Factors Affecting Performance of Initial Public Offering (IPO) in Nepalese Companies

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

by

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Certification of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "**Factors Affecting Performance of Initial Public Offering (IPO) in Nepalese Companies**". The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor. It has been proposed and presented as part of requirements for any other academic purposes.

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

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Sumi Poudel

Report of Research Committee

Miss Sumi Poudel has defended research proposal entitled "**Factors Affecting Performance of Initial Public Offering (IPO) in Nepalese Companies**", successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dr. Dhan Raj Chalise and submit the thesis for evaluation and viva voce examination.

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Dissertation Submitted Date:

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Approval Sheet

We, the undersigned, have examined the thesis entitled "**Factors Affecting Performance of Initial Public Offering (IPO) in Nepalese Companies**" presented by Sumi Poudel a candidate for the degree of master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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This study entitled "**Factors Affecting Performance of Initial Public Offering (IPO) in Nepalese Companies**" has been prepared in partial fulfillment for the Degree of Master of Business Studies (MBS) under the Faculty of Management, Tribhuvan University is based on research models involving the IPO performance.

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Sumi Poudel

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ABBREVIATIONS

AD	:	Anno Domini
BSE	:	Bombay Stock Exchange
CDM	:	Central Department of Management
CFO	:	Chief financial Officers
CG	:	Company Goodwill
CP	:	Company Performance
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
IPO	:	Initial Public Offering
LSE	:	London Stock Exchange
Ltd	:	Limited
MI	:	Market Information
NEPSE	:	Nepal Stock Exchange
PS	:	IPO performance
QM	:	Quality management
SEBON	:	Security Exchange Board of Nepal
SEC	:	Security Exchange

Abstract

An Initial Public Offering (IPO) occurs when a security is sold to the general public for the first time, with the expectation that a liquid market will develop. An IPO can be of any debt or equity security

This study aims to examine the relationship between quality management, company goodwill, performance, sector, market information, and public response to the stock market in Nepal, with a focus on how these factors influence IPO performance. Employing a descriptive and causal-comparative research design, primary data were collected from a sample of 400 respondents from banks and brokerage firms using a non-probability, convenience sampling method. In this research, company sector, income, company goodwill, market information, and company performance serve as independent variables, while public response acts as the dependent variable. Correlation analysis revealed significant positive relationships between IPO performance and all variables except market information, with the strongest correlations observed for quality management ($r = 0.775$) and company performance ($r = 0.568$). Regression results further indicated that quality management ($\beta = 0.276$, $p < 0.001$), company goodwill ($\beta = 0.089$, $p = 0.014$), company performance ($\beta = 0.517$, $p < 0.001$), and company sector ($\beta = 0.102$, $p = 0.012$) significantly predict IPO success, whereas market information had no significant impact ($p = 0.189$). The findings highlight the necessity for Nepalese companies to prioritize strategic quality management, sustain robust operational performance, and strengthen goodwill to achieve better IPO results.

Keywords: Quality Management, Company Goodwill, Company Performance, Company Sector, Market Information

CHAPTER – I

INTRODUCTION

1.1 Background of the Study

Initial Public Offerings (IPOs) are pivotal moments in a company's development, signifying its shift from a private organization to a publicly traded one. Beyond being a means to generate capital, IPOs can greatly affect a firm's long-term performance in the public market. Scholars and industry experts have studied IPO results extensively, analyzing indicators like initial underpricing, post-IPO returns, and long-term market performance. Despite this attention, the underlying causes of these outcomes remain intricate, shaped by a mix of organizational dynamics, financial conditions, and market influences (Kang & Lam, 2023).

IPO performance is shaped by numerous internal and external factors. Among the internal influences, effective quality management plays a particularly important role. Firms with strong quality management systems tend to earn greater investor trust, as they demonstrate consistent value delivery and reduced operational risk (Deming, 2014; Kaynak, 2023). In the IPO context, such systems indicate that a company is well-prepared and dependable, which can contribute to more favorable pricing and steady post-IPO performance.

Another key internal factor is company goodwill, encompassing intangible elements like brand reputation, customer loyalty, and strategic alliances. Goodwill represents the value a company has built through earning stakeholder trust and standing out in the marketplace. High levels of goodwill can enhance investor appeal during an IPO, as they are often associated with positive market perception and strong growth prospects. Firms with substantial goodwill are typically seen as lower risk and more capable of sustaining stable performance, which can positively influence IPO outcomes (Barth et al., 2021).

A company's pre-IPO performance is a crucial indicator of its potential IPO success. Financial metrics like revenue growth, profitability, and efficient asset management serve as tangible evidence of the firm's capacity to generate returns. This historical performance provides investors with insights into the company's future outlook and plays

a major role in determining its IPO valuation (Ritter & Welch, 2022). Firms with strong financial track records are generally better positioned for favorable IPO pricing and sustained post-IPO performance, as these results often reflect strong leadership and effective operations.

From an external perspective, the industry sector a company belongs to plays a key role in influencing IPO dynamics. Each sector has unique attributes regarding risk levels, growth opportunities, and regulatory challenges. For example, technology and biotech companies often draw strong investor interest due to their high growth potential, but they also come with greater volatility (Loughran & Ritter, 2024). In contrast, firms in more established sectors like utilities or consumer goods tend to attract more conservative investors looking for stability. As such, a company's sector classification provides important context for how its IPO is perceived by the market.

Another important external factor is market information, which encompasses current economic conditions, investor sentiment, and trends in recent IPO activity. When market conditions are favorable, they can enhance IPO success by fostering investor confidence and willingness to take risks. On the other hand, during downturns, even strong companies may face lower valuations due to reduced investor appetite (Pastor & Veronesi, 2025). Market information plays a critical role not only in shaping initial IPO pricing and demand but also in influencing post-IPO market performance (Iqbal et al., 2017).

Although each of these factors influences IPO outcomes on its own, it is often their interaction that determines the overall success and long-term stability of an IPO. IPO performance generally refers to short-term investor returns, particularly on the first day of trading. Many IPOs are underpriced—meaning the initial offer price is set below the market-clearing price—resulting in substantial first-day gains. However, strong early returns do not necessarily reflect sustained IPO success. True performance involves the firm's ability to generate value over the medium and long term. IPO stability, in this context, relates to the company's capacity to retain market presence, avoid delisting, and continue creating value for shareholders over time (Horace, 2024).

Recent research highlights the importance of examining IPO performance through a more

holistic lens. Sustainable IPOs are characterized not just by strong short-term returns but also by their ability to remain resilient and adaptable amid changing market conditions (Bessler & Thies, 2017). This expanded perspective aligns with the increasing focus on corporate sustainability, particularly in relation to environmental, social, and governance (ESG) factors. Nevertheless, while ESG considerations are becoming more influential, traditional elements such as management quality, goodwill, and industry-specific factors continue to play a fundamental role in shaping IPO outcomes.

In today's highly competitive and transparent business landscape, incorporating quality management and company goodwill into IPO performance models has become increasingly important. Investors and other stakeholders are placing greater emphasis on evaluating internal operations and reputational assets before committing to IPO investments. Additionally, industry-specific factors and current market conditions remain key influences on IPO outcomes across both developed and emerging markets. As a result, there is a rising demand for comprehensive models that integrate these variables to more accurately forecast IPO performance (González et al., 2021).

Furthermore, the results of this research carry practical significance for various stakeholders. Investors can improve their decision-making and risk evaluation by gaining a clearer understanding of what influences IPO performance and stability. Companies preparing for an IPO can benefit from recognizing the critical roles of quality management and goodwill in their readiness efforts. Additionally, regulators and policymakers may find valuable insights in this study to help promote a more stable and transparent environment for IPOs (Hawaldar et al., 2018).

In summary, IPO performance is shaped by a diverse set of internal and external factors. The intricate interplay between quality management, goodwill, financial results, industry characteristics, and market conditions significantly influences investor perceptions and IPO outcomes. As businesses increasingly pursue public financing in more competitive and dynamic markets, gaining a deeper understanding of these relationships is essential. This study contributes to the ongoing conversation around IPOs by presenting an integrated framework that combines critical organizational and market elements, with the goal of improving both theoretical insights and practical approaches to achieving successful and sustainable IPOs.

In Nepal, the IPO market has demonstrated significant activity, especially within the hydropower, banking, insurance, and manufacturing sectors. The Nepal Stock Exchange (NEPSE) has seen a growing number of retail investors participating in IPOs, often motivated by short-term gains rather than long-term investment goals. Despite this, there is limited research examining how IPO performance impacts the issuing firms' overall success in Nepal, particularly regarding environmental, social, and governance (ESG) considerations. Additionally, IPO performance is increasingly viewed as a critical strategic factor rather than a secondary issue. Companies that adopt sustainable practices generally experience better risk management, stronger stakeholder relationships, and greater long-term profitability. Thus, the relationship between IPO performance and sustainability raises significant questions about corporate governance, investor behavior, and policymaking in the Nepalese market.

This research seeks to address the existing knowledge gap by investigating how IPO performance influences the outcomes of Nepalese firms going public. It will explore the extent to which early market success or failure affects corporate choices concerning ESG practices, as well as how the demands and expectations of being publicly listed drive the adoption of sustainable strategies. By concentrating on the Nepalese market, this study aims to add valuable insights to both academic research and practical applications in a context that remains relatively understudied but is gaining importance.

1.2 Problem Statement

An Initial Public Offering (IPO) represents a crucial financial step for companies aiming to secure capital from public markets. Despite its importance, the performance and sustained stability of IPOs continue to worry investors, regulators, and corporate leaders because of the uncertainties and volatility typical of newly listed firms (Hawaldar et al., 2018). While much of the existing research concentrates on short-term underpricing and long-term underperformance, there is a lack of comprehensive studies that examine how both internal and external company factors impact IPO outcomes, especially in terms of overall IPO performance (Barth et al., 2021).

IPO performance and stability are often shaped by factors such as quality management

practices, corporate goodwill, overall company performance, industry characteristics, and broader market conditions (González et al., 2021). For example, quality management reflects a company's internal effectiveness, risk management, and strategic direction, all of which can impact investor confidence and the firm's performance after going public (Demirbag et al., 2024). Likewise, corporate goodwill—which includes brand reputation, customer loyalty, and ethical conduct—often signals a company's potential for long-term value creation and can help stabilize performance following the IPO (Barth et al., 2021).

A company's performance before going public is another crucial factor, as firms demonstrating strong financial health and growth prospects tend to maintain investor trust and market relevance (Demirbag et al., 2024). Additionally, the industry sector shapes the IPO context; for instance, technology and biotech companies often face higher volatility due to rapid innovation and regulatory challenges, whereas established sectors like utilities typically provide greater stability (Loughran & Ritter, 2024). Furthermore, broader market conditions—including investor sentiment, interest rates, and economic cycles—can either enhance or hinder both the initial and long-term success of an IPO.

Although individual factors influencing IPO performance are well recognized, there is a shortage of comprehensive empirical models that combine these elements to fully explain IPO outcomes. Most existing research tends to analyze IPO results in isolation, without considering how internal organizational factors interact with external market forces (Endri et al., 2021). Therefore, a thorough examination of how quality management, company goodwill, financial performance, industry classification, and market conditions together affect IPO success is both timely and essential. Moreover, with increasing focus on IPO performance beyond just financial metrics—including environmental sustainability, financial resilience, and stakeholder trust—it is critical to understand how these variables impact not only short-term returns but also the long-term sustainability of IPO firms (Cong & Howell, 2021).

This study aims to address the existing gap by examining how various firm- and market-level factors—specifically quality management, company goodwill, pre-IPO financial performance, industry sector, and market conditions—impact IPO outcomes. Through this analysis, the research intends to offer practical insights for policymakers, investors, and companies preparing to go public. It also seeks to contribute to the wider discussion

on corporate transparency, investor protection, and market stability across both emerging and developed markets (Dhungana & Devkota, 2022). The study will focus on answering the following research questions.

i. What are the factors of behavioral biases that influence IPO performance of Nepalese share market?
ii. Is there any relationship between quality management, company's goodwill, company performance and company sectors, market information and IPO performance of Nepalese share market?
iii. How does the quality management, company's goodwill, company performance and company sectors and market information impact on IPO performance of Nepalese share market?

1.3 Objectives of the Study

The primary objective of this study is to analyze investor responses to the initial offering, or primary issuance, of shares within the context of Nepal. The specific objectives of the study are as follows:

i. To assess the factors of behavioral biases that influence IPO performance of Nepalese share market.
ii. To examine the relationship between quality management, company's goodwill, performance and company sectors, market information and IPO performance of Nepalese share market.
i. To analyze the effect of factors of quality management, company's goodwill, performance and company sectors and market information on IPO performance of Nepalese share market.

1.4 Research Hypothesis

H_1: Quality management has a significant impact on IPO performance.

H_2: Company Goodwill has a significant impact on IPO performance.

H_3: Company performance has a significant impact on IPO performance.

H_4: Company sector has a significant impact on IPO performance.

H_5: Market Information has a significant impact on IPO performance.

1.5 Rationale of the Study

Given the current scarcity of research on Initial Public Offerings (IPOs) in Nepal, this study serves as a valuable resource, especially for generating long-term financing in both the banking and non-banking financial sectors. It also provides benefits for potential investors and organizations involved in public offerings. Furthermore, the study can assist policymakers by offering useful insights into existing laws and regulations, aiding in more effective policy development. Investors will gain a clearer understanding of their investments, enabling more informed decision-making. Additionally, this research will support students interested in exploring IPO-related topics (Maskey, 2023).

This study will explore the impact of Initial Public Offerings (IPOs) on key performance metrics like return on equity and return on assets for banks and non-banking financial institutions, along with examining the regulatory framework, challenges, and future outlook of IPOs in Nepal. Additionally, gaining insight into how investors respond to IPOs across different sectors will be valuable. The findings may also offer useful guidance to companies planning to go public (Mehmood et al., 2023).

1.6 Limitations of the Study

This study of public response regarding IPO has some limitations as well. They are:-

- The major limitation of the study is: The study was predominantly based on primary source of data regarding the determinants of investors. Therefore, the reliability of conclusions of the study depends upon the accuracy of the information provided by the respondents.
- It may also be noted that only primary data are considered for the study purpose. Data analysis conducting secondary is not taken into consideration. Hence the result of the study is not broad and flexible. It is limited to the perception of investors.
- This research will be concern with NEPSE so the finding of this study will may not be generalized.
- The information regarding the same questionnaire is different from different sources.

CHAPTER - II

LITERATURE REVIEW

The purpose of conducting a literature review is to build expertise in a particular field, identify opportunities for new contributions, and gather ideas for developing an effective research design. Reviewing relevant findings, issues, arguments, and suggestions provides guidance and insight for deeper exploration of the topic. In essence, research progresses through continuity, which is maintained by connecting the current study with previous research efforts.

2.1 Theoretical Review

2.1.1 Regret-Theory

Regret is the emotional response individuals experience when they make mistakes (Plous, 1993). DeBondt and Thaler (1987) suggest that regret avoidance explains both the size effect and the book-to-market effect in stock markets. Firms with a high book-to-market ratio often have depressed stock prices because they are considered "out of favor" and tend to be in financially vulnerable positions. Similarly, smaller and less well-known companies are viewed as unconventional investments, requiring investors to take on greater risk, which increases the expected rate of return. When investors focus on the gains or losses of individual stocks instead of their entire portfolios, they may become more risk-averse toward stocks with recent poor performance, leading them to apply higher discount rates to those stocks' cash flows, thereby creating a risk premium for value stocks.

Investors often engage in behaviors they later regret (Evans, 2002). They tend to hold on to shares that have lost value while quickly selling those that have gained (Shiller, 1998; Lebaron, 1999). Psychologists have found that individuals experience more regret when poor decisions involve unconventional choices. For instance, losses on a well-known blue-chip stock are less painful because such setbacks can be attributed to bad luck rather than poor judgment, unlike losses from investing in lesser-known start-ups. Shiller (2000) references a psychological experiment by Deutsch and Gerrard that demonstrated people's tendency to conform to majority opinions. When people find their views at odds with the majority, they tend to doubt themselves. Although this tendency is reasonable on an individual level, collectively it can cause irrational herding behavior. Investors often

feel safer investing in popular stocks since the responsibility for any losses is shared among many who believed in the stock's potential. After a market downturn reduces their wealth, investors become reluctant to sell for modest gains, mentally segregating past profits and hoping for a return to earlier, more profitable conditions (Thaler, 2001).

2.1.2 Theory of Mental Accounting

Mental accounting influences not just personal finances but is also a widespread behavior in the complex realm of investing. When investors purchase a new stock, they tend to create a separate mental "account" for that particular investment. Each asset is treated as its own distinct category in the investor's mind. Once an outcome is assigned to a specific mental account, it becomes challenging to reconsider or integrate that outcome with other investments. Ignoring the interactions between assets across different mental accounts can negatively impact overall investment returns (Chandra, 2008).

The positive counterpart to regret is pride. While selling a stock at a loss triggers regret, selling at a profit generates pride. The desire to experience pride and avoid regret causes investors to tend to realize gains quickly while postponing the realization of losses (Shefrin & Statman, 1985). However, there is an asymmetry in the intensity of these emotions—regret tends to be stronger than pride, and losses have a greater psychological impact than gains (Kahneman & Tversky, 1979). This imbalance often leads investors to favor inaction over action (Kahneman & Tversky, 1979; Thaler, 1999), causing those susceptible to this bias to hesitate in realizing both their gains and losses (Shefrin & Statman, 1985).

During periods of economic growth and bull markets, investors become accustomed to substantial, though often unrealized, gains. When a market downturn reduces their net worth, they tend to hesitate in selling at smaller profits. Instead, they mentally segregate the previous gains and hold out in hopes of regaining those earlier profitable levels (Thaler, 2001).

2.1.3 Prospect/Loss-Aversion-Theory

Prospect theory challenges the traditional utility model by showing that investors do not always evaluate investments solely based on expected utility. Developed by psychologists Daniel Kahneman and Amos Tversky in 1979, this theory explains how people make

decisions under risk. According to them, individuals assess potential gains and losses relative to a specific reference point—often the purchase price of an investment or the decision maker's past experiences and expectations. How people frame a situation or outcome significantly affects their perception of its value and their decision-making process.

Prospect theory suggests that individuals experience stronger negative emotions from losses than the positive feelings they gain from equivalent profits. People tend to put more effort into avoiding losses than achieving gains, often holding on to losing stocks in the hope that their value will recover. Kahneman and Tversky also noted that individuals become risk-seeking when facing losses (Johnson, 2002). The utility function is concave for gains, indicating that while people feel good about gains, doubling the gain doesn't double their happiness. Conversely, it is convex for losses, meaning that losses cause pain, but doubling the loss doesn't necessarily double the suffering.

2.1.4 Over/Under Reacting Theory

Recent research has focused on two key phenomena frequently observed in financial markets: under-reaction and overreaction. Under-reaction refers to the tendency of security prices to respond slowly or insufficiently to new information in the short term. For example, a stock may initially under-react to positive news upon its release but then correct this by delivering higher returns over the following period, typically within a year (Barberis, Shleifer & Vishny, 1998). Similarly, under-reaction can also occur with negative news, where the price adjustment is gradual rather than immediate.

There is substantial empirical evidence supporting the existence of the under-reaction phenomenon. For instance, Cutler, Poterba, and Summers (1989) found positive short-term autocorrelation in stock returns, indicating that prices initially under-react to new information before gradually adjusting. On the other hand, overreaction occurs when security prices respond excessively to new information over the long term, often moving too far in reaction to a series of news events. For example, after good news is released, average bond yields tend to be lower than after a series of bad news, suggesting that prices may initially overreact to positive news but later correct by offering lower returns (Barberis, Shleifer & Vishny, 1998). There is also strong evidence for overreaction. Notably, De Bondt and Thaler (1985) and Fama (1998) documented negative

autocorrelation in returns over a 3- to 5-year period following a series of announcements, implying an initial overreaction followed by a price correction.

2.1.5 Theory of Overconfidence

Overconfidence, as described by Ritter (2003), often appears when investors hold poorly diversified portfolios due to a preference for investing heavily in familiar assets. Picking individual stocks that outperform the market is challenging because predictability is low and feedback can be unclear. As a result, stock selection is an area where investors tend to be especially overconfident (Barber & Odean, 2001).

Many people tend to overestimate their abilities, knowledge, and the accuracy of the information they possess—this is known as overconfidence. It is one of the most extensively researched topics within Behavioral Finance. The foundational study on this phenomenon was conducted by Lichtenstein (1977), and since then, a large body of literature has emerged, contributed by numerous economists. Overconfidence has also been studied in cognitive psychology and applied across various professional fields such as engineering, entrepreneurship, psychology, law, and management.

Overconfidence strongly affects investor behavior in financial markets. It's important to note that this excessive confidence is a trait of individuals rather than the market itself. Feeling particularly skilled and knowledgeable often drives investors to make trades they might otherwise avoid. Specifically, the more overconfident an investor is, the higher their trading frequency tends to be. Barber and Odean (1999) demonstrated that overconfidence in financial markets often causes investors to engage in excessive trading, which can lead to unprofitable outcomes.

2.1.6 Heuristic Theory

The concept of heuristics was introduced by Tversky and Kahneman (1974), who explained that decisions made under complex and uncertain conditions often rely on beliefs about the likelihood of uncertain events. This uncertainty involves whether or not an event will occur. These beliefs lead people to use heuristics—simple rules of thumb that help streamline decision-making. De Bondt et al. (2008) reinforced this idea by showing that individuals, including investors, hold biases in their beliefs that influence their thinking and choices. Fromlet (2001) described heuristics as relying on experience

and practical judgment, allowing people to quickly interpret information using intuition. This explains how decisions are made under uncertainty. While heuristics can speed up decision-making, they can also cause systematic biases or errors. Tversky and Kahneman (1974) identified three main types of heuristic biases—representativeness, availability, and anchoring—which this study will examine.

2.1.7 Framing Theory

The next cognitive bias to consider after heuristics is framing. Frensidy (2016) notes that while traditional finance assumes framing is clear and straightforward, behavioral finance views it differently—many frames are not obvious, making it difficult for investors to recognize them. As a result, investors' decisions can be heavily influenced by how information is presented or framed. For example, Frensidy (2016) describes an experiment where the same information about a person named Budi was presented to two different groups. Group A received a description portraying Budi as smart, diligent, impulsive, critical, stubborn, and jealous, while Group B saw the same traits listed in a different order: jealous, stubborn, critical, impulsive, diligent, and smart. This difference in presentation influenced how each group perceived Budi.

Although the same traits were used to describe Budi, presenting them in reverse order had a notable impact on how the two groups evaluated him. The results showed that characteristics mentioned earlier had a stronger effect than those listed later. Consequently, Group A gave a more favorable assessment of Budi compared to Group B. Frensidy (2016) explained this phenomenon with two main reasons: first, as people process more information, their focus tends to decline, causing them to pay less attention to details mentioned later; second, initial impressions tend to carry more weight than subsequent information. These factors contribute to the occurrence of anchoring bias.

2.3 Empirical Review

Kang and Bao Lam (2024) conducted a research on the impact of environmental disclosure on initial public offering underpricing: Sustainable development in Singapore. This study applies signaling theory to investigate how environmental disclosures affect equity underpricing during initial public offerings (IPOs) of private firms listing on stock exchanges. Due to the high information asymmetry between firms and investors at IPOs,

companies often underprice shares to attract investors. Analyzing environmental disclosures in IPO prospectuses from 2009 to 2019 on the Singapore Exchange using linguistic techniques, the study finds that positively toned disclosures are associated with lower underpricing—but only when these disclosures are perceived as authentic. This relationship holds across various model specifications and measurement methods. The study provides new evidence that linguistic features, specifically tone and authenticity, jointly impact key IPO outcomes. The results suggest that investors are cautious and value authenticity in environmental disclosures rather than merely being swayed by positive wording. These insights offer valuable guidance for firms and stakeholders engaging with the emerging practice of IPO performance reporting in Singapore.

Mehmood et al. (2023) investigated on Inclusive mapping of initial public offerings: a bibliometric and literature review study. This study aims to provide a comprehensive review and analysis of the initial public offerings (IPOs) literature, encompassing both empirical and theoretical research, in light of the significant growth of IPO activity over the past decade. Employing a meta-literature review that combines qualitative and quantitative methods, the study surveys IPO-related publications from 1984 to 2020. Using citation analysis tools such as Herzing's Publish or Perish and VOSviewer software, alongside content analysis, a total of 2,777 papers were reviewed and analyzed. The findings highlight key aspects of the literature, including the contributions of countries, institutions, journals, authors, articles, and core topics. The study also presents a co-authorship network and identifies three main research streams: (1) IPO overview and growth, (2) IPO and finance theories, and (3) IPO and stock market behavior. Based on this extensive review, 15 future research questions are proposed to guide further studies. Additionally, the paper offers a dual perspective on the current state of IPO research: first, IPOs are not confined to specific countries, jurisdictions, or time periods; second, despite their substantial economic impact, IPO research remains relatively sparse. To the authors' knowledge, this study is the first to deliver such an empirical and inclusive mapping of IPO literature.

Devkota and Dhungana (2022) conducted a research on Corporate Payout Policy and Test of Life Cycle Theory; Evidence from Nepalese Commercial Banks. Dividend policy remains one of the most debated topics in theoretical finance, with various theories attempting to explain firms' dividend behavior. The dividends a firm distributes to its

shareholders often vary depending on the company's stage in its life cycle. In the absence of regulatory constraints, firms in the initial growth stage typically retain all earnings and pay little to no dividends, as they face abundant investment opportunities. Conversely, mature firms, which have fewer investment opportunities, slower growth rates, and lower costs of raising external capital, tend to retain less earnings and distribute higher dividends to shareholders.

Ritter and Shao (2022) analyzed the Initial public offerings Chinese style. This article surveys China's initial public offering (IPO) market, focusing on IPO pricing, bidding and allocation mechanisms, and aftermarket trading. The study finds that stringent regulations suppress IPO offer prices, resulting in high initial returns and thus imposing a significant cost on companies going public. Investors often treat IPOs like lotteries, seeking extremely high short-term gains while paying little attention to long-term performance. The auction selling method functions as intended, with mutual funds placing more informative bids compared to other investors. Notably, their advantages do not appear to stem from preferential treatment by underwriters. The study also discusses recent reforms related to China's IPO registration system.

Reber and gold (2022) conducted a research on ESG disclosure and idiosyncratic risk in initial public offerings. Although legitimacy theory posits that environmental, social, and governance (ESG) disclosure and performance can help mitigate firm-specific (idiosyncratic) risks, this relationship has been frequently questioned due to conceptual critiques such as the 'transparency fallacy' and 'impression management,' alongside mixed empirical findings. This study investigates the relationship in the revealing context of initial public offerings (IPOs), which mark the first sale of common stock to the public. IPOs are characterized by significant information asymmetry between firm insiders and external stakeholders, coupled with uncertainty about firm legitimacy, resulting in heightened financial risks for issuers and investors during aftermarket trading. Using data from the United States, the study demonstrates that (1) voluntary ESG disclosure reduces idiosyncratic volatility and downside tail risk, and (2) firms with higher ESG ratings experience lower firm-specific volatility and downside tail risk in the first year of aftermarket trading. The study offers theoretical insights, suggesting that companies committed to ESG performance and transparent communication signal their alignment with IPO performance norms, thereby acquiring and maintaining a societal license to

operate. ESG performance and disclosure help firms build reputational capital with investors post-IPO. Additionally, the study finds that ESG disclosure serves as a more reliable proxy for ex-ante uncertainty and aftermarket risk than traditional indicators like firm age, advancing current literature on IPO risk assessment.

Ali (2022) conducted a research on Micro-meso-level and macro-level determinants of stock price crash risk: a systematic survey of literature. This article presents a comprehensive review and synthesis of empirical research on the antecedents of stock price crash risk, aiming to identify macro-, meso-, and micro-level determinants that contribute to such crashes. The authors systematically analyzed 85 empirical studies published in ABS-ranked journals to assess factors influencing stock price crash risk. Findings reveal that macro-level determinants include corporate governance, political and legal environments, socioeconomic indicators, and even religious beliefs, all of which affect firm behavior linked to crash risk. At the meso-level, customer concentration, industry characteristics, media coverage, ownership structure, and behavioral factors significantly impact crash risk. Finally, micro-level influences encompass CEO attributes and compensation, business policies, earnings management, financial transparency, managerial traits, and firm-specific variables.

Raza et al. (2021) examined the impact of micro and macro factors on share prices, especially non-financial enterprises listed on the Pakistan Stock Exchange in the textile sector (PSX). The study utilized secondary data sources, including Data Stream, annual reports, the State Bank of Pakistan (SBP), and other databases, to gather information on publicly traded textile companies listed on the Pakistan Stock Exchange (PSX). Covering the period from 2009 to 2017, the research employed panel data analysis to investigate the impact of various factors on share prices. Statistical techniques such as descriptive statistics, correlation matrix, pooled OLS, Breusch-Pagan LM test, Hausman test, and fixed effects models were applied. The findings revealed that microeconomic variables—Earnings Per Share (EPS), Book Value per Share (BVS), and Natural Log of Firm Size (LNFS)—as well as the macroeconomic indicator Gross Domestic Product (GDP) are positively and significantly associated with firm share prices in Pakistan’s textile sector. Conversely, Dividend Per Share (DPS) and inflation (INF) were found to have no significant effect. This research contributes to the ongoing discourse on determinants of share price behavior in developing markets, with a particular focus on Pakistan’s textile

industry.

Krause, Chen and Bruton (2021) examined on initial public offering (IPO) underpricing reflects the inability of early investors to capture the full value of an entrepreneurial firm. IPO firms may reduce underpricing by signaling wealth protection through limiting CEO power. However, this signaling is complicated in high-power-distance cultures, where CEO power can also be perceived as a signal of wealth creation, making CEO power a mixed message for IPO investors. Drawing on signaling theory, this study argues that CEO power is generally positively associated with IPO underpricing, but this relationship weakens in countries with high cultural power distance because the signal becomes less clear. Additionally, the influence of both CEO power and cultural power distance diminishes when the underwriter's reputation provides an alternative signal. This research offers valuable insights for IPO corporate governance stakeholders—including entrepreneurs, venture capitalists, underwriters, and regulators—by showing that power dynamics among top executives affect demand-side legitimacy and can enhance the legitimacy of U.S.-listed firms among international customers. Consequently, shareholders and securities analysts who are wary of CEO power consolidation should consider the potential competitive advantages this consolidation can bring in diverse cultural markets.

Cong and Howell (2021) conducted a research on policy uncertainty and innovation: evidence from initial public offering interventions in china. Public equity is a vital source of risk capital, particularly in China. However, the Chinese government has occasionally suspended IPOs, causing indeterminate listing delays for firms that have already received approval. These temporary restrictions increase uncertainty regarding firms' access to public markets. The study shows that such suspension-induced delays reduce corporate innovation activity both during the delay and for several years after listing. While negative effects on tangible investment and positive effects on leverage are temporary—reflecting financial constraints that ease after listing—these findings highlight the critical importance of predictable and well-functioning IPO markets for firm value creation. Overall, the results demonstrate that corporate innovation is cumulative and is adversely impacted by policy uncertainty.

Gonzalez et al. (2021) conducted a research on Determinants of corporate tone in an initial public offering: Powerful CEOs versus well-functioning boards. Recent literature on initial public offerings (IPOs) highlights the significant impact of disclosure tone on IPO underpricing but often overlooks the factors that determine this tone. This study focuses on the drivers shaping the tone of information disclosed in IPO prospectuses. Analyzing a sample of 211 Latin American IPOs from 2000 to 2019, the study finds empirical evidence that powerful CEOs tend to influence tone by avoiding unfavorable language and promoting the use of positive words in disclosures. Conversely, more independent boards are associated with the use of more unfavorable tones. Additionally, the study reveals a non-monotonic relationship between board size and disclosure tone, indicating that an optimal board size can curb excessive positivity and encourage a more balanced, sometimes unfavorable, tone. Overall, well-functioning boards serve to counterbalance CEO influence, resulting in more realistic market disclosures. The study also identifies other significant factors affecting disclosure tone, including the presence of market-dominant auditors, the age of the issuing firm, the proposed use of IPO proceeds, and the number of risk factors disclosed.

Karlsson, Häggqvist and Hedberg (2020) conducted a research on Market structure and efficiency in Swedish commercial banking, 1912–1938. This article investigates the relationship between market structure and performance in the Swedish commercial banking industry from 1912 to 1938. During this period, new market regulations were introduced with the aim of promoting large-scale banking, which led to a significant consolidation phase in the industry. These changes in market structure coincided with industrial development and progress, leading to a common assumption that the new regulatory regime helped create banks capable of efficiently supplying financial services to the growing industry. However, until now, no comprehensive analysis has been conducted on the actual impact of these policy changes on bank performance. This study addresses that gap by measuring the efficiency of Swedish commercial banks using a Malmquist index, constructed from technical efficiency scores derived via Data Envelopment Analysis (DEA). The researchers apply fractional regression analysis to examine how market concentration and bank mergers influenced efficiency. The findings reveal that increased market concentration had a notably negative effect on the average efficiency of Swedish commercial banks during this period. Although large financial intermediaries may have been necessary to channel capital into large-scale industrial and

infrastructural projects, higher concentration did not translate into greater efficiency.

Kaplan, Taylor and Williams (2020) The Public Company Accounting Oversight Board (PCAOB) has expressed concern that audit reports do not contain sufficient variation to provide useful information to the market. Using a sample of financially stressed initial public offering (IPO) firms, this study investigates whether information uncertainty is influenced by (1) three different types of audit reports—unqualified (clean), hybrid (including explanatory language about financial stress), and going concern audit reports (GCAR)—and (2) audit report disclosures. The study provides evidence that hybrid and going concern audit reports, along with their associated disclosures, deliver valuable information to the market, as reflected by a significant reduction in information uncertainty. Importantly, the study finds that management's discretionary going concern disclosures neither complement nor substitute the uncertainty reduction associated with hybrid audit reports and GCARs. These findings demonstrate that current audit report types and disclosures for financially stressed IPO firms convey meaningful information to market participants.

Manu and Saini (2020) in today's fast moving and dynamic world, short-term investors face difficulty while choosing which avenue to invest in. Investors often perceive investment in securities as highly risky due to VUCA—Volatility, Uncertainty, Complexity, and Ambiguity—associated with the future movements of security prices. This study analyzes the post-initial public offering (IPO) performance of companies that went public in 2017, using event study methodology. It also examines whether these IPOs were underpriced in the short run and identifies various factors influencing their short-term price movements. The findings reveal that approximately 70% of the selected IPOs were underpriced in the short run. Additionally, the study finds that factors such as the company's age, IPO issue size, ownership sector, and promoters' holdings after the issue do not significantly influence short-run IPO price movements.

Lowry (2017) the purpose of this monograph is to provide an overview of the IPO literature since 2000. The recent decline in the number of companies going public has raised important questions within both academic and regulatory circles about the IPO process. As studies strive to understand these market changes, it is crucial to examine the dynamics underlying the IPO process. If going public is too costly or if conflicts of

interest among intermediaries plague the IPO mechanism, private companies may rationally opt for alternative methods of raising capital. In this context, it is essential that new regulations do not rely solely on research focused on large, mature firms. Newly public companies have unique characteristics, and a deeper understanding of these issues will contribute to well-functioning public markets and the continued growth of the entrepreneurial sector. Additionally, the study offers researchers a detailed guide on how to obtain research-quality samples of IPOs from standard data sources and provides important corrections to improve the accuracy of these datasets.

Thonse et al. (2017) studied on 'pricing and performance of IPOs: evidence from Indian stock market'. This study analyzed both the initial pricing and long-run performance of IPOs in India. The objectives were: (a) to ascertain the listing day performance (underpricing) of IPOs, (b) to analyze the listing day performance of book-built and fixed-price IPOs separately, (c) to assess the post-listing aftermarket performance of IPOs, and (d) to analyze the post-listing aftermarket performance of book-built and fixed-price IPOs separately. The sample consisted of 464 IPOs (365 book-built and 99 fixed-price) that went public between the financial years 2001 and 2011. The study period spanned 15 years, from 2001 to 2015. All IPOs in the sample were compulsorily listed on the Bombay Stock Exchange (BSE). Daily share price data were obtained from the CMIE–Prowess corporate database. The study examined the listing day performance and the post-listing aftermarket performance of both book-built and fixed-price IPOs in the Indian stock market. Results revealed that book-built IPOs were underpriced to a lesser extent compared to fixed-price IPOs. Additionally, book-built IPOs experienced negative cumulative average abnormal returns (CAARs) up to five years and beyond, whereas the negative CAARs associated with fixed-price IPOs turned positive after approximately one and a half years and remained positive thereafter.

Poornima and Deepha (2016) studied on the performance of initial public offering of companies listed in NSE, India & Gulf base GCC index. The main objective of this study was to evaluate the performance of IPOs in India. The specific aims were: (a) to assess the short-term performance of Indian IPOs, from the offer date to the first trading day after listing on the stock exchange; (b) to measure the long-term performance of IPOs, both including and excluding initial returns; and (c) to analyze whether returns were greater in the short term or long term for a better conclusion. The study primarily relied

on secondary data and analyzed IPO performance in both the primary and secondary markets. Investment metrics such as raw returns and market-adjusted excess returns were used to assess performance over both periods. Understanding IPO stock trends is crucial for investors to make informed decisions. The study period spanned from January 2013 to December 2014, covering a sample of nine companies listed on the National Stock Exchange of India during that timeframe. The results shed light on IPO performance, which is often viewed as speculative, thereby aiding investors in making better-informed decisions.

Shrestha (2016) conducted study on public response to primary issue of shares in the study revealed the fact that the scope of primary market was recent days in booming. Even general investors heavily invest their savings in new share issues, often leading to significant oversubscription. The study highlighted that the growth of the primary market is encouraging, as many public limited companies, including joint venture banks, successfully raised capital through public share flotations. This positive investor response reflects growing public confidence in the primary market. The general public tends to invest eagerly in every issue that comes their way, often without regard to the promoter's background or the company's feasibility. As a result, most companies entering the market successfully raised capital, with their issues closing within the minimum stipulated period of seven days and experiencing substantial oversubscription.

Pandey (2015) conducted study on public response to primary issue of shares in Nepal. The study aimed to identify problems in the primary share issue market, assess its growth, analyze public response patterns, and uncover reasons for variation. Mr. Pandey found that the high public response in the primary market was largely due to limited investment opportunities elsewhere and a lack of proper investment analysis. Despite this, investors preferred shares, seeking to increase their wealth through dividends, capital gains, or bonus shares. Response to issues in banking and financial sectors was generally stronger than in manufacturing and services. The poor response from 2005 to 2008 was mainly due to higher interest rates compared to dividend yields, poor company performance, and limited investor awareness about securities. More recently, the response has improved significantly as investors have become more knowledgeable, market liquidity has increased, many companies have paid dividends, share prices have risen, and alternative investment options remain limited. With lower interest rates now, stock investments have

become more attractive.

Khadka (2014) conducted study on Nepal surveyed: issues in local bond market development. The study found that Nepal's financial market was relatively undeveloped, with the government bond market being more advanced but lacking market-oriented pricing. The development of equity markets reflected the level of expertise among issuers, investors, and intermediaries in handling securities across primary and secondary markets. Established only on January 13, 1994, the Nepal Stock Exchange (NEPSE) was a government-owned, not-for-profit institution, and the equity market remained small by international standards. Within about 12 years, only 129 companies were listed, indicating that the market required greater participation and effort from privately held companies and investors to mature further. The report highlighted the infancy stage of NEPSE's equity market and the need for continued development.

Pradhan and Shrestha (2013) studied on performance of the initial public offering (IPO) in the Nepalese stock market' the main objective of this study was to examine the performance and determining variables of IPOS of Nepalese stock market. The study examined the impact of IPO factors—subscription rate, issue size, firm size, reputation of issue manager, and market condition—on initial returns in the Nepalese stock market, using data from 61 firms between 2005 and 2011. Employing regression analysis, the study found that firm size, reputation of the issue manager, subscription rate, and favorable market conditions positively influenced initial returns, meaning larger firms, reputable managers, higher subscription rates, and better market conditions led to higher initial returns. Conversely, issue size showed a significant negative relationship with initial returns, indicating that larger issue sizes were associated with lower initial returns. The findings highlight the importance of these factors in determining IPO performance in Nepal.

Table 1

Summary of Empirical Review

Study	Objectives	Methodology	Findings
Kang and Bao	to examine the impact of environmental	Using a linguistic technique	This finding provides valuable insights for firms and stakeholders navigating the emerging and expanding landscape of IPO

lam (2024)	disclosures on equity underpricing		performance reporting in Singapore.
Mehmood et al. (2023)	to present a review and analysis of initial public offerings literature, both empirical and theoretical	Using Herzing's Publish or Perish and VOS viewer software	The findings highlight key elements in the literature, such as countries, institutions, journals, authors, articles, and topics, and also present the co-authorship network along with three main research streams.
Ali (2022)	To ascertain the macro-meso and micro-level determinants contributing to stock price crashes	systematically reviewed 85 empirical papers published in ABS-ranked journals	The findings indicate that macroeconomic factors—including corporate governance, political and legal conditions, socioeconomic indicators, and religious beliefs—affect firm-level corporate behavior, thereby contributing to the risk of stock price crashes.
Reber and Gold (2022)	investigate this relationship in the revelatory case of initial public oferings (IPOs)	only considered IPOs listed on the NYSE, NASDAQ or AMEX	The study found that higher ESG performance scores were associated with lower idiosyncratic volatility and reduced downside tail risk, supporting the legitimacy theory that sustainable and responsible business practices are recognized and rewarded by stakeholders and society.
Ritter and Shao (2022)	provides a survey of China's initial public offering (IPO) market, focusing on IPO pricing, bids and allocation	Study includes sample of 3,600 IPOs during the period of 1990 to 2018	The reasoning is that the government prefers capital to be directed toward favored industries, like semiconductors, causing political factors to influence IPO decisions and company valuations significantly.
Cong and Howell (2021)	To increases uncertainty about access to public markets for affected firms	By using regression analysis and correlation.	Negative impacts on tangible investment and increased leverage are temporary, reflecting financial constraints during IPO suspensions that are alleviated once the firm successfully lists.
Endri (2021)	To examine the response of stock	By using statistical	The empirical findings also support the efficient market hypothesis in the context of

	prices on the Indonesia Stock Exchange (IDX)	methods through SPSS	event studies and align with financial behavior theories concerning decision-making under uncertainty.
Gonzalez et. al (2021)	concentrates on the factors that shape the tone of the information disclosed in IPOs	Sampling 211 Latin American IPOs	The study finds a non-monotonic relationship between board size and the tone of the IPO prospectus, suggesting that there is an optimal board size that helps reduce the excessive use of positive language and results in a more balanced, sometimes unfavorable, tone in the disclosures.
Krause, Chen and Bruton (2021)	To offers new knowledge for IPO corporate governance practitioner	By using signaling theory and survey method	The signaling effect of CEO power and cultural power distance on IPO outcomes diminishes when a reputable underwriter provides an alternative, trusted signal to investors.
Raza et al. (2021)	to examine the impact of micro and macro factors on share price	The study used descriptive statistics, correlation matrix, pooled OLS, Breusch and Pagan LM test	GDP was found to have a positive and significant relationship with firm share prices in Pakistan's textile sector, while micro-level (DPS) and macro-level (inflation) factors were found to be insignificant.
Kaplan, taylor and Williams (2020)	To investigate whether information uncertainty is affected by unqualified (clean) and hybrid audit reports.	data used in this study are available from audit reports of PCAOB	The study found that management's discretionary going concern disclosures neither complement nor substitute the reduction in information uncertainty provided by hybrid audit reports and going concern audit reports (GCARs).
Karlss, Häggqvi and Hedberg	To analyze to examine the impact of market concentration and bank mergers on	Researchers use fractional regression analysis	The study found that market concentration had a negative impact on the average efficiency of the Swedish commercial banking industry during this period. However, large financial intermediaries

(2020)	efficiency.		may have been necessary to channel capital into large-scale industrial and infrastructural development.
Manu and Saini (2020)	To analyze the post-Initial Public Officer (IPO) performance of various companies	The study uses Correlation, Regression and ANOVA test to analyses the post-performance	The study found that about 70 percent of the selected IPOs were underpriced in the short run, and that the short-term price movements of these IPOs were not influenced by factors such as the company's age, IPO issue size, ownership sector, or the promoter's holdings after the issue.
Lowry (2017)	To provide an overview of the IPO literature since 2000.	Data analysis were done through bar diagram, excel and SPSS.	All of these factors influence the costs and benefits of going public. It is important to remember that if going public were all good, every company would choose to do it.

2.4 Research Gap

A review of the literature on initial public offerings (IPOs) in the Nepalese market shows that insurance companies are more attractive to investors compared to development and commercial banks. While investing in IPOs often yields profits, it also involves certain risks that investors should be aware of. Although many studies have examined public reactions to IPOs in Nepal, researchers like Spencer (2018) and Kshetri and Jha (2016) did not explore key issues such as IPO pricing at face value or premium, investors' objectives regarding long-term versus short-term gains, or the impact of rumors and market sentiments on IPO performance—factors that significantly affect the share market. Additionally, Diaz and Esparcia (2019) did not test hypotheses related to investor responses.

Behera et al. (2022) explored the connection between investor cognition and neuroplasticity within the Indian context, while Behera et al. (2021) analyzed the link between firm performance and investment interest, also in India. However, similar research is lacking in Nepal. There is a noticeable gap in studies examining the relationship between market knowledge and corporate goodwill. Previous works, such as those by Walls (2005) and Hermansson and Jonsson (2021), have not thoroughly investigated the interplay between financial interest, literacy, and IPO performance. To

address this gap, the current study will explore the mediating role of risk absorption in the relationship between investor cognition and neuroplasticity. The study categorizes its independent variables into five groups: quality management, firm performance, corporate goodwill, industry sectors, and market knowledge—aligned with the frameworks proposed by Paudel (2012) and Shrestha (2016). This research aims to provide value to academics, policymakers, investors, universities, banks, and brokerage firms. Given that most investors in Nepal are risk-averse, the study will also assess whether they prefer borrowing over using personal funds for investment purposes.

CHAPTER - III

RESEARCH METHODOLOGY

This chapter outlines the research design, population, sample and sampling techniques, the nature and sources of data, data collection instruments, methods of analysis, the research framework, and definitions of variables. The study employs both descriptive and causal research designs. It utilizes a combination of quantitative and qualitative approaches, relying primarily on primary data. This chapter provides a detailed explanation of the research methodology, including the procedures for data collection and analysis used in the study. The sections are organized as follows:

3.1 Research Design

This study incorporates both descriptive and causal research designs. As part of the quantitative approach, a structured questionnaire was administered to collect data on respondents' organizational commitment. The descriptive research design was selected to obtain information about respondents' backgrounds, outline the data collection procedures, and provide a detailed profile of the participants.

3.2 Population and Sample

The target population for this study comprises DEMAT and Mero Share users in Nepal. Out of the 410 questionnaires distributed for primary data collection, 400 were returned and considered valid for analysis, thus forming the sample. A non-probability sampling technique was employed, specifically the convenience sampling method, to collect the data. For determining the sample size of an unknown population, the study applied the following formula recommended by Charan (2013).

$n = Z^2 \times (p \times q)/E^2$

Where,

z = Z-score or a standard normal deviation

p = estimated proportion of the study variables

q = 1-p

E^2 = acceptable error

The study uses 95% confidence level (Z = 1.96), a 5% margin of error (e = 0.05), and has no prior estimate of p, so the calculation would be:

$n = (1.96)^2 * 0.5 * (1-0.5)/0.05^2$ ($p = 0.5$, if there is no prior information of 'p', the study uses 0.5 which maximize variability and gives the largest sample size).

$n = 3.8416 * 0.25 / 0.0025$

$n = 384.16$

Therefore, we need around 385 respondents for the sample of the study while this study used 400 respondents for the sample.

3.3 Sources of Data

This study relies solely on primary data, collected through surveys administered to individual investors of NPESE. Data were gathered using a structured questionnaire based on a five-point Likert scale. Consequently, the analysis of causal relationships between variables is descriptive in nature, providing data that support broader generalizations. To ensure reliability, experts reviewed the collected responses. Based on their feedback, certain sections of the questionnaire were modified to enhance its validity. This process contributed to establishing the face validity of the questionnaire used in the study.

3.4 Data Collection Procedure

Once the sample was identified, the necessary data sources for the study were determined and collected using the following procedures. Primary data were gathered through a structured questionnaire created using Google Forms, which was distributed to respondents to obtain relevant information. The responses collected were initially in raw form and later processed and organized using Microsoft Excel. In addition to the questionnaire data, secondary data were obtained from annual reports, academic journals, and news published by SEBON. For data presentation, various tables, charts, and graphs were used. The analysis and computations were carried out using SPSS software, version 23.

3.5 Data Analysis Tools and Techniques

The data collected from the questionnaire and other sources were systematically recorded and presented using suitable tables and charts. Appropriate statistical, inferential, and graphical tools were applied to analyze the data effectively. Furthermore, the responses gathered from participants were utilized to address the study's objectives. The following tools were employed for the purpose of this research:

3.6 Conceptual Framework

A conceptual or theoretical framework is a visual or structured model that illustrates the relationship between relevant theories and influencing factors. In simpler terms, it outlines how the dependent and independent variables are connected within the context of the research study.

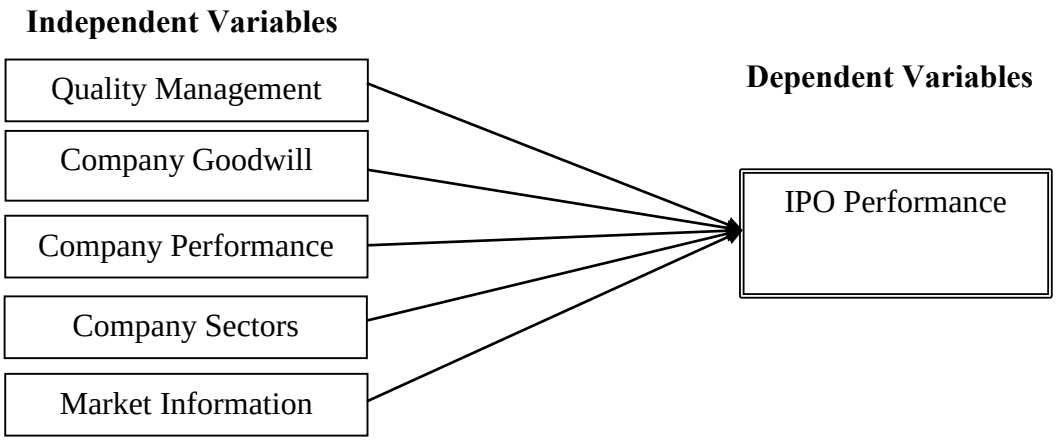

Figure 1

Research Framework

Source: (Gnawali, 2020)

Definition of Variables

Quality management

Effective quality management by leadership enhances public reception of an initial public offering (IPO). Strong management quality tends to generate a more favorable public response, resulting in higher subscription rates (Endri, 2021).

Company goodwill

The goodwill of a company positively impacts public response to an initial public offering. Higher levels of corporate goodwill are associated with more favorable reactions from the public and increased subscription rates (Horace, 2014).

Company performance

The company's performance indicators positively influence the public's response to an initial public offering. Stronger performance—reflected in price premiums, earnings per share, return on investment, return on equity, dividend payouts, and capital gains—boosts public interest and engagement with the IPO (Kumar, 2023).

Company sectors

The sector in which a company operates affects the public's response to an initial public offering. Industries such as hydropower, manufacturing, insurance, banking, and microfinance generally generate positive public interest, with banking and insurance sectors typically attracting stronger responses than others (Manu & Saini, 2020).

Market information

The availability of market information significantly influences public response to an initial public offering. Increased access to information—such as media analysis, historical IPO performance, market share statistics, future forecasts, and evaluations of new project risks and opportunities—enhances public interest and participation in the IPO (Maskey, 2023).

CHAPTER – IV

RESULTS AND DISCUSSION

This chapter presents the results derived from the data collection process, emphasizing the analysis and interpretation of both primary and secondary data. Primary data collected from 400 respondents via a questionnaire are analyzed to assess public awareness and their expectations on various matters. The data are examined using regression coefficients involving two variables. The findings from this analysis are intended to fulfill the main objectives of the research study.

4.1 Demographic Structured

The Securities Exchange Act of 1983 requires that any issuing company must register its securities with SEBON and obtain approval prior to offering them to the public.

Table 2

Demographics Characteristics of Respondents

Respondent Character	No. of Responses	Percentage (%)
Gender		
Male	136	34
Female	264	66
Total	400	100
Age		
Under 25	8	2
26-35	336	84
36-45	40	10
46-55	12	3
Over 55	4	1
Total	400	100
Occupation		
Professor	12	3
Agriculture	64	16
Business	280	70
Government Employee	40	10
Other	4	1
Total	400	100
Qualification		
+2	12	3
Bachelors	96	24
Masters	292	72
Total	400	100

Source: Survey, 2025

In this survey, the majority of respondents were female, totaling 264 individuals, which accounts for 66% of all participants. Males comprised 34%, with 136 respondents. The participants were divided into five age groups, with the largest portion—336 respondents

or 84%—falling within the 25-35 age range. Only 6% of respondents were either under 25 or over 46 years old.

The study found that 73% of respondents (292 individuals) held a college degree. Among them, 96 respondents, representing 24% of the total, had a bachelor's degree. Only 3% of the participants had education equivalent to the +2 level. Regarding occupation, banking and finance was the most common sector, with 280 respondents accounting for 70% of all responses. Additionally, 16% were engaged in private business, while 10% were government employees.

4.2 Descriptive Statistics

Descriptive statistics are summary measures that provide a concise overview of a data set, whether it represents an entire population or a sample. They are categorized into measures of central tendency and measures of dispersion. Measures of central tendency include the mean, median, and mode, whereas measures of dispersion cover standard deviation, variance, minimum and maximum values, along with kurtosis and skewness.

Table 3

Descriptive Statistics for Quality Management (N=400)

Particular	Min	Max	Mean	SD
How much do you believe that the company's legitimacy influences your investment in an IPO?	1.00	5.00	2.91	1.187
To what degree do you think that corporate governance impacts your decision to invest in an IPO?	1.00	5.00	2.87	1.116
How significant is the value of human resources in your investment choices for an IPO?	1.00	5.00	2.86	1.140
How important is the role of the founder CEO in your decision to invest in an IPO?	1.00	5.00	2.77	1.089
To what extent does the involvement of key shareholders or promoters affect your investment in an IPO?	1.00	5.00	2.56	1.097

Source: Survey, 2025

The table displays descriptive statistics for several factors affecting investor decisions in Initial Public Offerings (IPOs). Of the five variables, company legitimacy has the highest average score (2.91), indicating it is the most influential factor in IPO investment choices, although respondents only moderately agreed with its importance.

Corporate governance (mean = 2.87) and the value of human resources (mean = 2.86) rank closely behind, showing that internal organizational factors are also viewed as fairly important. The influence of the founder CEO (mean = 2.77) is somewhat less significant,

while the involvement of key shareholders or promoters (mean = 2.56) is considered the least impactful among the factors listed. The standard deviations, which range from 1.089 to 1.187, indicate a wide variation in responses, reflecting diverse opinions among participants about the importance of these factors.

Table 4

Descriptive Statistics of Company Goodwill (N=400)

Particular	Min	Max	Mean	SD
Do you significantly think the Corporate Profile will influence your decision when investing in the IPO?	1.00	5.00	2.93	1.110
How much impact do you believe the Historical Background will have on your IPO investment?	1.00	5.00	3.08	1.153
How important do you think the Age of the Company is when making an IPO investment?	1.00	5.00	2.98	1.147
To what degree do you feel the Prestige of the Board Members will affect your investment in the IPO?	1.00	5.00	2.97	1.148
How does the Current Financial Position influence your decision to invest in the IPO?	1.00	5.00	2.80	1.168

Source: Survey, 2025

The table provides descriptive statistics for different factors affecting investment decisions in Initial Public Offerings (IPOs). Among these factors, the company's historical background has the highest mean score (M = 3.08, SD = 1.153), suggesting that investors regard a company's history as having a comparatively greater influence on their IPO investment choices.

Following closely are the age of the company (M = 2.98, SD = 1.147), the prestige of board members (M = 2.97, SD = 1.148), and the corporate profile (M = 2.93, SD = 1.110). The current financial position, while still moderately important, has the lowest mean score (M = 2.80, SD = 1.168), indicating it is viewed as somewhat less significant compared to the other factors. Overall, the variables exhibit moderate mean values with standard deviations around 1.1, reflecting varied but not highly divergent perceptions among respondents.

Table 5

Descriptive Statistics of Company Performance (N=400)

Items	Min	Max	Mean	SD
How much do you agree that ROI influences an investor's decision to invest in an IPO?	1.00	5.00	2.80	1.170
How significant do you find ROE in motivating an investor to invest in an IPO?	1.00	5.00	2.85	1.169
How important do you think the Percentage Price Premium is in attracting investors to an IPO or FPO?	1.00	5.00	3.15	1.148
To what degree do you believe Earnings Per Share affect an investor's decision to invest in an IPO?	1.00	5.00	2.60	1.267
How much do you think Dividend Premium matters when considering an investment in an IPO?	1.00	5.00	2.58	1.320

Source: Survey, 2025

The descriptive statistics show that among the five financial indicators analyzed, Percentage Price Premium has the highest mean score (3.15), indicating that investors view it as the most important factor when making IPO or FPO investment decisions. Return on Equity (ROE) and Return on Investment (ROI) have moderate perceived influence, with mean values of 2.85 and 2.80, respectively. Meanwhile, Earnings Per Share (EPS) and Dividend Premium received the lowest mean scores (2.60 and 2.58), suggesting these factors are considered less impactful by investors. The standard deviations, ranging from 1.148 to 1.320, reflect considerable variation in responses, highlighting diverse investor opinions on the importance of these financial metrics.

Table 6

Descriptive Statistics of Company Sectors (N=400)

Items	Min	Max	Mean	SD
How would you assess the benefits of investing in the Hydropower Company through its IPO compared to other options?	1.00	5.00	2.92	1.105
How would you evaluate the potential advantages of investing in the Manufacturing Company via its IPO?	1.00	5.00	3.29	1.235
How does investing in finance or micro-finance compare? What about investing in the banking sector through an IPO?	1.00	5.00	3.15	1.237
To what extent do you study that deal in Banking area of IPO is Better?	1.00	5.00	3.06	1.229
How does investing in an Insurance Company IPO measure up?	1.00	5.00	2.95	1.269

Source: Survey, 2025

The table displays descriptive statistics—including minimum, maximum, mean, and standard deviation—reflecting respondents' views on the benefits of investing in various sectors through Initial Public Offerings (IPOs). Among these, the Manufacturing Company IPO received the highest average score (M = 3.29), indicating it is seen as

offering the most potential benefits. This is followed by the finance/microfinance and banking sectors, with mean scores of 3.15 and 3.06 respectively, suggesting moderate investor preference. The Insurance sector (M = 2.95) and Hydropower sector (M = 2.92) had lower scores, implying they are perceived as less advantageous compared to other sectors. The standard deviations, ranging from 1.105 to 1.269, reveal a moderate to high variation in responses, highlighting diverse opinions among investors regarding sector benefits.

Table 7

Descriptive Statistics of Market Information (N=400)

Particular	Min	Max	Mean	SD
To what extent do you consider that Comments on Media affects in your investment in IPO?	1.00	5.00	3.51	1.317
To what extent do you consider that Future Prediction and Forecast affects your investment in IPO?	1.00	5.00	3.31	1.183
To what extent do you consider that New project Risk and prospects affects in your investment in IPO?	1.00	5.00	3.22	1.329
To what extent do you consider that Market share will affect, while investing in the IPO?	1.00	5.00	3.10	1.173
To what extend do you consider the past trend of IPO, while investing in the IPO?	1.00	5.00	3.07	1.404

Source: Survey, 2025

The table provides descriptive statistics summarizing the impact of different factors on investor decisions related to IPO investments. Among the five factors examined, “Comments on Media” has the highest mean score of 3.51 and a standard deviation of 1.317, suggesting it is viewed as the most influential factor, albeit with moderate variation in respondents’ opinions.

Following closely are “Future Prediction and Forecast” (Mean = 3.31, SD = 1.183) and “New Project Risk and Prospects” (Mean = 3.22, SD = 1.329), indicating that forward-looking information and project assessments also significantly influence investor decisions. “Market Share” (Mean = 3.10, SD = 1.173) and “Past Trend of IPO” (Mean = 3.07, SD = 1.404) are viewed as somewhat less influential but remain relevant factors. Overall, all factors scored above the midpoint of 3.00, reflecting moderate agreement on their importance, with media comments and future forecasts holding slightly greater influence in IPO investment choices.

Table 8

Descriptive Statistics of IPO Performance (N=400)

Items	Min	Max	Mean	SD
I regularly monitor IPO listings and announcements.	1.00	5.00	2.75	1.148
I prefer IPOs over secondary market investments.	1.00	5.00	2.91	1.160
I rely on prospectuses and company reports before applying for IPOs.	1.00	5.00	3.15	1.123
I consider short-term listing gains when applying for an IPO.	1.00	5.00	2.65	1.303
I usually sell IPO shares within a few weeks of listing.	1.00	5.00	2.60	1.327

Source: Survey, 2025

The table displays descriptive statistics for five statements concerning IPO investment behavior. Mean scores range from 2.60 to 3.15 on a 5-point scale, indicating a moderate level of agreement among respondents. The highest mean (3.15) corresponds to reliance on prospectuses and company reports, showing that investors moderately trust formal information before applying for IPOs. The lowest mean (2.60) is linked to the tendency to sell IPO shares shortly after listing, suggesting that most investors are less likely to exit their IPO holdings quickly. Standard deviations between 1.123 and 1.327 indicate moderate variation in responses. Overall, the data reflects cautious and diverse investment behaviors, with a general but measured interest in IPOs.

Table 9

Overall Descriptive Analysis

Particulars	N	Minimum	Maximum	Mean	Std. Deviation
IPO performance	400	1.00	5.00	3.102	1.149
Quality Management	400	1.00	5.00	3.134	1.152
Company Goodwill	400	1.00	5.00	3.299	1.105
Company Performance	400	1.00	5.00	3.215	1.170
Company sector	400	1.00	5.00	3.038	1.151
Market Information	400	1.00	5.00	3.370	1.093

Source: Appendix I

Table 9 shows the average mean values within the range of the Likert scale. The descriptive statistics summarize responses from 400 participants on six variables related to IPO (Initial Public Offering) investment, all measured on a 5-point scale with scores ranging from 1.00 to 5.00. Among these variables, Market Information has the highest mean score (M = 3.370, SD = 1.093), indicating that respondents view it as the most influential factor. Company Goodwill (M = 3.299) and Company Performance (M = 3.215) also received relatively high mean values, highlighting their significance in IPO

decisions. In contrast, Company Sector (M = 3.038) and IPO Performance (M = 3.102) have somewhat lower mean scores, while Quality Management holds a moderate position at 3.134. Standard deviations ranging from 1.093 to 1.170 suggest a moderate degree of variability in responses across all factors. Overall, the findings indicate that while all variables carry some influence, market information and company reputation are considered more critical in assessing IPOs.

4.3 Reliability Test

Table 10

Reliability Test (N=400)

Variables	Cronbach's Alpha Based on Standardized Items	N of Items
Quality Management	.809	5
Company Goodwill	.842	5
Company Performance	.651	5
Company sector	.557	5
Market Information	.715	5
IPO performance	.957	5

A reliability test is conducted to assess the internal consistency of the measurement instrument. Cronbach's alpha coefficient, which ranges from 0 to 1, indicates the level of reliability, with higher values representing greater reliability. Generally, a Cronbach's alpha value above 0.70 is considered acceptable, reflecting good internal validity and reliability of the scale. In this study, the reliability test results for the variables are as follows: quality management (0.809), company goodwill (0.842), company performance (0.651), company sector (0.557), market information (0.715), and IPO performance (0.957).

4.4 Correlation Analysis

Correlation is a tool used to measure the relationship between two or more variables, and correlation analysis assesses the strength or degree of linear association between them. When a change in one variable leads to a change in another, the variables are considered correlated. To determine the direction of the relationship between dependent and independent variables, respondents from the MFIs involved in the study were asked 25 questions related to the company's sector, income, goodwill, market information, performance, and IPO performance.

Multiple regression analysis is used when there is one dependent variable and several independent variables, focusing on how the combined effect of these independent variables influences the dependent variable. The results are summarized in Table 5.

Table 11

Correlation Coefficient

Variables	QM	CG	CP	CS	MI	IPO
Quality Management	1					
Company Goodwill	.650** 0	1				
Company Performance	.564** 0	.492** 0	1			
Company sector	.629** 0	.541** 0	.521** 0	1		
Market Information	.181** 0	.139** 0.005	.212** 0	.281** 0	1	
IPO performance	.775** 0	.543** 0	.568** 0	.662** 0	.260** 0	1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
Source: Appendix II

Table 11 presents the correlations among six variables: Quality Management (QM), Company Goodwill (CG), Company Performance (CP), Company Sector (CS), Market Information (MI), and IPO Performance. All correlations are statistically significant at the 0.01 level, demonstrating strong confidence in the results. IPO Performance shows the strongest positive correlation with Quality Management (r = 0.775), indicating that companies with higher quality management are more likely to achieve better IPO results.

Company Sector also demonstrates a strong correlation with IPO Performance (r = 0.662), followed by Company Performance (r = 0.568) and Company Goodwill (r = 0.543). Market Information exhibits a weaker yet still significant correlation with IPO Performance (r = 0.260), suggesting that although market data contributes to IPO success, internal company factors have a more substantial impact. Overall, the findings emphasize that both internal management and external factors play important roles in determining IPO performance.

4.5 Multiple Regression Analysis

A multiple regression equation is used to estimate the value of a dependent variable based on two or more independent variables. In other words, it represents the mathematical relationship between one dependent variable and multiple independent variables. For this study, the regression model will be specified as follows:

$Y= \alpha+ \beta_1 X_1+ \beta_2 X_2+ \beta_3 X_3+ \beta_4 X_4 + \beta_5 X_5+E_1$

Where

α= constant term

Y= IPO performance

β_1, β_2, β_3, β_4, β_5 = the coefficient/ determinants of IPO performance (company goodwill, quality management, company sector, market information and company performance).

X_1= Quality management

X_2=Company goodwill

X_3= Company performance

X_4= Company sector

X_5= Market information

E_1=Error Term Mathematically,

Table 12

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.829a	.687	.683	.50986

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

Table 13

ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	224.737	5	44.947	172.903	.000b
	Residual	102.423	394	.260		
	Total	327.160	399			

a. Dependent Variable: IPO

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

Table 14

Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t – value	P-Value	Descriptive
	B	SE	Beta			
Constant	.126	.134		.938	.349	In Sig
Quality management (X_1)	.310	.040	.276	7.675	.000	Sig
Company goodwill (X_2)	.092	.037	.089	2.474	.014	Sig
Company performance (X_3)	.504	.040	.517	12.536	.000	Sig
Company sector (X_4)	.091	.036	.102	2.521	.012	Sig
Market information (X_5)	.044	.033	.039	1.317	.189	In Sig

Source: Appendix III

The regression analysis table illustrates the effects of five independent variables on a dependent variable. The model's constant is not statistically significant ($p = 0.349$), suggesting it has little impact on the prediction. Among the predictors, company performance (X3) exerts the strongest and most significant effect on IPO performance, with the highest standardized beta coefficient ($\beta = 0.517$) and a highly significant p-value ($p = 0.000$).

Quality management (X1) also demonstrates a strong and significant impact on IPO performance ($\beta = 0.276$, $p = 0.000$), followed by company sector (X4) ($\beta = 0.102$, $p = 0.012$) and company goodwill (X2) ($\beta = 0.089$, $p = 0.014$), both showing moderate significance. In contrast, market information (X5) is not statistically significant ($p = 0.189$), indicating it has little influence in this model. Overall, the findings emphasize company performance and quality management as the most important factors affecting IPO performance.

4.6 Discussion

Investment is seen as the exchange of a certain present value for an uncertain future return, with company goodwill playing a key role. IPO investors, therefore, tend to evaluate various indicators before making sound financial decisions. An initial public offering refers to the first sale of shares to the public. Even small investors have the opportunity to participate in the primary market, which provides the issuing company with access to capital.

Investment involves exchanging a definite present value for an uncertain future return, often linked to company goodwill. Investors in an initial public offering (IPO) typically

consider various factors before making effective financial decisions. An IPO is the first sale of stock offered to the public. Small investors can also participate in the primary market, which provides the issuing company access to capital.

These findings align with the study by Kang and Bao Lam (2020), which analyzed the performance and influencing factors of initial public offerings (IPOs) in the Nepalese stock market for 2023. The study considered independent variables such as company goodwill, quality management, sector, market information, and IPO performance, with the initial return serving as the dependent variable. To evaluate IPO performance in Nepal, the researchers relied on secondary data sources and applied various regression models to examine the significance and impact of initial returns in the Nepalese financial market.

Investors' perceptions of initial public offerings play a crucial role in the Nepalese stock market. These results are especially important given the identified links between company sectors, goodwill, and market information in lower-risk areas (Ritter & Shao, 2022). The current study finds that most investors prioritize expected returns, followed by company goodwill and quality management, while other factors like company sectors are considered to a lesser extent in IPO decisions. A firm raises capital through an IPO to invest across different industries, which in turn enhances its goodwill and reputation. However, despite these insights, research on IPOs within the Nepalese context remains very limited.

Investors may review the headlines, but the main source of detailed information should be the prospectus, which provides extensive data. This study utilized both primary and secondary data to assess investors' willingness to invest across different industry sectors. Secondary data sources were also incorporated to evaluate IPO performance related to the initial stock offerings in the Nepalese market. Primary data was collected to analyze respondents' perceptions of IPOs in Nepal, using a structured questionnaire as the main tool for data gathering. The findings on investor perceptions, influenced by the factors mentioned, align with those of Ali (2022) but contrast with the results reported by Cong and Howell (2021).

CHAPTER – V

SUMMARY AND CONCLUSION

5.1 Summary

This study primarily focuses on analyzing decision-making related to the initial sale of stock in the Nepalese market. The Initial Public Offering (IPO) is the main concern for the public at the outset. The primary market enables the issuance of new securities to help companies raise capital, although the securities market in Nepal is still in its nascent stage. The objective of this study is to evaluate how investors respond to IPOs across both financial and non-financial sectors.

This study aims to evaluate public awareness of Initial Public Offerings (IPOs) by examining key market factors and those influencing IPO performance. It is essential for understanding how IPOs affect the performance of banks and non-banking financial institutions, including their equity and asset returns, as well as exploring the legal, strategic, and future implications of IPOs in Nepal. The research uses both primary data, gathered through surveys, and secondary data from sources such as NEPSE, SEBON, and various commercial banks. The conceptual framework was constructed based on dependent and independent variables identified through a literature review. Data was collected via questionnaires from 400 respondents to ensure the validity of both the research and the instrument.

Most of the research relies on both primary and secondary data sources. It includes factors such as quality management, company goodwill, company performance, company sectors, and market information.

5.2 Conclusion

Based on the findings, quality management significantly and positively impacts IPO performance, underscoring its crucial role in fostering sustainable practices. While market information also shows a significant relationship, its influence is negative, suggesting that greater access to market data does not necessarily translate into better IPO outcomes. Conversely, company goodwill, company performance, and company sector do not demonstrate statistically significant effects, indicating their roles in IPO performance may

be limited or indirect in this setting. Overall, the results emphasize the importance of strong internal quality management systems over other organizational or external factors in enhancing IPO performance.

The analysis reveals that quality management has a significant and positive impact on IPO performance, supported by a high t-value and a p-value far below the standard significance level. Additionally, the positive and statistically significant correlation between quality management and IPO performance reinforces this conclusion. These findings imply that enhancing quality management practices can lead to improved IPO outcomes. Organizations that emphasize quality controls, ongoing improvement, and customer-centric strategies are more likely to achieve sustainable success in their IPO ventures.

Market information shows a significant but negative relationship with IPO performance, indicating that overreliance on short-term market signals or misinterpretation of data may hinder sustainable IPO outcomes. Conversely, company goodwill, company performance, and company sector do not exhibit statistically significant effects in this analysis, suggesting their influence on IPO performance may be limited or indirect in this context. However, company sector approaches marginal significance, implying it could be a relevant factor worth exploring further in larger or segmented studies. Overall, these findings highlight that while internal quality management is crucial, external factors like market information and company attributes may have complex or less direct impacts on IPO success.

The correlation matrix offers additional insight into the relationships among variables, showing that quality management has a statistically significant positive correlation with IPO performance, consistent with the regression results. Although the company sector is significantly correlated with several variables, including IPO performance, its influence does not reach statistical significance in the regression analysis, likely due to shared variance with other factors or indirect effects within the model.

Overall, the findings emphasize the crucial role of quality management in enhancing IPO performance, while warning that an excessive focus on market-driven factors may negatively affect sustainable outcomes. Although company goodwill and performance

might be important in other contexts, they do not show significant impact in this study's model. This underscores the need to empirically test assumptions and prioritize variables that demonstrate consistent and meaningful influence within the specific research framework.

5.3 Implications

After the exploration, the following implications are drawn for improving Initial Public Offerings (IPOs):

1. Policy Implications

i. Policymakers should mandate clear Environmental, Social, and Governance (ESG) disclosure standards for firms preparing for IPOs. Such disclosures enable investors to better evaluate the long-term sustainability and ethical practices of companies, rather than focusing solely on short-term financial performance.

ii. Regulators and market operators, such as stock exchanges, should develop IPO performance indices that include only firms meeting specific ESG benchmarks. This approach would incentivize companies to adopt sustainable practices early in their public listing process.

iii. Governments can encourage sustainable business models at the time of IPO by offering incentives such as tax breaks or reduced listing fees, thereby supporting long-term economic growth and environmental objectives.

iv. Regulatory agencies should actively monitor post-IPO performance to ensure that companies uphold the Environmental, Social, and Governance (ESG) commitments made during the listing process.

2. Managerial Implications

i. Companies preparing for an IPO should embed IPO performance and ESG principles into their core business strategies, as showcasing a strong commitment to sustainability can attract long-term, socially responsible investors and improve overall valuation.

ii. Given the high visibility of IPOs, firms can leverage the IPO process to position themselves as leaders in IPO performance and sustainability, thereby strengthening brand loyalty and building greater investor trust.

iii. By embedding IPO performance considerations into their operations before going public, firms can proactively mitigate risks related to climate change, resource scarcity, and regulatory changes, thereby enhancing resilience and investor appeal.

iv. Post-IPO, firms should actively manage investor expectations by transparently communicating both financial results and progress on IPO performance commitments, particularly ESG initiatives, to maintain and build investor confidence.

3. Future Research Directions

i. Further empirical research is essential to examine how ESG commitments made at the time of IPO influence long-term IPO performance and sustainability outcomes.

ii. Future research should investigate how specific ESG components—such as carbon footprint, workforce diversity, and supply chain ethics—affect both initial IPO valuations and post-IPO performance.

iii. Future studies should examine whether the impact of IPO performance varies across different industry sectors—such as technology, manufacturing, and energy—to identify sector-specific dynamics and investor expectations.

iv. Future studies could explore how investor demand for strong IPO performance influences IPO pricing, levels of underpricing, and post-IPO outcomes—particularly across varying economic conditions and geographic regions.

v. Comparative research across jurisdictions with varying ESG regulatory frameworks could provide valuable insights into best practices, policy effectiveness, and their influence on IPO performance.

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APPENDIX-I

QUESTIONNAIRE

Dear respondent,

I am conducting this questionnaire survey for an academic research as required by the MBS program. The title of my research is "Role of Initial Public Offering (IPO) Performance and Sustainability Implications for Companies" I would like to state that this research is purely for an academic purpose and I am simply interested in your candid and honest opinion. I assure you that strict confidentiality will be maintained and the information furnished by you will be used only for the academic purpose.

Thanking for your Cooperation

Sumi Poudel

MBS student

Shanker Dev Campus, Kathmandu

Bank	
Department	
Gender	a) Male b)Female
Age	a)Under 25 b)25-35 c)36-45 d)46-55 e)Above 55
Qualification(Highest Degree)	a)+2 b) Bachelors c) Masters
Occupation	a) Professor b) Agriculture c) Business d) Govt. Employee e) Other

S.N	Sector	No. of Share	Amount of Share	Public Issue Size	Public Issue Amount
1	Microfinance	2417130	241713000	826130	82613000
2	Investment	23400000	1170000000	2925000	146250000
3	Hydropower	277625527	27762552700	73142063	7510544112
	Total	508336663	49663666300	135239994	22378612897

Source: Annual report of 2080/81

APPENDIX- II

Quality Management

Particular	1	2	3	4	5
To what extent do you consider that Legitimacy of Company affects in your investment in IPO?					
To what extent do you consider that Corporate Governance affects in your investment in IPO?					
To what extent do you consider that Human Resources Value that affects in your investment in IPO?					
To what extent do you consider that Founder CEO affects in your investment of IPO?					
To what extent do you consider that Key Shareholder /Promoter affects in your investment in IPO?					

Company Goodwill

Particulars	1	2	3	4	5
To what extent do you consider that Corporate Profile will affect, when investing in the IPO?					
To what extent do you consider that Historical Background will affect, while investing in the IPO?					
To what extent do you consider that Age of Company affects in your investment in IPO?					
To what extent do you consider that Prestige of Board Member will affect while investing in the IPO?					
To what extent do you consider that Current Financial Position affects in your investment in IPO?					

Company Performance

Particular	1	2	3	4	5
To what extent do you agree that ROI make investor to invest in IPO?					
To what extent do you consider that ROE make investor to invest in IPO?					
To what extent do you consider the Percentage Price Premium make investor to invest in IPO/FPO?					
To what extent do you consider that Earning Per Share make investor to invest in IPO?					
To what extent do you consider that Dividend Premium matter more for your investment in IPO?					

Company Sectors

Particular	1	2	3	4	5
To what extent do you consider that investment in the Hydropower Company of IPO is better?					
To what extent do you consider that investment in the Manufacturing Company of IPO is better?					
To what extent do you consider that investment in finance or Micro-Finance					
To what extent do you consider that investment in Banking sector of IPO is Better?					
To what extent do you consider that investment in Insurance Company of IPO is better?					

Market Information

Particular	1	2	3	4	5
To what extent do you consider that Comments on Media affects in your investment in IPO?					
To what extent do you consider that Future Prediction and Forecast affects your investment in IPO?					
To what extent do you consider that New project Risk and prospects affects in your investment in IPO?					
To what extent do you consider that Market share will affect, while investing in the IPO?					
To what extend do you consider the past trend of IPO, while investing in the IPO?					

IPO Performance

Particular	1	2	3	4	5
I regularly monitor IPO listings and announcements.					
I prefer IPOs over secondary market investments.					
I rely on prospectuses and company reports before applying for IPOs.					
I consider short-term listing gains when applying for an IPO.					
I usually sell IPO shares within a few weeks of listing.					

Thank You

PAPER NAME

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AUTHOR

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