the relationship of past performance of the company, expected stock/ capital increase/ bonus, expected corporate

earnings, dividend policy and get rich quick to the Nepalese investors investment decisions in the secondary market and to examine the impact past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick to the Nepalese investors investment decisions in the secondary market. The objectives are set because of the problems; what are the individual behaviors factors that influence the Nepalese investor's investment decision in the secondary market? Is there is the relationship of past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick to the Nepalese investors investment decisions in the secondary market? Do the past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick impacted to the Nepalese investor's investment decisions in the secondary market? The descriptive and casual comparative research design has been employed. 400 respondents who are investors and sample of the research. Primary nature and investors of the secondary market are the source of the data. The instrument of data collection are the questionnaire and methods of analysis has statistical analysis. The finding of the research have been the individual behaviors factors that influence the Nepalese investor's investment decision in the secondary market are past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick. The relationship of investors investment decisions, past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings and dividend policy have significant to the investors investment decisions. The get rich quick relationships to the investor's investment decisions is insignificant to the investor's investment decisions. The impact of past performance of the company, expected corporate earnings, dividend policy and get rich quick have significant impact to the investors investment decisions. The impact of expected stock/ capital increase/ bonus to the investor's investment decisions is not significant.

5.2 Conclusion

The first objective of research is to assess the individual behaviors factors that influence the Nepalese investor's investment decision in the secondary market. It is found that the behaviors factors that influence the Nepalese investor's investment decision in the secondary market are past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick. In conclusion the factors that influence the

Nepalese investor's investment decision in the secondary market are past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick.

The second objectives of research is to analyze the relationship of past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick to the Nepalese investors investment decisions in the secondary market. It is found that the relationship of investors investment decisions, past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings and dividend policy have significant to the investors investment decisions. The get rich quick is insignificant impact to the investor's investment decision. In conclusion the relationship of investors investment decisions, past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings and dividend policy have significant to the investors investment decisions.

The third objectives of research is to examine the impact past performance of the company, expected stock/ capital increase/ bonus, expected corporate earnings, dividend policy and get rich quick to the Nepalese Investors investment decisions in the secondary market. It is found that the impact of past performance of the company, expected corporate earnings, dividend policy and get rich quick have significant impact to the investors investment decisions. The impact of expected stock/ capital increase/ bonus to the investor's investment decisions is not significant. It is found that the impact of past performance of the company, expected corporate earnings, dividend policy and get rich quick have significant impact to the investors investment decisions.

5.3 Implications

The implication of the research is following.

- i. The findings of this research can guide financial institutions, regulators, and policymakers in designing targeted investor education programs.
- ii. Regulatory bodies like the Securities Board of Nepal (SEBON) can use the insights from this research to develop policies that protect and empower individual investors.
- iii. The research can inform the development of new financial products and services tailored to the needs and behaviors of individual investors.

- iv. The research findings can highlight areas where investors may be vulnerable to misinformation or market manipulation.
- v. This research adds to the body of knowledge on investor behavior, particularly in the context of a developing economy like Nepal.
- vi. Organizations focused on improving financial literacy in Nepal can use the research to tailor their programs to address the specific factors that influence investor behavior.

REFERENCES

- Adhikari, P. L. (2020). Factors influencing investment decisions of individual investors at Nepal stock exchange. *Management Dynamics*, 23(1), 183-198.
- Aggarwal, D. (2022). Defining and measuring market sentiments: A review of the literature. *Qualitative Research in Financial Markets*, 14(2), 270-288.
- Ahmad, S. (2017). Factors influencing individual investors' behavior: An empirical study of Pakistan financial markets. *Journal of business & financial affairs*, 4(6), 1-8.
- Almansour, B. Y., Elkrgli, S., & Almansour, A. Y. (2023). Behavioral finance factors and investment decisions: A mediating role of risk perception. *Cogent Economics & Finance*, 11(2), 2239032.
- Awuor, L. J. (2017). *Behavioral factors that influence individual investment decisions at the Nairobi securities exchange* (Doctoral dissertation, University of Nairobi).
- Dahal, R. K. (2022). Individual investors in the Nepalese securities market: What they know and what they like. *Nepal Journal of Multidisciplinary Research*, 5(4), 71-81.
- Dhar, S., Salema, S. K., & Saha, A. (2017). Factors affecting individual investor behavior: empirical evidence from mutual fund investors in Dhaka city. *Management*, 31(3&4), 79-101.
- Din, S. M. U., Mehmood, S. K., Shahzad, A., Ahmad, I., Davidyants, A., & Abu-Rumman, A. (2021). The impact of behavioral biases on herding behavior of investors in Islamic financial products. *Frontiers in Psychology*, 11, 600570.
- Gutsche, G., Wetzel, H., & Ziegler, A. (2023). Determinants of individual sustainable investment behavior-A framed field experiment. *Journal of Economic Behavior & Organization*, 209, 491-508.
- Khadka, A. K., & Khadka, S. (2022). *Management Dynamics*, 25(2), 1-11.
- Mohamad, A., Tahir, N. S., & Ahmad, Y. (2017). Factors influencing individual investor's decision. *Voice of Academia (VOA)*, 12(2), 11-23.

- Obamuyi, T. M. (2013). Factors influencing investment decisions in capital market: A study of individual investors in Nigeria. *Organizations and markets in emerging economies*, 4(07), 141-161.
- Pandey, D. L., Risal, N., & Chauhan, S. (2020). The psychology of investors in Nepalese stock market and investment decisions. *Wutan Huatan Jisuan Jishu*, 16(10), 726-755.
- Phan, T. N. T., Bertrand, P., Phan, H. H., & Vo, X. V. (2023). The role of investor behavior in emerging stock markets: Evidence from Vietnam. *The Quarterly Review of Economics and Finance*, 87, 367-376.
- Rana, S. B. (2019). Factors affecting individual investors' stock investment decision in Nepal. *Tribhuvan University Journal*, 33(2), 103-124.
- Rawat, B. (2023). Effect of behavioral biases on investment decision making in Nepalese stock market with the mediating role of investors' sentiment. *Journal of Bhuvanishankar*, 2(1), 40-61.
- Sapkota, M. P., & Chalise, D. R. (2023). Investors' behavior and equity investment decision: an evidence from Nepal. *Binus Business Review*, 14(2), 209-221.
- Shaik, M. B., Kethan, M., Jaggaiah, T., & Khizerulla, M. (2022). Financial literacy and investment behavior of IT professional in India. *East Asian Journal of Multidisciplinary Research*, 1(5), 777-788.
- Shrestha, P. M. (2024). Behavioral Factors Influencing Investment Decision of Individual Investor at Nepalese Stock Market. *Journal of Entrepreneurship & Management Studies*, 1(1), 17-26.
- Shukla, A., Dadhich, M., & Dipesh Vaya, A. G. (2024). Impact of Behavioral Biases on Investors' Stock Trading Decisions: A Comprehensive Quantitative Analysis. *Indian Journal of Science and Technology*, 17(8), 670-678.
- Suresh, G. (2024). Impact of financial literacy and behavioral biases on investment decision-making. *FIIB Business Review*, 13(1), 72-86.
- Usmani, S. (2012). Factors influencing individual investor behavior in Karachi. *International Journal of Asian Social Science*, 2(7), 1033-1047.

Vaidya, R. (2021). Qualitative analysis on investment decisions of Nepalese stock market investors. *Journal of Business and Management Review*, 2(5), 349-365.

APPENDIX'S

Appendix 1: Survey Questionnaire

June- July, 2024

Dear Respondent,

As required by the MBS program, I am conducting this questionnaire survey for an academic study. "FACTORS INFLUENCING NEPALESE INDIVIDUAL INVESTOR'S BEHAVIOR IN SECONDARY MARKET" is the title of my study. I would like to make it clear that this research is solely for academic purposes, and I am only looking for an honest response from you. I guarantee that all information you provide will be kept strictly confidential and used solely for academic purposes. Convenience sampling was used to guarantee that the traders chosen for the study were those who showed an interest in taking part and were prepared to respond to the questionnaire.

Thank you for your cooperation.

Hemant Shrestha

Campus Roll No: 19/077

Exam Roll No: 35556/21

T.U. Regd. No: 7-2-39-1604-2016

Shankar Dev Campus

Specializations: finance

Part I: Demographical characteristics

1. Your Full Name

2. Age selection from the following.

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

3. Marital status selection from the following.

- Married ()
- Unmarried ()

4. Gender selection from the following.

- Male ()
 - Female ()
5. Education selection from the following.
- Below SLC ()
 - Having SLC ()
 - Intermediate ()
 - Bachelor and more degree ()
6. Mention your profession selection from the following.
- Student ()
 - bankers ()
 - Government and other private sector employees ()
 - business person ()
7. Mention your income level or selection from the following.
- monthly up to 15000 ()
 - 15000-20000 in a month ()
 - 20001-50000 a month ()
 - monthly earning more than 50000 ()
8. Time you involve in the investment sector; selection from the following.
- Below 5 year ()
 - 5-8 year ()
 - 8- 12 year ()
 - More than 12 years ()

Part II

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

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

A) Investors investment decisions

Questions	1	2	3	4	5
Investors require sound investing decisions.					

Making investing decisions requires Past performance of the company.					
Capital Appreciation has an impact on investor participation secondary market.					
Expected corporate earnings is the key for secondary purchase of the share.					
Dividend policy determined the stock secondary purchase by the investors.					
Get rich quick is the factors to involve in the secondary market by the investors.					

B) Past performance of the company

Questions	1	2	3	4	5
You are purchase the share of the company which has Past performance good.					
Past performance shows the future of the share.					
Past performance attract the investors in the share, market.					
Past performance like return on assets and return on equity are the factors of good shares.					
Secondary market purchasing is based on the earning per share of previous days.					

C) Expected stock/ capital increase/ bonus

Questions	1	2	3	4	5
Expected stock price make secondary investment of investors.					
Capital increasing is the reason being the secondary investors in the share market.					
Bonus is the most importance thing to invest in the secondary market of the company share.					

Capital appreciations attracted you in the secondary purchase of share.					
Share price increasing is the expectation of secondary investors.					

D) Expected corporate earnings

Questions	1	2	3	4	5
Future expected earning is the best thing to invest in the share.					
Secondary investment is for future earnings.					
Secondary investment is for long run gain or return from the investment.					
The choice of an investment was influenced by Expected corporate earnings.					
You got gain because of the expected earning at the time of secondary investment.					

E) Dividend policy

Questions	1	2	3	4	5
Dividend is the first thing which made investment in secondary stock.					
Higher dividend providing stock is the choice of secondary investors.					
You chose secondary investment to get a future dividend.					
Dividend is the factors of investing in the share.					
Your secondary investment give al time dividend.					

F) Get rich quick

Questions	1	2	3	4	5

To being fast rich the secondary investment is made by the investors.					
In the increasing market investors enter in the secondary investment to being a quick rich.					
Get rich quick is the reason in the secondary purchase of some investors.					
Fast increasing of share price motivate the investors in the secondary purchase.					
Easy money is the reason of the investors in the secondary market.					

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

Appendix- 2: Spss calculated result

Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid between 18-25	73	18.3	18.3	18.3
26-45	134	33.5	33.5	51.7
46-55	118	29.5	29.5	81.3
above 56	75	18.8	18.8	100.0
Total	400	100.0	100.0	

marital status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid married	199	49.8	49.8	49.8
unmarried	201	50.2	50.2	100.0
Total	400	100.0	100.0	

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid male	117	29.3	29.3	29.3
female	283	70.8	70.8	100.0
Total	400	100.0	100.0	

Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid below slc	85	21.3	21.3	21.3
having slc	136	34.0	34.0	55.3
intermediate	71	17.8	17.8	73.0
bachelor and above degree	108	27.0	27.0	100.0
Total	400	100.0	100.0	

Income Level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid monthly up to 15000	97	24.3	24.3	24.3
15000-20000 in a month	151	37.8	37.8	62.0
20001-50000 a month	36	9.0	9.0	71.0
monthly earning more than 50000	116	29.0	29.0	100.0
Total	400	100.0	100.0	

Profession

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Student	60	15.0	15.0	15.0
bankers	105	26.3	26.3	41.3

employees	105	26.3	26.3	67.5
business person	130	32.5	32.5	100.0
Total	400	100.0	100.0	

time in this sectors

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 5 year	130	32.5	32.5	32.5
5-8 year	134	33.5	33.5	66.0
8- 12 year	93	23.3	23.3	89.3
More than 12 years	43	10.8	10.8	100.0
Total	400	100.0	100.0	

Reliability Statistics

Cronbach's Alpha	N of Items
.927	6

Reliability Statistics

Cronbach's Alpha	N of Items
.527	5

Reliability Statistics

Cronbach's Alpha	N of Items
.605	5

Reliability Statistics

Cronbach's Alpha	N of Items
.751	5

Reliability Statistics

Cronbach's Alpha	N of Items
.738	5

Reliability Statistics

Cronbach's Alpha	N of Items
.661	5

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Investors investment decisions	400	4.00	5.00	4.9567	.17361
Past performance of the company	400	4.60	5.00	4.8990	.16932
Expected stock/ capital increase/ bonus	400	4.40	5.00	4.8875	.18956
Expected corporate earnings	400	4.40	5.00	4.8165	.26946
Dividend policy	400	4.00	5.00	4.8915	.21128
Get rich quick	400	4.00	5.00	4.9180	.17594
Valid N (listwise)	400				

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.655 ^a	.428	.421	.13208

a. Predictors: (Constant), Get rich quick, Expected stock/ capital increase/ bonus, Dividend policy , Expected corporate earnings, Past performance of the company

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.153	5	1.031	59.079	.000 ^b
	Residual	6.873	394	.017		
	Total	12.027	399			

a. Dependent Variable: Investors investment decisions

b. Predictors: (Constant), Get rich quick, Expected stock/ capital increase/ bonus, Dividend policy , Expected corporate earnings, Past performance of the company

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.518	.362		17.996	.000
	Past performance of the company	-.876	.149	-.854	-5.861	.000
	Expected stock/ capital increase/ bonus	-.219	.123	-.239	-1.776	.077
	Expected corporate earnings	.660	.074	1.025	8.943	.000
	Dividend policy	.777	.058	.946	13.357	.000
	Get rich quick	-.647	.064	-.656	-10.039	.000

a. Dependent Variable: Investors investment decisions

Correlations

		Investors investment decisions	Past performance of the company	Expected stock/ increase/ bonus	Expected capital earnings	Expected Dividen d policy	Get rich quick
Investors investment decisions	Pearson Correlation Sig. (2-tailed) N	1 400	.260** .000 400	.311** .000 400	.294** .000 400	.498** .000 400	.072 .150 400
Past performance of the company	Pearson Correlation Sig. (2-tailed) N	.260** .000 400	1 400	.944** .000 400	.867** .000 400	.741** .000 400	.381** .000 400
Expected stock/ capital increase/ bonus	Pearson Correlation Sig. (2-tailed) N	.311** .000 400	.944** .000 400	1 400	.818** .000 400	.808** .000 400	.375** .000 400
Expected corporate earnings	Pearson Correlation Sig. (2-tailed) N	.294** .000 400	.867** .000 400	.818** .000 400	1 400	.680** .000 400	.667** .000 400
Dividend policy	Pearson Correlation Sig. (2-tailed) N	.498** .000 400	.741** .000 400	.808** .000 400	.680** .000 400	1 400	.486** .000 400
Get rich quick	Pearson Correlation Sig. (2-tailed) N	.072 .150 400	.381** .000 400	.375** .000 400	.667** .000 400	.486** .000 400	1 400

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

FACTORS INFLUENCING NEPALESE INDIVIDUAL INVESTO...

By: Hemant Shrestha

As of: Aug 29, 2024 11:04:26 AM
12,538 words - 88 matches - 6 sources

Similarity Index

9%

Mode:

sources:

488 words / 4% - from 09-Jul-2024 12:00AM

elibrary.tucl.edu.np

376 words / 3% - Crossref

[Tomola Marshal Obamuyi. "Factors Influencing Investment Decisions in Capital Market: a Study of Individual Investors in Nigeria", Organizations and Markets in Emerging Economies, 2013](#)

115 words / 1% - from 09-Jul-2024 12:00AM

elibrary.tucl.edu.np

76 words / 1% - Crossref

[Baburam Rawat. "Effect of Behavioral Biases on Investment Decision Making in Nepalese Stock Market with the Mediating Role of Investors' Sentiment", Journal of Bhuanishankar, 2023](#)

71 words / 1% - from 30-Dec-2023 12:00AM

fastercapital.com

66 words / 1% - from 27-Jul-2024 12:00AM

ideas.repec.org

paper text:

ABSTRACT The objectives of research is to assess the individual behaviors factors that influence the Nepalese investors investment decision in the secondary market, to analyze the relationship of

past performance of the company , expected **stock** / capital increase/ bonus, **expected corporate earnings, dividend policy**

and get rich quick to the Nepalese investors investment decisions in the secondary market and to examine the impact

past performance of the company , expected **stock** / capital increase/ bonus, **expected corporate earnings, dividend policy**

and get rich quick to the Nepalese investors investment decisions in the secondary market. The descriptive and casual comparative research design has been employed. 400 respondents who are investors and sample of the research. Primary nature and investors of the secondary market are the source of the data. The instrument of data collection are the