

INVESTOR'S AWARENESS TOWARDS INITIAL PUBLIC OFFERING
AND SECONDARY MARKET INVESTMENT IN NEPAL

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

By

Laxmi Maya Luitel

Campus Roll No.: 165/076

T. U. Reg. No.: 7-2-736-121-2010

Exam Roll No.: 23499/20

Shanker Dev Campus

Group: Finance

September, 2024

CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **“Investor’s Awareness towards Initial Public Offering and Secondary Market Investment in Nepal”**. 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.

.....
Laxmi Maya Luitel

REPORT OF RESEARCH COMMITTEE

Miss Laxmi Maya Luitel has defended research proposal entitled “**Investor’s Awareness towards Initial Public Offering and Secondary Market Investment in Nepal**”, 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 supervisors Dinesh Basnet and Brajesh Kumar Jha and submit the thesis for evaluation and viva voce examination.

.....
Dinesh Basnet
Dissertation Supervisor

Dissertation Proposal Defended Date

.....

.....
Brajesh Kumar Jha
Dissertation Supervisor

Dissertation Submitted Date

.....

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

Dissertation Viva Voce Date

.....

APPROVAL SHEET

We, the undersigned, have examined the thesis entitled “**Investor’s Awareness towards Initial Public Offering and Secondary Market Investment in Nepal**” presented by Laxmi Maya Luitel 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.

.....
Dinesh Basnet
Dissertation Supervisor

.....
Brajesh Kumar Jha
Dissertation Supervisor

.....
Internal Examiner

.....
Internal Expert

.....
External Expert

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

.....
Campus Chief

ACKNOWLEDGEMENTS

This study entitled “**Investor’s Awareness towards Initial Public Offering and Secondary Market Investment in Nepal**” 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 use of quantitative aspect of investment in secondary market in Nepal.

I have great satisfaction and pleasure to express my appreciation and sincerity to my thesis supervisors Dinesh Basnet and Brajesh Kumar Jha of Shanker Dev Campus, TU for their excellent and effective guidance and supervision. I would remain thankful for their valuable direction useful suggestion and comments during the course of preparing this thesis without their help this work would not have come in this form. I also would like to extend my debt of gratitude Asso. Prof. Dr. Sajeeb Kumar Shrestha, Head of Research Department and I owe a deep debt of gratitude to Campus Chief of Shanker Dev Campus who provided me an opportunity to undertake this research work. Similarly, I would like to express my sincere to my friends for their support, encouragement and help for this study work.

I highly appreciate to all the staffs of respective banks, NRB Library, Shanker Dev Campus Library and TU Central Library for their valuable advices and support in collecting and presenting the necessary data. I would also like to express my thankfulness to my friends, my family members as well as all known people who supported as well as inspired me directly or indirectly to complete this thesis. With help and support, I have been able to complete this work. I would like to take the responsibility of any possible mistakes that may have occurred in the report. I would be delighted to welcome readers for their suggestion and recommendation to improve the report.

Laxmi Maya Luitel

September, 2024

TABLE OF CONTENTS

	<i>Page No.</i>
<i>Title Page</i>	<i>i</i>
<i>Certification of Authorship</i>	<i>ii</i>
<i>Report of Research Committee</i>	<i>iii</i>
<i>Approval Sheet</i>	<i>iv</i>
<i>Acknowledgements</i>	<i>v</i>
<i>Table of Contents</i>	<i>vi</i>
<i>List of Tables</i>	<i>viii</i>
<i>Abbreviations</i>	<i>ix</i>
<i>Abstract</i>	<i>x</i>
CHAPTER – I INTRODUCTION	2
1.1 Background of the Study	2
1.2 Problem Statement	5
1.3 Objectives of the Study	6
1.4 Hypothesis Testing	6
1.5 Rationale of the Study	6
1.6 Limitations of the Study	7
CHAPTER – II LITERATURE REVIEW	8
2.1 Theoretical Review	8
2.1.1 Regret-Theory	8
2.1.2 Theory of Mental Accounting	9
2.1.3 Prospect/Loss-Aversion-Theory	10
2.1.4 Over/Under Reacting Theory	10
2.1.5 Theory of Overconfidence	11
2.1.6 Heuristic Theory	12
2.1.7 Framing Theory	12
2.2 Conceptual Review	13
2.2.1 Risky investment	13

2.2.2 Money market	16
2.2.3 Capital market	16
2.2.4 Non-securities market	17
2.2.5 Securities market	17
2.2.6 Primary market	18
2.2.7 Secondary market	18
2.2.8 Investment consideration to potential investors in the primary market	19
2.2.9 Investment consideration to the potential investors in the secondary market	19
2.2.10 Pricing differences	20
2.3 Empirical Review	20
2.4 Research gap	35
CHAPTER- III RESEARCH METHODOLOGY	36
3.1 Research Design	36
3.2 Population and Sample	36
3.3 Nature and Source of Data	36
3.4 Method of Analysis	37
3.4.1 Data Analysis Tools	37
3.5 Research Framework	39
CHAPTER – IV RESULTS AND DISCUSSIONS	41
4.1 Structured of Initial Public Offering	41
4.2 Descriptive Statistics	43
4.3 Reliability test	46
4.4 Correlation Analysis	47
4.5 Multiple Regression Analysis	48
4.6 Discussion	50
CHAPTER – V SUMMARY AND CONCLUSION	52
5.1 Summary	52

5.2 Conclusions	53
5.3 Implications	54
References	
Appendix	

LIST OF TABLES

	Page No.
Table 1 Summary of Empirical Review	30
Table 2 Initial Public Offering Approved	41
Table 3 Demographics Characteristics of Respondents	42
Table 4 Descriptive Statistics for Quality Management (N=400)	43
Table 5 Descriptive Statistics of Company Goodwill (N=400)	43
Table 6 Descriptive Statistics of Company Performance (N=400)	44
Table 7 Descriptive Statistics of Company Sectors (N=400)	44
Table 8 Descriptive Statistics of Market Information (N=400)	45
Table 9 Descriptive Statistics of Investment Decision (N=400)	45
Table 10 Overall Descriptive Analysis	46
Table 11 Reliability Test (N=400)	46
Table 12 Correlation Coefficient	47
Table 13 Model Summary	49
Table 14 ANOVA Table	49
Table 15 Regression Coefficients	49

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
PR	: Public Response
QM	: Quality management
SEBON	: Security Exchange Board of Nepal
SEC	: Security Exchange

ABSTRACT

When a security is sold to the public for the first time with the hope that a liquid market will emerge, this is known as an initial public offering, or IPO. Any debt or equity security may be the subject of an IPO.

This study aims to evaluate the effects of quality management, company goodwill, performance and sectors, and market information on the public response to initial public offerings (IPOs). It also examines the relationship between these factors and the public response to the Nepalese stock market.

Descriptive and informal comparative research designs were used in this study. 400 respondents from banks and brokerage firms were selected as a sample for the primary data collection. The non-probability sampling approach is used to obtain data. The questions have been filled up using the easy sampling method. The public's response is a dependent variable, while the company's performance, market knowledge, revenue, goodwill, and industry are independent variables. Quality management and company sector have a positive and significant association with public response, while corporate goodwill has a positive but insignificant relationship with public response. Similarly, market data has a negative impact on public opinion. Information about the market, public responses, and corporate sector do not significantly correlate. Public response is significantly positively impacted by the quality management company sector, whereas market information significantly negatively impacted the public response. However, the public's response is slightly impacted by the company's performance and goodwill, respectively.

Keywords: Company sector, income, company goodwill, market information and company performance, public response, IPO

CHAPTER – I

INTRODUCTION

1.1 Background of the Study

Any business can start and grow if it has access to sufficient financial resources. Finance assists with uniting every one of the variables of creation in modern unit. In this way funding is a basic component for outcome of a business. Even a business with a lot of potential can fail if it doesn't have enough money. Monetary choice effects on the long reach. The firm's financial strategies have an impact on the company's value. Monetary organizations give the essential assets to the business firms. As a result, the economy's financial institutions are crucial to the country's economic expansion (Khadka, 2014).

For the improvement of a country, financial improvement is the significant imperative. For monetary turn of events, monetary area assumes a vital part, where they gather assets from clients by paying some percent premium and contribute it to huge industry and other business area by taking some percent premium. The investment of private monetary organizations assume significantly more significant part for the financial turn of events. Next to the monetary area, social culture, modern and innovation area are likewise ought to be solid for the turn of events and progress of a nation (Shrestha and Bhandari, 2010).

Since, this is the period of globalization; fast improvement in data innovation and the progression in transportation offices have made the world as tight as a town. The globalization of markets and economies has made the global economy more competitive and complicated. Every kind of change that takes place in one part of the world has an effect on the other. Sound economy is reliant upon effective exchange of assets from individuals who are net savers to firms and people who need capital. The economy simply cannot function without effective transfer (Ministry of Finance, 2019).

Investment typically involves trading current rupees for future rupees, which typically entails trading time and risk. The sacrifice is certain and takes place right now. The company's goodwill, if it exists at all, comes later, and its size is typically unknown. Now and again the component of time prevails (for instance government bonds). In different cases risk is the predominant quality (for instance call choices on normal stocks). In yet others, both time and chance are significant (for instance portions of normal stock). The

first time a company issues common stock or shares to the general public is known as an Initial Public Offering (IPO), or simply a "public offering." They are much of the time given by more modest, more youthful organizations looking for cash-flow to grow, yet should likewise be possible by enormous exclusive organizations hoping to turn out to be public (Pandey, 2006).

For the financial backers First sale of stock (Initial public offering) is likewise a choice. A First sale of stock (Initial public offering) happens when a security is offered to the overall population interestingly, with the assumption that a fluid market will create. An Initial public offering can be of any obligation or value security (Pokhrel, 2016).

In an Initial public offering, the backer might get the help of an endorsing firm, which assists it with figuring out what kind of safety to issue (common or liked), best contribution cost and time to put up it for sale to the public. Investing in an IPO can be risky. Because there is typically insufficient historical data with which to analyze the company, it is difficult for individual investors to predict how the stock or share will perform on its first trading day and in the near future. Likewise, most Initial public offerings are of organizations going through a fleeting development period, and they are subsequently dependent upon extra vulnerability in regards to their future worth (Poornima, Aalaa, & Deepha, 2016).

Essential market of protections which starts new issues of stocks and securities profits money to the backer which might be put resources into the business. Most of the time, businesses start out by raising equity capital from a small number of investors. As the business grows, it needs more equity capital and wants to "go public" by selling to the general public. Costs that may be direct or indirect are included in this kind of public offering. The immediate expenses incorporate legitimate, inspecting, and endorsing charges. In addition, the management of time and effort as well as the diluting effect of selling shares at a price lower than the market price are indirect costs. The cost of capital for companies going public is affected by these kinds of direct and indirect costs (Poornima, et al.). 2016).

Individuals or foundations liable for figuring out financial backers for the Initial public offering of the protections sold in the essential market are known as the speculation

brokers or issue troughs. Underwriters are another name for investment bankers. They buy new securities from security issuers and arrange for their resale to investors. "Underwriters" are typically one or more investment banks in an IPO. To sell its shares to the general public, the "issuer," or company offering them, enters into a contract with an underwriter. Following that, the underwriter makes sales proposals to investors (Agrawal, 2007).

Security Trade Center was changed over into Stock Trade Restricted in 1993 and with this dealer framework for optional market came in presence. The fundamental target of Stock Trade Ltd is to bestow free attractiveness and liquidity to the public authority securities and corporate protections. With the foundation of undeniable stock trade. The offers which the general population held for the many years became fluid. Preceding the foundation of Protections Statute 2005, organizations were expected to get endorsement of their outline from Organization Enlistment center's Office and afterward to get endorsement from the SEBON as per Protections Trade Act, 1983 and the Organizations Mandate, 2005. This new mandate which happened since September 23, 2005, has consolidated an arrangement that requires the public organizations to enroll with the SEBON all protections before their issuance. The statute likewise made obligatory for giving organizations to plan outline, and distribute it for general society subsequent to getting SEBON's endorsement (Pandey, 2013).

In conclusion, an initial public offering is the first time common shares of a company are sold to the general public. An IPO's primary objective is to raise capital for the company. While Initial public offering are compelling at raising capital, they likewise force weighty administrative consistence and detailing necessities.

Therefore, the goal of this research is to identify the status of quality management, company's goodwill, performance and sectors, market information and investment decision of stock market in Nepal. As a result, quality management, company's goodwill, performance and sectors and market information that affect the investment decision. The study examine the relationship between quality management, company's goodwill, performance and sectors, market information and investment decision of stock market in Nepal.

1.2 Problem Statement

Sekaran and Bougie (2013) pointed out that just because there is a problem, it doesn't necessarily mean that the organization under study or the situation at hand are seriously flawed. An issue just shows an interest in an issue where finding the right responses could assist with advancing a current circumstance.

COVID19 made it impossible to leave the house. During that time, all government offices, schools, colleges, theaters, and hotels remain closed. Therefore, all creative individuals participate in online investment in the primary market IPO. More than 2,000,000 new investors opened DMAT accounts during the pandemic to apply for shares in the primary market (Kumar, 2023). There are a few kinds of financial backers like alumni understudies, businesspersons, retailers, and educators, etc. Before the Coronavirus, there were modest number of financial backers keen on putting resources into essential market. Notwithstanding, during the lockdown time frame many individuals apply for Initial public offering (Poornima, Aalaa & Deepha, 2016)

Increases in investor numbers can be attributed to a variety of factors, including the desire to utilize spare time, apply theoretical knowledge in a practical manner, secure an investment, and so on. Numerous monetary understudy have the little about monetary framework, however other financial backer who have not adequate information about the Initial public offering (Tamang et al., 2018).

As a result, the primary focus of this study was on the factors that influence investors' decisions to participate in an IPO during a pandemic, the shifting investing habits of Nepalese investors during COVID 19, and the state of the stock market during COVID 19. Additionally, determine what drives investment (Kumar, 2023). The following research questions were attempted to be answered by the study:

- i. What is the current status of quality management, company's goodwill, performance and sectors, market information and investment decision of stock market in Nepal?
- ii. Is there any relationship between quality management, company's goodwill, performance and sectors, market information and Investment Decision of stock market in Nepal?

- iii. Does quality management, company's goodwill, performance and sectors and market information affect the Investment Decision?

1.3 Objectives of the Study

The primary objective of this study is to investigate investor reactions to the initial offering—also known as the primary issue of shares—from a Nepali perspective. The particular targets of the review are as per the following:-

- i. To identify the status of quality management, company's goodwill, performance and sectors, market information and investment decision of stock market in Nepal.
- ii. To examine the relationship between quality management, company's goodwill, performance and sectors, market information and investment decision of stock market in Nepal.
- iii. To analyze the impact of quality management, company's goodwill, performance and sectors and market information that affect the investment decision.

1.4 Hypothesis Testing

For the purpose of determining the relationship between the independent and dependent variables, three hypotheses were developed. The level of significance for all two determinants of the investment decision is $p < 0.05$, and one determinant is significant at the $p < 0.10$ level.

H₁: Quality management level has significant relationship with Investment Decision.

H₂: Company goodwill has significant relationship with Investment Decision. .

H₃: Company performance has significant relationship with Investment Decision.

H₄: Company sectors have significant relationship with Investment Decision.

H₅: Market information have significant relationship with Investment Decisions.

1.5 Rationale of the Study

Because there is still a dearth of research on initial public offerings (IPOs) in Nepal, this study appears to be an essential resource, particularly for attracting long-term financing from the banking and non-banking financial sectors. This study will aid the definition of strategy and will help the approach producers to get the commonsense information on existing standards and guidelines. From this review, financial backers will have all the more clear origination over their venture and they will actually want to settle on an ideal

decision. It will likewise be useful to the understudies who need to make research in Initial public offering. For the purpose of the study and the legal provision, possibilities, issues, and prospects of IPO in Nepal, this study will be crucial in analyzing the impact of IPO for sale on key parameters such as return on assets and return on equity for banks and non-banking finance companies. It will likewise be useful to know the financial backers reaction to Initial public offering of various ventures. The imminent contribution organization may likewise get critical information from this review.

1.6 Limitations of the Study

This study seeing Initial public offering has a few impediments too. They are:-

- 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.
- This research was concerned 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 reason for evaluating the writing is to foster a skill in one's space to look what new commitment can be made, and to get a few thoughts for fostering an exploration plan. Their relevant findings, arguments, and recommendations will serve as a guide for expanding the study's scope. As such, there must be progression in research. The congruity in research is guaranteed by connecting the current review with the past examination studies.

2.1 Theoretical Review

2.1.1 Regret-Theory

Lament alludes to individuals' personal response on committing error Plous (1993). Remorse avoidance aligns with both the size and book-to-market effects, as highlighted by DeBondt and Thaler (1987). Companies with higher book-to-market ratios typically have lower stock prices. These firms are often perceived as "unattractive" and are more likely to be in financially precarious situations. Smaller, lesser-known companies are also less frequently chosen for investment. Investing in such firms requires greater investor courage, leading to an increased expected rate of return. If investors focus on the performance of individual stocks rather than broad portfolios, they may become more risk-averse towards stocks that have recently underperformed, discount their cash flows more heavily, and thus contribute to a value-stock risk premium.

Investors often engage in behavior they later regret, as noted by Evans (2002). They tend to avoid selling shares that have decreased in value but are quick to sell those that have increased in value (Shiller, 1998; Lebaron, 1999). Psychologists have observed that people who make decisions with negative outcomes experience more regret (and blame themselves more) when the decision was more uncertain. For example, losses incurred from a blue-chip portfolio downturn are less painful than similar losses from an unknown startup. Losses in blue-chip stocks are more easily attributed to bad luck rather than poor decision-making, leading to less regret. Shiller (2000) highlights a psychological experiment by Deutsch and Gerrard, which revealed the human tendency to conform to the majority. In the study, individuals questioned their own opinions when they discovered that everyone else disagreed with them. These human tendencies are rational

on their own, but collectively they can lead to irrational behavior and herd mentality. An individual investor might feel more confident investing in a popular stock if others believe it's a good choice. However, if the stock declines, those who initially believed in its success share the responsibility. Investors become more hesitant to sell at a lower profit margin when a market correction reduces their net worth. Thaler (2001) suggested that they mentally compartmentalize the gains they once had, leading them to wait for the return of that favorable period.

2.1.2 Theory of Mental Accounting

Mental accounting is a common occurrence in the complex investment industry as well as affecting personal finances. An investor creates a new mental virtual account for a new stock when they purchase it. So has every speculation of its own. It's hard to see an outcome in a different light once it has a mental account. At the point when connection among resources impassive records is neglected, this psychological interaction can unfavorably influence venture abundance (Chandra, 2008).

The counterpart to regret is pride. While closing a stock position at a loss leads to regret, closing it at a profit brings a sense of pride. "The tendency to realize gains and postpone losses arises from the desire to seek pride and avoid regret" (Shefrin & Statman, 1985). However, there is a disparity in the intensity of pride and regret, with losses being more impactful than gains (Kahneman & Tversky, 1979). As stated by Kahneman & Tversky (1979) and Thaler (1999), this imbalance in the strength of pride and regret (with regret being stronger) often results in inaction rather than action. Consequently, investors prone to this bias may hesitate to accept both gains and losses (Shefrin & Statman, 1985).

When the market is expanding and trending positively, people become accustomed to significant, albeit unrealized, gains. As market corrections reduce their net worth, investors become more hesitant to sell at lower profit margins. They mentally separate the gains they previously had, leading them to wait for the return of that favorable period (Thaler, 2001).

2.1.3 Prospect/Loss-Aversion-Theory

Prospect theory contends that investor preference goes against the conventional utility function, which considers investments in terms of their expected utility. This hypothesis

was created analysts, Daniel Kahneman and Amos Tversky (1979) in making sense of financial backers' conduct in circumstances implying gambles. As per these researchers, individuals view decisions by assessing the possible additions and misfortunes from them, comparable to a specific reference point, for the most part the price tag of the venture, or the connected history and assumptions for the chief. The expected utility is influenced by how an issue or outcome is presented.

Prospect hypothesis set that people are more fretted over misfortunes, when contrasted with the degree of bliss got from an increase of a capital sum. People put more effort into avoiding losses than they do into making gains, so they will hold onto losing stocks in the hope that their value will rise. Kahneman and Tversky (1979) stated that individuals tend to embrace risks when facing potential losses (Johnson, 2002). The utility function is concave for gains, meaning people experience satisfaction when they gain, though not to the extent that they would feel twice the pain if they lost the same amount. On the other hand, the utility function is convex for losses, signifying that people feel a greater impact when they lose twice as much.

2.1.4 Over/Under Reacting Theory

Under-reaction and overreaction, two important phenomena that frequently occur in financial markets, have been the focus of a lot of recent research. The under-response refers to the phenomenon where security prices react sluggishly or inadequately to new information in the short term. This means that securities may not fully respond to positive news at the time it's announced or may react slowly to negative news. Typically, this under-response to good news at the time of its release is followed by higher returns over a subsequent period, often within a year (Barberis, Shleifer & Vishny, 1998).

There is substantial evidence supporting the phenomenon of underreaction. One of the most notable contributions is the study by Cutler, Poterba, and Summers (1989), which confirmed the short-term positive autocorrelation of stock returns, indicating that prices initially underreact and then adjust to new information. On the other hand, overreaction is characterized by the tendency of security prices to "overreact" to new information over the long term, or to move excessively in response to a series of related news. Typically, the average bond yield following positive news is lower than the average yield after a series of negative news. Barberis, Shleifer, and Vishny (1998) argue that the market tends

to overreact to a series of positive news when it is first released, but eventually corrects itself by providing lower returns. There is ample observational evidence supporting the phenomenon of overreaction. Notably, De Bondt and Thaler (1985) and Fama (1998) made significant contributions to this area. They found a negative autocorrelation in returns for three to five years following a series of announcements, indicating that investors initially overreacted and later adjusted prices in response to new information.

2.1.5 Theory of Overconfidence

Ritter (2003) demonstrated that overconfidence becomes evident when there is a lack of diversification, often due to the inclination to over-invest in familiar assets. Selecting ordinary stocks that outperform the market is a challenging task. Success rates are low, and criticism is loud. Therefore, stock picking is the type of activity where people tend to be overly confident (Stylist & Odean, 2001).

Many individuals have an excessive confidence in their own abilities, which leads them to misjudge their skills, understanding, and the accuracy of their information. Overconfidence is a phenomenon that Behavioral Finance has extensively explored. The foundational work was published by Lichtenstein in 1977, and subsequent research by various economists has built a substantial body of literature on the topic. This concept has been applied in various fields, including engineering, pioneering, psychology, law, and management.

The influence of arrogance notably affects investor behavior in financial markets. It's important to highlight that this excess confidence is a trait of individuals rather than a market characteristic. Being perceived as exceptionally skilled can drive professionals to undertake actions they wouldn't usually consider. The frequency with which an investor trades bonds seems to be greatly influenced by their level of confidence, with overconfident traders buying and selling more frequently. Barber and Odean (1999) found that investors with excessive confidence tend to engage in unprofitable trading.

2.1.6 Heuristic Theory

Tversky and Kahneman (1974) coined the term heuristic, stating that the majority of decisions made amid complexities and conditions of uncertainty are based on beliefs regarding the likelihood of uncertain events. An event's uncertainty refers to either the

event itself or its occurrence. After that, these beliefs form a heuristic way of thinking, in which people often use rules of thumb to make decisions easier. This view was fortified by De Bondt et al. (2008) that people (financial backers) have a predisposition in their conviction that will influence how they think and decide. Fromlet (2001) characterized heuristics as "the utilization of involvement and viable endeavors" that is a work to decipher data rapidly by depending on encounters joined by instinct. It describes how people or groups make decisions when there is uncertainty. Financial backers much of the time go with botches in choice making since they use dependable guidelines as a premise in handling the data. From one perspective, a heuristic methodology can work with quicker navigation. This approach might bring about inclinations or blunders that happen efficiently. The three types of heuristic bias that will be examined in this study are representativeness, availability, and anchoring biases, as defined by (Tversky & Kahneman, 1974).

2.1.7 Framing Theory

The resulting conversation of mental predisposition after heuristics managing is outlining. As indicated by Frensidy (2016), customary money accepts that outlining is straightforward. Behaviorists, on the other hand, see things differently. Many frames aren't clear enough for investors to see. Subsequently, the choices caused will to be profoundly reliant upon how the data is outlined or introduced. Frensidy (2016) used the same information on two distinct groups, group A and group B, to describe a person (possibly called Budi) in a different way based on the previous experiment. In bunch A, Budi is supposed to be a savvy, steady, hasty, basic, obstinate, and envious individual, while, in bunch B, Budi is portrayed as a desirous, difficult, basic, imprudent, tireless, and shrewd individual.

The groups' assessment results are significantly influenced by the same characteristics about Budi presented in reverse order. The analysis results uncover that the attributes referenced before have more impact than those referenced later. Bunch An essentially asses Budi better than bunch B do. He contended that there are two reasons which make sense of such peculiarities. In the first place, one's focus level might diminish with the rising measure of data to be consumed, so the data set behind stands out. Second, initial feelings generally get more weight than the data that comes later. Anchoring bias develops as a result of these two factors.

2.2 Conceptual Review

Initial public offering by privately owned business to the public Initial public offerings are in many cases given by more modest, more youthful organizations looking for money to grow and furthermore should be possible by enormous exclusive organizations hoping to turn out to be public.

In an Initial public offering, the guarantor gets the help of an endorsing firm, which assists it with figuring out what kind of safety to issue (normal or liked), best contribution cost and time to put up it for sale to the public (Nangalia & Kothari, 2016).

2.2.1 Risky investment

Initial public offerings can be hazardous speculation. Because there is frequently insufficient historical data to analyze the company, it is difficult for the individual investor to predict how the stock will perform on its first trading day and in the near future. Similarly, most Initial Public Offerings involve companies experiencing rapid growth, making them more susceptible to uncertainty about their future value (Poornima et al., 2016).

Pricing

At first, Initial public offerings have been undervalued. When a stock goes public for the first time, the effect of underpricing it is to increase investor interest. This can lead to significant gains for investors who received shares of the IPO at the offering price. However, underpricing an IPO results in "money left on the table," representing lost potential capital that could have been raised for the company if the stock had been offered at a higher price.

The risk of overestimation is also an important factor. If a stock is offered to the public at a higher price than the market is willing to pay, the underwriters might struggle to fulfill their obligations to sell the shares. Even if they manage to sell all the shares issued, the stock might lose its market appeal and, consequently, its value on the first trading day.

Speculation banks evaluate numerous factors when pricing an Initial Public Offering (IPO) and aim to set a price low enough to attract interest in the stock but high enough to generate adequate capital for the company. Typically, determining the optimal price

involves the underwriters ("company") coordinating share purchases with leading institutional investors (Nangalia & Kothari, 2016).

Why go public?

Going public generally leads to substantial increases in funding. It also creates various financial opportunities. Public companies often secure more favorable rates when issuing debt due to increased scrutiny. As long as there is market demand, a public company can continually issue additional shares. This facilitates mergers and acquisitions, as stock can be used as part of the transaction. Trading on public markets provides liquidity, making it possible to implement employee stock ownership plans, which helps attract top talent (Poornima et al., 2016).

How does an IPO get valued?

The value of a financial asset in the market is dictated by the interplay between supply and demand. This principle applies to newly issued stocks as well, which are sold at any price a buyer is prepared to pay. Experienced stock analysts, who have a deep understanding of stock valuation, are adept at determining a stock's true worth. If they find a stock trading below their assessed value, they will buy and hold it until they can sell it at a price close to or above their valuation of its fair worth. Conversely, an analyst might short sell a stock they believe is overvalued, anticipating a market correction that will lower its price (Poornima et al., 2016).

What are some good methods for analyzing IPO's?

Because IPOs are newly issued stocks, they stand out from other stocks. The companies issuing IPOs have not been traded on the market before and have undergone less analysis compared to those with a long trading history. Some investors view IPOs as a buying opportunity due to the lack of historical share price data, while others consider them riskier than established stocks due to limited market analysis. While there are various methods to evaluate IPOs, their absence of historical performance makes traditional analysis more challenging (Poornima et al., 2016).

If we have a strong relationship with our broker, we might be able to buy new issues that were oversubscribed before they are available to regular customers. These issues usually become more valuable when they become available because the demand exceeds the

supply, causing the price of oversubscribed Initial Public Offerings (IPOs) to rise until the market reaches equilibrium (Nangilia and Kothari, 2016).

An initial public offering (IPO) is the first time a company offers its stock to the public. Companies are typically categorized as either private or public, and a company transitions from private to public status when it conducts an IPO. This move opens up opportunities for raising capital and provides various benefits to the organization. Many startups, even those without profits and just a business plan, have gone public. Participating in a highly sought-after IPO can be quite challenging, though it is sometimes achievable (Poornima et al., 2016).

The underwriting process

Underwriting is the process of issuing new securities to attract funds from investors. Companies often use venture banks to support their Initial Public Offering (IPO). Analyzing an established company is challenging enough, but assessing an IPO company is even more difficult due to the lack of historical data. In addition to reviewing standard information, it's crucial to evaluate the management team and their plans for using the IPO funds. Simultaneously, scrutinize the underwriters. Successful IPOs are typically backed by firms that can effectively promote the new issue. Exercise caution with smaller venture banks, as they might approve any organization.

2.2.2 Money market

Short-term financial instruments like treasury bills, government bonds, certificates of deposit, banker's acceptances, and commercial paper are exchanged in the money market. This market includes both fundamental and supplementary activities. It exists because individuals, organizations, states, and financial institutions often have temporarily idle assets they want to invest in liquid or short-term interest-bearing instruments. Conversely, others may need short-term funding from individuals, businesses, governments, and financial institutions. Thus, the money market acts as a venue for those seeking short-term liquid funds and those with excess funds to invest.

The money market and the capital market are theoretically separate entities. However, in many countries with well-functioning financial markets, where the money and capital markets are integrated, merchant banks operate in both. This integration occurs because,

for practical purposes, a short-term money market instrument essentially functions as a short-term capital market instrument. Consequently, Shrestha and Bhandari (2010) discovered that the tools and resources needed to manage both the capital market and the money market are nearly identical.

2.2.3 Capital market

Securities are exchanged on the capital market, which provides a platform for governments and businesses to secure long-term funding. This market includes both the bond market and the stock market. The capital market consists of the primary market, where new issues are introduced to investors, and the secondary market, where existing securities are traded. According to Nagalia and Kothari (2016), the capital market is essential in mobilizing capital to invest in corporate sectors through these securities.

Capital market incorporates:

- i. Exercises connecting with the association, dispersion and exchanging of protections.
- ii. Associations, which work with these exercises.
- iii. Institutions and individuals who purchase and sell securities.
- iv. Organizational control and market business practices are governed by rules, regulations, and customs.

The capital market facilitates transactions involving long-term funds, which are funds with maturities exceeding one year. This market, supported by various institutions and arrangements, handles business and government securities. It is structured around different protective trades that manage debt and equity transactions. According to Nangali and Kothari (2016), a company's long-term growth relies on the effective functioning of the capital market, which investment bankers help ensure. The capital market is where various financial instruments, such as debentures, treasury bills, and ordinary shares, are exchanged. This market can be divided into two segments:

- i Non-securities market
- ii Securities market

2.2.4 Non-securities market

The non-securities market refers to a market where a borrower's financial needs are met over a longer period without the issuance of any securities, such as stocks, bonds, or

debentures. Transactions within this market involve financial institutions like banks, commercial entities, savings institutions, or individuals (Nangalia & Kothari, 2016).

2.2.5 Securities market

The securities market is the venue where various types of securities are exchanged. The phrase "security market" encompasses different markets where these securities are bought and sold. This market involves how individual investors handle the process of placing orders, executing trades, and managing payment and transfer fees, as well as anticipating the payment of personal income taxes on profits from these transactions (Horace, 2014).

The securities market simplifies the trading of financial instruments by establishing prices for them. It facilitates both the buying and selling of these instruments. This market can be described as the system that connects buyers and sellers of financial assets to enable trading. It is divided into two main segments: the primary market, where new securities are issued, and the secondary market, where existing securities are traded. Brokers, dealers, and market makers play key roles in the secondary markets. Dealers determine the prices at which they will buy and sell securities (the bid and ask prices), while brokers facilitate transactions between buyers and sellers. In organized exchanges, brokers and dealers work together (Nangalia & Kothari, 2016). Additionally, the securities market can be further divided into two sections:

- i Primary Market
- ii Secondary Market

2.2.6 Primary market

The primary market refers to the segment of the capital market focused on the issuance of new securities. It involves selling new stocks or bonds to generate funds for businesses, governments, and public sector organizations. This process is usually carried out by a group of securities dealers. The process of offering new securities to investors is known as underwriting. For new stocks, this is termed an Initial Public Offering (IPO), though it may also be described in the offering documents (Nangalia & Kothari, 2016).

Elements of Essential market:

- i. Market for new long haul capital.
- ii. . This is the first time the securities will be sold.

- iii. The protections are given by the organization straightforwardly to financial backers.
- iv. Involved by the organizations to set up new business or for growing or modernizing the current business.
- v. Facilitates the economy's formation of capital.

2.2.7 Secondary market

In the secondary market, securities that were initially offered in the primary market are traded. This market facilitates transactions by connecting investors and sellers of these securities. For trading to occur, companies need to list their securities on the market. The secondary market does not provide funds to the original issuer. Instead, it allows for the buying and selling of existing securities, offering liquidity to owners who wish to sell. A well-functioning secondary market is crucial for an effective primary market because investors do not want to feel "locked in" to their investments (Horace, 2014).

2.2.8 Investment consideration to potential investors in the primary market

Rules and regulations alone cannot fully protect investors' interests. Before investing, they should assess several aspects of the company. Investors should select firms with promising future prospects, strong management, and valuable or high-growth sectors. Investing in shares of such companies tends to be safer compared to others. The financial backers who put resources into stock, they should analyze the cost and the worth or the offer on the lookout and ought to choose the offer which has lower market cost in contrast with its worth. The financial backers ought to take data with respect to organization's advertisers, size, development, climate, directorate, past proclamations and too as planned articulations, which can be acquired from reminder, outline, articles of the concerned organization (Poornima, Aala & Deepha, 2016).

2.2.9 Investment consideration to the potential investors in the secondary market

Before making an investment in the secondary market, investors should be aware of the following issues.

- i. Maintain records of the organization's returns to investors, including monetary profits, stock profits, additional offers, and so on. Investors should also be informed about Earnings Per Share (EPS), Book Value Per Share (BVS), Price-to-Earnings Ratio (P/E Ratio), potential plans, and the company's growth

expectations through annual, quarterly, and semi-annual performance reports, Profit and Loss Accounts (P/L A/C), Balance Sheets (B/S), and annual reports.

- ii. Review the cost-related information provided by SEBON and NEPSE regarding the listed organizations.
- iii. Concentrate on the exchanging proclamations and monetary investigation of the recorded organizations distributed by NEPSE.
- iv. Concentrate on articles connected with the exchanging of offers and monetary issues distributed in various papers and magazines.
- v. Concentrate on the yearly report of SEBON.
- vi. Concentrate on the demonstration and guideline worried to the investor's right.

When an investor decides to invest, they consult a broker to find a firm that aligns with their investment goals and a representative they feel comfortable working with. The agent should be able to provide the investor with regular, reasonable information about a particular company's securities (Poornima et al. 2016).

2.2.10 Pricing differences

We might have found that there can be huge contrasts between the cost of a First sale of stock (Initial public offering) and the cost when the Initial public offering shares begin exchanging the auxiliary market.

The estimating incongruities happen most frequently when an Initial public offering is "hot" or requests to numerous financial backers. When an initial public offering (IPO) is "Hot," the supply of shares far outstrips the demand for the securities. Once trading in the IPO shares begins, the excess demand cannot be met. This lopsidedness among organic market for the most part makes the cost of each offer ascent decisively in the primary hours or long periods of exchanging. Ordinarily the cost falls after this underlying whirlwind of exchanging appropriations (Poornima et al. 2016).

2.3 Empirical Review

Kang and Bao Lam (2023) conducted a research on the impact of environmental disclosure on initial public offering underpricing: Sustainable development in Singapore. This study applies flagging hypothesis to analyze the effect of natural revelations on

value undervaluing at introductory public contributions (Initial public offering) when confidential firms list on stock trades. Firms frequently undervalue their portions to draw in financial backers as Initial public offerings have high data imbalance among firms and financial backers. Involving a phonetic method on natural exposures in outlines from 2009 to 2019 in the Singapore Trade, we find that divulgements with an uplifting vibe connect with lower undervaluing, yet provided that these revelations are valid. This finding is strong to various model particulars and estimations. We demonstrate for the first time that tone and authenticity, two key IPO outcomes, interact with linguistic features. The findings suggest that investors are both concerned about the veracity of such disclosures and are not easily enticed by positive disclosure tones. This finding illuminates firms and different partners exploring the early and developing rush of supportability detailing in Singapore.

Mehmood et al. (2023) investigated on Inclusive mapping of initial public offerings: a bibliometric and literature review study. This study expects to introduce a survey and examination of starting public contributions (Initial public offerings) writing, both observational and hypothetical, considering that Initial public offerings have shown enormous development in the previous 10 years. This paper overviews the Initial public offering writing distributed all through 1984-2020 utilizing a meta-writing survey that includes subjective and quantitative methods. Reference examination (utilizing Herzing's Distribute or Die and VOS watcher programming) and content investigation were utilized to survey and examinations a sum of 2777 papers. The discoveries make sense of critical components in the writing, including nations, establishments, diaries, writers, articles, and subjects. Additionally introduced are the co-initiation organization and three exploration streams: (1) Initial public offering outline and development, (2) Initial public offering and money hypotheses, and (3) Initial public offering and financial exchange conduct. In light of the audit and examinations of the Initial public offering writing, this paper created 15 future exploration inquiries to work with an augmentation of the exploration. Moreover, this paper fostered a double viewpoint of the current situation with Initial public offering research. First, it says that initial public offerings (IPOs) can take place in any country, jurisdiction, or vintage. Second, there are not very many Initial public offering studies accessible regardless of Initial public offerings' critical monetary worth. To the best of the creators' information, this investigation is the first of its sort to introduce an exact assessment of Initial public offerings utilizing comprehensive planning.

Devkota and Dhungana (2022) conducted a research on corporate payout policy and test of life cycle theory; evidence from Nepalese commercial banks. One of the most contentious topics in theoretical finance is the firm's dividend policy. Various theories of dividend policy attempt to explain the firm's dividend behavior. The profit disseminated by a firm to its investor is altogether different when it is seen according to the point of view of the organization's life cycle. In the event that no guideline powers, firms at beginning stage hold all their procuring and deliver no profit, since they have higher speculation amazing open doors. The organizations at development stage have less venture valuable open doors, slow speed of development rate and lower cost of raising outer capital, subsequently, mature firms hold less and delivers higher profit.

Ritter and Shao (2022) analyzed the initial public offerings Chinese style. A look at China's market for initial public offerings (IPOs) is provided in this article, with an emphasis on IPO pricing, bids and allocation, and aftermarket trading. We show that severe guidelines bring about smothered Initial public offering offer costs and high introductory returns, causing a significant expense of opening up to the world. Financial backers treat Initial public offerings as lotteries with incredibly high transient returns, with little thoughtfulness regarding the long haul. However, the auction selling method functions as intended. The advantages of mutual funds are unlikely to be due to underwriters' preferential treatment because mutual funds bid in a more informative manner than other investors. We likewise examine the most recent enlistment framework change.

Reber and gold (2022) conducted a research on ESG disclosure and idiosyncratic risk in initial public offerings. The link between environmental, social, and governance (ESG) disclosure and performance and firm-specific risks has faced scrutiny from conceptual critiques such as the "transparency fallacy" and "impression management," along with inconsistent empirical findings, even though legitimacy theory strongly supports this connection. Consequently, we explore this relationship within the intriguing setting of initial public offerings (IPOs), which represent the first public sale of common stock. IPOs are marked by significant information asymmetry between company insiders and the public, as well as uncertainty about the company's legitimacy. This results in greater financial risks for both investors and issuers in aftermarket trading. Based on information

from the US, we demonstrate that (1) intentional ESG exposure reduces unusual unpredictability and downside risk, and (2) higher ESG ratings are associated with lower firm-specific unpredictability and downside risk during the initial year of post-retail trading. We give hypothetical contentions to the connections noticed, proposing that organizations taking a stab at ESG execution and conveying their endeavors signal their consistence with manageability related standards, in this way procuring and maintaining a cultural permit to work. ESG execution and divulgence assist organizations with building their standing capital with financial backers subsequent to opening up to the world. We likewise report that ESG divulgence is a more reliable intermediary for ex-bet vulnerability as a mark of post-retail risk, subsequently supplanting a portion of the more ordinary measures, like firm age, presented in the current writing.

Ali (2022) conducted a research on Micro-meso-level and macro-level determinants of stock price crash risk: a systematic survey of literature. In order to determine the macro-meso and micro-level determinants that contribute to stock price crashes, this article conducts a comprehensive review and synthesis of the empirical research on the antecedents of stock price crash risk. The creators deliberately evaluated 85 experimental papers distributed in ABS-positioned diaries to survey the large scale meso and miniature level determinants causing stock cost declines. According to the findings, firm-level corporate behavior is influenced by macroeconomic factors like political and legal factors, socioeconomic indicators, and religious beliefs, all of which contribute to the risk of a stock price crash. Stock price crash risk is significantly influenced at a meso-level by customer concentration, industry-level characteristics, media coverage, ownership structure, and behavioral factors. At long last, miniature level factors affecting securities exchange crash risk incorporate Chief characteristics and Venture Choice, business arrangements, profit the executives, monetary straightforwardness, administrative qualities and firm-explicit factors.

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). Data from publicly traded textile companies (PSX) was obtained from secondary sources like Data Stream, annual reports, SBP, and other databases for the study. The impact on share price was examined using panel data analysis from 2009 to 2017. To guide the investigation, various factual analysis methods were employed, such

as descriptive statistics, correlation matrix, pooled OLS, Breusch and Agnostic LM test, Hausman test, and fixed effects model. In Pakistan's textile sector, microeconomic factors (EPS, BVS, and LNFS) and macroeconomic factors (GDP) were found to have a positive and significant impact on firm share prices. Conversely, neither microeconomic factors (DPS) nor macroeconomic factors (INF) were found to be significant. These results contribute to the current understanding and ongoing discussions about the factors affecting share prices in developing markets, with a 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. By signaling wealth protection through lower chief executive officer (CEO) power, IPO companies may be able to limit underpricing. Such flagging is especially trying for the vast majority Initial public offering firms, however, in light of the fact that for those carrying on with work in high-influence distance societies, Chief influence can likewise flag abundance creation, making President power a contradicting message for Initial public offering financial backers. We argue, based on signaling theory, that IPO underpricing and CEO power go hand in hand. However, when IPO companies do business in countries with a high cultural power distance, the information being signaled becomes less clear, so the relationship between the two is weaker. The flagging effect of both Chief power and request side social power distance debilitates, in any case, when financier notoriety offers a substitute sign. This examination offers new information for Initial public offering corporate administration experts, like business people, investors, guarantors, and controllers. In particular, our exploration exhibits that the power dynamic in the higher classes has suggestions for request side authenticity or making U.S.-recorded firms more genuine with worldwide clients. Subsequently, investors and protections experts who recoil from the union of Chief power ought to consider the potential advantages that such solidification of force could give the firm while contending in various social conditions related with unfamiliar business sectors.

Cong and Howell (2021) conducted a research on policy uncertainty and innovation: evidence from initial public offering interventions in china. Public value is a significant wellspring of hazard capital, particularly in China. The Chinese government has infrequently suspended Initial public offerings, uncovering firms previously supported to Initial public offering to uncertain posting delays. The impermanent bar on opening up to

the world increments vulnerability about admittance to public business sectors for impacted firms. We demonstrate that during the delay and for years after listing, suspension-induced delay reduces corporate innovation activity. Adverse consequences on substantial speculation and beneficial outcomes on influence are impermanent, reliable with monetary limitations during the suspensions being settled subsequent to posting. Our outcomes propose that anticipated, well-working Initial public offering markets are significant for firm worth creation. They show that corporate development is aggregate and is adversely impacted by strategy vulnerability.

Gonzalez et al. (2021) conducted a research on determinants of corporate tone in an initial public offering: Powerful CEOs versus well-functioning boards. Recent research on initial public offerings (IPOs) suggests that tone has a significant effect on IPO undervaluation but often neglects its underlying factors. This study examines the factors affecting the tone of IPO information disclosure. By analyzing 211 Latin American IPOs from 2000 to 2019, we find that a strong CEO can shape the tone by promoting positive language in market disclosures and minimizing negative language. Furthermore, we show that more independent boards tend to use a higher frequency of negative tones. Additionally, our findings reveal a non-linear relationship between board size and the tone of the outline. This suggests that an optimal board size reduces the excessive use of positive language and encourages a more challenging tone in the IPO plan. Overall, effective boards strike a balance between strong executives and provide more balanced disclosures to the market. Finally, we observe that dominant market analysts, the age of the responsible firm, proposed use of proceeds, and the number of risk factors significantly impact the tone of the information disclosed.

Endri (2021) observed about the stock price volatility during the COVID-2019 Pandemic: The GRACH model. This study inspected the reaction of stock costs on the Indonesia Stock Trade (IDX) to Coronavirus utilizing an occasion concentrate on approach and the GARCH model. The research evaluates the Composite Stock Value File (JCI) and companies listed in the LQ-45 index over a 40-day period prior to the COVID-19 outbreak, one day during the outbreak (March 2, 2020), and 10 days after (January 6, 2020 - March 16, 2020). The findings indicate that abnormal returns were negatively impacted by COVID-19, JCI volatility fluctuated significantly during the outbreak, and the GARCH(1,2) model is effective for assessing volatility and forecasting stock returns

on the IDX in pandemic-affected economic conditions. The reasonable ramifications of the review's discoveries for financial backers is that the Coronavirus occasion caused stock cost instability, which influences unusual returns. In this way, to confront the states of vulnerability and expanded unpredictability later on, a few lines of hazard the executives are required in dealing with a stock portfolio. Likewise, it additionally opens up amazing open doors for theorists to benefit in a wasteful market climate. The empirical literature being developed to investigate the phenomenon of stock price volatility on the IDX during COVID-19 is the basis for this study. According to the utilized GARCH model, abnormal returns decrease during the COVID-19 pandemic as stock price volatility rises. The observational discoveries likewise approve the effective market speculation hypothesis connected with the investigation of occasions and the hypothesis of monetary conduct connected with vulnerability.

Karlsson, Häggqvist and Hedberg (2020) conducted a research on market structure and efficiency in Swedish commercial banking, 1912–1938. Between 1912 and 1938, the Swedish commercial banking industry's market structure and performance are examined in this article. During this period, new market guideline was acquainted with the aim with support huge scope banking. Consequently, the sector entered a significant consolidation phase. These shifts in the structure of the market came at the same time as industrial progress and growth. Thus, it has generally been expected that the new system cultivated saves money with ability to supply the business with monetary administrations productively. However, no in-depth analyses of the actual impact of these policy changes on the banks' performance have yet been carried out. We look at this effect by estimating the productivity of Swedish business banks by building a Malmquist record in view of specialized proficiency scores got from Information Envelopment Examination (DEA). Analysts utilize partial relapse examination to look at the effect of market fixation and bank consolidations on productivity. They find that market focus adversely affected the normal productivity of the Swedish business banking industry during this period. While enormous monetary middle people might have been important to channel capital into the huge scope modern and infrastructural.

Kaplan, Taylor and Williams (2020) researched on the public company accounting oversight board (PCAOB) expressed concern that audit reports do not contain sufficient variation to provide useful information to the market. Utilizing an example of monetarily

focused first sale of stock (Initial public offering) firms, we explore whether data vulnerability is impacted by (1) three distinct sorts of review reports — unfit (clean), half breed (with logical language about monetary pressure), and going concern (GCAR) — and (2) review report exposures. By finding a significant reduction in information uncertainty, we demonstrate that audit reports—both hybrid and GCAR—as well as audit report disclosures—provide market participants with useful information. Equally important, we find that management discretionary going concern disclosures do not enhance or replace the information uncertainty reduction provided by GCARs and hybrid audit reports. We demonstrate that financial-stressed IPO firms' current audit report types and disclosures provide market information.

Manu and Saini (2020) researched on today's fast moving and dynamic world, short-term investors face difficulty while choosing which avenue to invest in. Due to VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) in relation to the future movement of security prices, investors consider investing in securities to be a highly risky option. The review has been done to examine the post-Beginning Public Official (Initial public offering) execution of different organizations that have opened up to the world in 2017 utilizing occasion concentrate on system. In addition, the study identifies various factors that influence the movement of such IPOs in the short run and attempts to determine whether these IPOs were underpriced in the short run. According to the findings of the study, the movement of approximately 70% of the selected IPOs in the short term is unaffected by the age of the company, issue size, ownership sector, or promoter holdings following the IPO.

Thonse et al. (2017) studied on 'pricing and performance of IPOs: evidence from Indian stock market'. This study investigated both introductory estimating and long run execution of Initial public offerings. Consequently, the study's objectives were as follows: a) to determine the listing day performance (underpricing) of Indian initial public offerings (IPOs); c) to determine the post-listing aftermarket performance of Indian IPOs; and d) to determine the post-listing aftermarket performance of Indian IPOs. The example of 464 Initial public offerings (365 book-assembled Initial public offerings and 99 fixed-value Initial public offerings) that opened up to the world from the monetary year 2001 to 2011 were chosen for the review. Between the fiscal year 2001 and the year 2015, the study period spanned 15 years. The example was confined to IPO'S that were mandatorily

recorded on Bombay Stock Trade (BSE). Everyday offer costs had been taken from the corporate data set of CMIE-Ability. The review analyzed the posting day execution of Initial public offerings, book-fabricated and fixed-value Initial public offerings, post-posting reseller's exchange execution of Initial public offerings, book-assembled and fixed-value Initial public offerings in the Indian securities exchange. The review analyzed evaluating as well as lengthy run execution of 464 (365 book-fabricated Initial public offerings and 99 fixed-value Initial public offerings) Indian Initial public offerings that opened up to the world somewhere in the range of 2001 and 2011. The concentrated on covers a long time from the monetary year 2001 to 2015. Examination of the outcomes uncovers that contrasted with fixed-value Initial public offerings, book-constructed Initial public offerings were undervalued by lesser extent. Also, book-built IPOs had negative cumulative average abnormal returns (CAARS) for up to five years. On the other hand, fixed-price IPOs had positive CAARS for one and a half years and continued to do so after that.

Poornima and Deepha (2016) investigated the performance of initial public offerings (IPOs) for companies listed on the NSE in India and the Gulf base GCC index. The primary aim of their research was to evaluate the performance of IPOs in India. The study had several objectives: (a) to assess the short-term performance of Indian IPOs, from their public offering date to their first trading day on the stock exchange, (b) to measure the long-term performance of Indian IPOs, both including and excluding initial returns, and (c) to analyze whether returns were higher in the short term or long term. The research relied mainly on secondary data and focused on analyzing IPO performance in both the primary and secondary markets. Tools such as raw returns and market-adjusted excess returns were used to evaluate short-term and long-term performance. Investors were encouraged to examine IPO stock trends to make informed decisions. The study covered the period from January 2013 to December 2014, including a sample of nine Indian companies listed on the National Stock Exchange during that time. The findings provided insights into IPO performance, which was often considered a speculative investment tool, helping investors make more informed decisions.

Shrestha (2016) examined on Investment Decision to primary issue of shares. The review revealed that the primary market was experiencing rapid growth. Even average investors were heavily investing their savings into new share offerings, leading to significant

oversubscription. The study confirmed that the expansion of the primary market was positive, as many public limited companies, including joint venture banks, succeeded in raising capital through share flotation to the general public. The strong investor response indicated increasing public confidence in the primary market. The public was eager to invest in any opportunity, regardless of the advertiser's background or the company's viability. Each company that entered the market successfully raised capital, with offerings being completed within the week and experiencing high levels of oversubscription.

Pandey (2015) researched on investment decision to primary issue of shares in Nepal. With the goal of: distinguish the issues of essential shared issue market, evaluate the development of essential issue market, examined the example of Speculation Choice to shares and tracked down the reasons of variety. Mr. Pandey summed up his findings by saying, "Due to a lack of opportunities for investment in other fields, investment decision was high in primary market." No appropriate venture examination was made. In spite of this, public were drawn in towards shares than different areas, essentially to expanded their worth of venture, was it's profit capital addition or extra offers. It was discovered that the banking and financial sectors' Investment Decision was typically higher than that of the manufacturing and services sectors. Significant reason for unfortunate reaction in the period 2005-2008 was; financing costs was higher when contrasted with profit yield, the public organizations was not performing great and individuals didn't had any awareness of the significance of money management protections. The fact that people were aware, the market's money flow was higher, the majority of businesses were distributing dividends, share prices were rising for the majority of businesses, and there were no better investment options made the response extremely positive. Now that the typical financing costs had gone down, more can be acquired from interest in stock.

Khadka (2014) conducted a research on Nepal surveyed: issues in local bond market development. His study's most important finding was that the financial market in was relatively undeveloped. The public authority market was more grown, however cost were not market arranged. The level of proficiency with which issuers, investors, and intermediaries dealt with securities on the primary and secondary markets was shown by the state of development of equity markets. The Nepal stock exchange (NEPSE) was founded on January 13, 1994, when Nepal's overall market was still in its infancy. It was claimed by the public authority and was a not for benefit making establishment. The

value market of was somewhat little from the worldwide principles. With just 129 organizations being recorded in around 12 years of foundation of NEPSE, the value market in required additional work and commitment from the secretly held organizations as well as the financial backers. The situation with NEPSE value market was expounded in the accompanying extraction of a report.

Pradhan and Shrestha (2013) analyzed performance of the initial public offering (IPO) in the Nepalese stock market. The principal objective of this study was to analyze the presentation and deciding factors of Initial public offerings of Nepalese securities exchange. Membership rate, issue size, firm size, notoriety of issue administrator and economic situation were chosen as Initial public offering factors and these were the autonomous factors. Starting return was reliant variable. The performance of the Nepalese stock market's initial public offerings was evaluated using secondary data. The review depended on 61 firms for the period 2005-2011. The relapse models were assessed to test the importance and significance of beginning return in Nepalese securities exchange. The investigation discovered that there was a positive effect of Initial public offering factors (firm size, notoriety of issue chief, membership rate and economic situation) on beginning return. It suggests that the initial return will be greater the larger the company. Essentially, higher the standing of issue chief, higher would be the underlying return. Moreover, expansion in membership rate prompts better starting return . The outcome demonstrates that the initial return would be greater the better the market condition. The concentrate likewise shows that there was a negative connection between issue size and introductory return which suggests that more noteworthy the issue size, brought down would be the underlying return. While the beta coefficient was negative and significant for issue size and initial return, it was significant for firm size, issue manager reputation, subscription rate, market conditions, and initial returns.

Table 1

Summary of Empirical Review

Study	Dep.	Indepen.	Methodology	Findings	Implications
Kang and bao lam	Equity underp rices	Environ mental disclosu	Using a linguistic technique	This finding illuminates firms and different partners exploring the	The results suggest that investors are not easily attracted by positive

(2023)	re			early and developing disclosure tones but are rush of supportability also concerned with the detailing in Singapore. authenticity of such disclosures.
Mehmo od et al. (2023)	IPOs literature re	IPO overview and growth, IPO and theories, and IPO and stock market behavior	Using Herzing's Publish or Perish and VOS viewer software	The discoveries make sense of critical components in the writing, including nations, establishments, diaries, writers, articles, and subjects. Additionally introduced are the co-creation organization and three exploration streams
Ali (2022)	stock price	Micro, meso and Macro level	systematically reviewed 85 empirical papers published in ABS-ranked journals	According to the findings, firm-level corporate behavior is influenced by macroeconomic factors like political and legal factors, socioeconomic indicators, and religious beliefs, all of which contribute to the risk of a stock price crash.
Reber and gold (2022)	US IPOs	ESG disclosure	only considered IPOs listed on the NYSE, NASDAQ or AMEX	Both idiosyncratic volatility and downside tail risk were found to be negatively impacted by ESG performance scores, according to the study. This backs up the legitimacy argument for sustainable business behavior, which states This imbalance in observations is likely to diminish in the future, as richer datasets become available not only in absolute numbers but also in terms of an increasing relative proportion of IPOs disclosing their

				that "proper" and "appropriate" business behavior is goodwill among stakeholders and society as a whole.	ESG ratings.
Ritter and shao (2022)	IPOs investors	IPO pricing, bids and allocation and after-market trading.	Study includes sample of 3,600 IPOs during the period of 1990 to 2018	The thinking is that the public authority would like stream into toward enterprises, like semiconductors. Numerous businesses' decisions regarding IPOs and valuations are being influenced by these political factors.	Without regulatory interventions trying to save investors from such risk, investors will come to realize that IPO stocks are not providing guaranteed returns but are risky investments. They will have to conduct careful due diligence and price IPO shares more efficiently.
Cong and howell (2021)	financial constraints	Tangible investment and leverage	By using regression analysis and correlation .	Due to financial constraints during the suspensions that were resolved after listing, the effects on tangible investment and the effects on leverage are only temporary.	The results suggest that predictable, well-functioning IPO markets are important for firm value creation. They demonstrate that corporate innovation is cumulative and is negatively affected by policy uncertainty.
Endri (2021)	Abnormal returns	stock price	By using statistical methods through SPSS	The observational discoveries likewise approve the effective market speculation hypothesis connected with the investigation of occasions and the hypothesis of monetary	The empirical results also support the efficient market hypothesis concerning event studies and the financial behavior theory related to uncertainty.

				conduct connected with vulnerability.	
Gonzalez et al. (2021)	IPO prospectuses	Powerful, entrenched CEOs, board size and optimistic tone	Sampling 211 Latin American IPOs	find a non-monotonic connection between board size and the tone in the outline, which proposes that an ideal board size mitigates the over the top utilization of uplifting vibe and prompts more horrible tones in the Initial public offering plan	This result suggests that the section that conveys differentiated information and could serve as a signal mechanism is the summary section.
Krause, Chen and Bruton (2021)	IPOs Underpricing	Early investors	By using signaling theory and survey method	The flagging effect of both Chief power and request side social power distance debilitates, in any case, when financier notoriety offers a substitute sign.	This study provides fresh insights for those involved in IPO corporate governance, including entrepreneurs, venture capitalists, underwriters, and regulators.
Raza et al., (2021)	EPS, BVS, GDP, DPS, INF and LNFS	Stock Price	The research employed descriptive statistics, a correlation matrix, pooled ordinary least squares (OLS), and the Breusch	(GDP) was found to have a positive and significant relationship with the share price of companies in Pakistan's textile industry. Miniature (DPS) and large scale (INF) elements, then, not entirely settled to be irrelevant.	The research adds to the existing understanding and ongoing discussion regarding the elements that impact share prices in emerging markets, with a specific focus on Pakistan's textile industry.

			and Pagan LM test.		
Kaplan, taylor and William s (2020)	IPO inform ation	Unquali fied, GCAR and hybrid audit reports	data used in this study are available from audit reports of PCAOB	Found administration going revelations supplement or fill in for the decrease in data vulnerability related with half breed review reports and GCARs.	that optional concern don't disclosures of financially stressed IPO firms provide information to the market.
Karlss, Häggqvi and Hedberg (2020)	total loan and bond share	Deposit Capital and general expense s	Researche rs use fractional regression analysis	During this time, the average efficiency of the Swedish commercial banking industry was negatively impacted by that market concentration. While enormous monetary middle people might have been important to channel capital into the huge scope modern and infrastructural.	The study's findings suggest that investors should be aware that the COVID-19 pandemic led to fluctuations in stock prices, which in turn impact abnormal returns.
Manu and saini (2020)	Abnor mal return and total return	Age of the compan y, issue size of the IPO, ownersh ip sector and the promote r's holdings	The study uses Correlatio n, Regressio n and ANOVA test to analyses the post- performan ce	According to the findings of the study, the movement of approximately 70% of the selected IPOs in the short term is unaffected by the age of the company, issue size, ownership sector, or promoter holdings following the IPO.	The future studies can analyses not only the short-run performance but also the long-run performance of the IPOs over a period of time to give More comprehensive results of study can be to identify if the total and abnormal returns of the IPOs are affected by

the allocation pattern
between the
institutional and retail
investors.

2.4 Research gap

According to a review of the literature on initial public offerings in the Nepalese market, insurance companies attract the majority of investors rather than development banks and commercial banks. However, despite the fact that investing in initial public offerings (IPOs) typically guarantees a return, there are also risks associated with such investments. The financial backers ought to know about these dangers and returns. Anyway there are many explores connected with Venture Choice to Initial public offerings in Nepalese market, yet nobody has given center around estimating of Initial public offering with premium or presumptive worth, objective of financial backers as long haul speculation or speedy method for bringing in cash, and the job of impulse and talk to effective financial planning choice of effective financial planning choice of financial backers while effective money management which impacts the offer market fundamentally. Moreover past examinations had not tried the speculation on financial backer's reaction.

Given the numerous research gaps identified in earlier studies, new research has focused on examining investor preferences regarding company or market performance information, margin lending restrictions, and the performance of issue managers during IPOs. This study aims to involve a growing number of participants from banks, universities, colleges, and among employees in the primary data analysis. The independent variables in this research are categorized into five areas: quality management, company goodwill, performance, company sectors, and market information, aligning with the work of Paudel (2012) and Shrestha (2021). This research is expected to benefit investors, educational institutions, banks, and brokerage firms from both academic and policy perspectives. Additionally, considering that most investors in Nepal are risk-averse, the study also explores whether individuals prefer investing in personal funds versus loans.

CHAPTER- III

RESEARCH METHODOLOGY

The research methodology that will be used in this study is the subject of this chapter. Various kinds of approach is utilized in different sorts of examination relying up upon purposes nature of issue and information. The review involves quantitative techniques in the examination of the information assembled.

3.1 Research Design

The descriptive and casual research design is used in this study. The quantitative method of the study consisted of giving respondents a questionnaire to fill out in order to learn more about employees' participation in organizational Quality Management. The spellbinding exploration configuration is chosen for the review to get familiar with the profile of the respondents, show and portrayal of the information assortment, and to depict the attributes of the respondents

3.2 Population and Sample

As of July 2023, the review includes data from 226 organizations. A sample of 400 respondents was chosen from banks and brokerage firms for the primary data collection, using a non-probability sampling method. To complete the questionnaires, an effective examination technique was employed. Out of the 410 questionnaires distributed, 400 were completed and returned for this study.

3.3 Nature and Source of Data

The sole primary data source for this study is a survey conducted among individual NPESE investors. Data is collected via a five-point Likert scale survey. This study employs a descriptive method to examine the relationships between the variables. The data make generalization easier. Experts will evaluate the validity of the questionnaire-derived data. In this study, the validity of the questionnaire-collected data will be checked for face validity. Experts were consulted to improve the questionnaire's validity, and a few sections were changed.

3.4 Method of Analysis

The review was led through the respondents by straightforwardly in their functioning spot. Survey was dispersed to every single person. This study utilizes the rundown of enlightening insights related with the essential information investigation which is completed based on respondents got from poll review. Excel and the statistical package for social science (SPSS) provide descriptive statistical tools like regression analysis.

3.4.1 Data Analysis Tools

Examination and show of the information is the center of each exploration work. To obtain right outcome from this exploration, information were dissected by utilizing various sorts of enlightening and insightful instruments. In this review, different numerical and factual apparatuses have been utilized to accomplish the goal of the review. The following is a brief overview of the statistical techniques used in this study:

Descriptive Statistics

Expressive measurements are concise indicators that encapsulate a given set of information, which might represent an entire population or a sample of it. These descriptive statistics are categorized into measures of central tendency and measures of variability (spread). Examples of measures of central tendency include the mean, median, and mode, while measures of variability include the standard deviation, variance, range (minimum and maximum values), kurtosis, and skewness.

Mean

The most famous and broadly utilized proportion of addressing the whole information by one variable is the number-crunching mean. It is determined by dividing the total number of items by the sum of all of them. Mean upsides of the different variable address the typical incentive for the review time frame.

$$\text{Mean } (\bar{X}) = \frac{\sum x}{n}$$

Standard Deviation

The degree to which the individual items differ from a common value is called dispersion. The standard deviation estimates the outright scattering. The more prominent how much

scattering more prominent the standard deviation. Small standard deviations indicate a high degree of observational uniformity and series homogeneity, respectively.

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

Correlation Analysis

Connection investigation is the measurable apparatuses that can be utilized to depict the degree which one variable is almost connected with another. The present study employs simple correlation. Relationship co-efficient between the accompanying monetary factors has been determined and introduced in network structure and subsequently deciphered completely. The formula below can be used to calculate the correlation coefficient between the variables X and Y.

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

$r = 0$ implies that the factors are connected lies between - 1 and +1 $r = - 1$ suggests that there is an ideal negative relationship between the factors $r = +1$ infers that there is an ideal positive connection between the factors.

Coefficient of Determination (r^2)

A measure of the degree of liner association or correlation between two variables, one of which is an independent variable and the other a dependent variable, is the coefficient of determination. To put it another way, r measures the total variation in dependent variables as a percentage. The coefficient of assurance worth can have going from zero to one. A worth or one can happen provided that the startling variety is zero which just implies that every one of the data of interest in disperses outline fall precisely on the relapse line.

Regression Analysis

Relapse examination tells the course of development yet it doesn't tell the general development in that frame of mind under study. Understanding the relative movement of the variables is made easier with regression analysis. The following variable, -, has been calculated and analyzed using regression. The elements that influence evaluations of the PS might be measured and assessed econometrically utilizing numerous relapse examination. Numerous relapse examination is a factual device, which works with in assessing or foreseeing the worth of ward variable from the worth of free factor. QM, CG,

CP, CS, and MI are the dependent variables in this study, with DPS, P/E ratio, ROA, and ROE being the independent variables. By and large, in different relapse examination, strategies for least square, standard blunder of gauge and numerous coefficient of assurance are registered for this reason. The formula for multiple regression is:

$$\text{Model 1: } Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e_i$$

Where

α = Intercept, β = Coefficient

PR (β_1) = Investment Decision

QM (β_2) = Quality Management

CG (β_3) = Company Goodwill

CP (β_4) = Company Performance

CS (β_5) = Company Sectors

MI (β_6) = Market Information

e_i = error terms E

3.5 Research Framework

Independent Variables

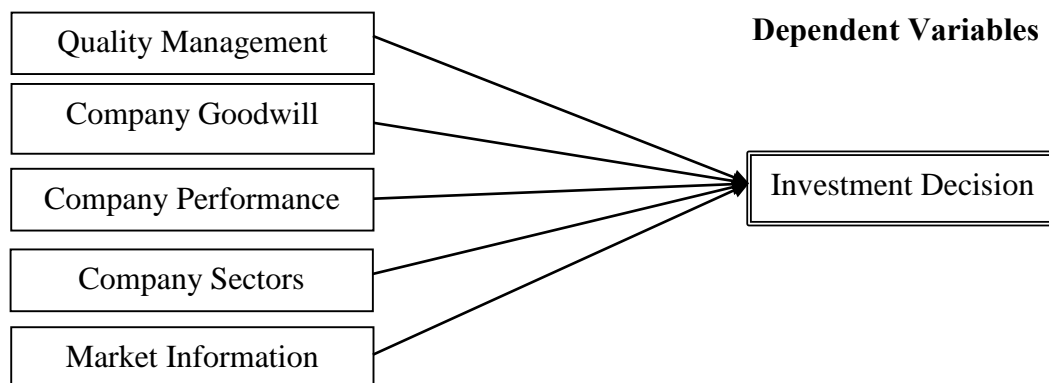


Figure: Research Framework

Defining Variables

The specific questions will be answered by the research. For responding to such hidden questions, we create and characterize factors. There are two sorts of factors in this exploration:

Investment decisions

The NEPSE's institutional financial backers' choices were affected by presumptuousness, mooring, attitude impact inclination, and grouping bias. Besides, these financial backers

referenced what the other institutional financial backers were exchanging. A thoroughly examined move that conveys subsidizes to boost return is a venture decision. The investor's characteristics, such as whether they are an individual or a corporation, as well as their investment objectives and risk tolerance, play a role in the decision (Lowry, Michaely & Volkova, 2017).

Quality management: The Venture Choice of introductory public contributions is emphatically impacted by quality administration of the executives, higher the nature of the board higher will be the Speculation Choices and membership rate will be high (Cong et al., 2021).

Company goodwill: The Speculation Choice of first sale of stock is decidedly impacted by organization generosity higher the organization altruism higher will be the Venture Choices and membership rate will be high (Adhikari & Panday, 2019).

Company performance: The Speculation Choice of first sale of stock is decidedly impacted by organization execution, higher the organization execution higher rate cost premium, procuring per share, profit from venture, return on value, profit statement and capital increase is great higher will be the Speculation Choice to Initial public offering (Krause et al., 2021).

Company sectors: Hydropower, manufacturing, insurance, banking, and microfinance are among the company sectors that will have a greater impact on investors' initial public offering investment decisions. Banks and insurance are among the industries with the highest response rates to IPOs (Horace, 2014).

Market information: The Venture Choice of first sale of stock is emphatically impacted by market data higher the market data higher will be remarks on media, past patterns of Initial public offering, piece of the pie, future expectation and estimate, new task hazard and prospects (Hawaldar, Kumar & Mallikarjunappa, 2018).

CHAPTER – IV

RESULTS AND DISCUSSIONS

This part portrays the investigation results created from the course of information assortment. It manages the examination and translation of the essential information gathered through poll from 150 respondents and optional information are gathered from bank and monetary foundations. The analysis of the public's awareness response and expectations regarding issues is carried out using the primary data.

The supplementary information is used to analyze the Speculation Choice in relation to the primary input, as well as data related to the under and over subscription of shares in the market, the number and amount of shares issued, the paid-up benefits of issuing companies, the rate of public participation, and the behavior of general investors, among other factors.

The collected data were analyzed in terms of the two variables' regression coefficients. The principal reason for this exploration study will be satisfied with the results got from the investigation of the information.

4.1 Structured of Initial Public Offering

Protections Trade Act, 1983 has made required that the responsible organization ought to enlist the protections in SEBON and get endorsement prior to going to public.

Table 2

Initial Public Offering Approved

S.N	Sector	No. of Share	Amount of Share	Public Issue Size	Public Issue Amount
1	Microfinance	12360668	1236066800	4205336	420533600
2	Investment	5556000	555600000	555600	55560000
3	Hydropower	216778711	21677871100	67275489	6727548900
	Total	234695379	23469537900	72036425	7203642500

Source: Annual report of SEBON, 2078/79

Table 1 shows the variety of issue sum and negative. of offer supported during the period. Among those monetary area, Hydropower issue more offer contrast with others areas for example 216778711 no. of offers with 21677871100 sum. SEBON has approved 28 IPO

issues totaling 23469 million in fiscal year 2021/22. Absolute no. what's more, measure of offer supported from each of the three area for example microfinance, venture and hydropower are 234695379 and 23469537900.

Table 3

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		
Student	12	3
Private Business	64	16
Banking and Finance	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: Self- Survey, 2023

In this review, most of respondents (i.e., 264) were female, making up 66% of the all-out respondents. Interestingly, 34% of the absolute respondents — 136 — were male. Each respondent is separated into five age gatherings, with the majority of respondents falling into the 25-35 age range (for example 336). It was responsible for 84% of the responses. Only 6% of responders were more than 46 and under 25 years of age.

It was discovered that 73% of respondents had earned a college degree (i.e. 292). Additionally, a bachelor's degree was held by 96 respondents, or 24% of all respondents. Only 3% of the populace had schooling comparable to +2 levels. Among the 5 occupation, Banking and money was the most continuous position (for example 280) which included 70 % of the all-out reactions. Moreover, personal business and government worker were 16 % and 10 % individually.

4.2 Descriptive Statistics

Expressive statistics are concise metrics that summarize a data set, which can represent either an entire population or a sample from it. These statistics are divided into measures of central tendency and measures of variability (spread). Measures of central tendency include the mean, median, and mode, while measures of variability encompass standard deviation, variance, minimum and maximum values, as well as kurtosis and skewness.

Table 4

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	3.153	1.363
To what degree do you think that corporate governance impacts your decision to invest in an IPO?	1.00	5.00	3.347	1.323
How significant is the value of human resources in your investment choices for an IPO?	1.00	5.00	3.281	1.336
How important is the role of the founder CEO in your decision to invest in an IPO?	1.00	5.00	3.152	1.279
To what extent does the involvement of key shareholders or promoters affect your investment in an IPO?	1.00	5.00	3.355	1.326

Source: SPSS Output

Table 4 shows expressive insights of a singular thing and in general of Value The board sub-factor. The variables are measured using five statements. Five-point Likert scale responses were provided by each respondent. The given assertion mean worth is more than 3. This demonstrates that quality management can be achieved while making investment decisions.

Table 5

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	2.063	1.238
How much impact do you believe the Historical Background will have on your IPO investment?	1.00	5.00	2.957	1.324
How important do you think the Age of the Company is when making an IPO investment?	1.00	5.00	2.612	1.009
To what degree do you feel the Prestige of the Board Members will affect your investment in the IPO?	1.00	5.00	2.856	1.186
How does the Current Financial Position influence your decision to invest in the IPO?	1.00	5.00	2.718	1.142

Source: SPSS Output

Table 5 shows elucidating measurements of a singular things and all in all of Organization Altruism sub-factor. The variables are measured using five statements. Five-point Likert scale responses were provided by each respondent. The general mean of preparing and Organization Altruism pay is 2.821, which isn't more prominent than 3 however near it, with standard deviation 1.180. This demonstrates that effective company goodwill can lead to Investment Decision.

Table 6

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	3.22	1.327
How significant do you find ROE in motivating an investor to invest in an IPO?	1.00	5.00	3.60	1.341
How important do you think the Percentage Price Premium is in attracting investors to an IPO or FPO?	1.00	5.00	3.47	1.416
To what degree do you believe Earnings Per Share affect an investor's decision to invest in an IPO?	1.00	5.00	3.17	1.223
How much do you think Dividend Premium matters when considering an investment in an IPO?	1.00	5.00	3.17	1.541

Source: Survey, 2023

Table 6 shows engaging measurements of individual things and in general of Organization Execution. The variables are measured using five statements. Five-point Likert scale responses were provided by each respondent. The standard deviation of the overall mean of company performance with empowerment is 1.369, which is higher than 3. Through empowerment and company performance, this demonstrates that an investment decision might be the right one.

Table 7

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	3.18	1.349
How would you evaluate the potential advantages of investing in the Manufacturing Company via its IPO?	1.00	5.00	3.35	1.321
How does investing in finance or micro-finance compare? What about investing in the banking sector through an IPO?	1.00	5.00	3.28	1.352
To what extent do you study that deal in Banking area of IPO is Better?	1.00	5.00	3.17	1.286
How does investing in an Insurance Company IPO measure up?	1.00	5.00	3.32	1.359

Source: Survey, 2023

Table 7 shows enlightening insights of specific things of Organization Areas. The variables are measured using five statements. Five-point Likert scale responses were provided by each respondent. The general mean of Organization Areas is 3.26, which is more prominent than 3, with standard deviation 1.334. This demonstrates that company sectors can be used to make sound investment decisions.

Table 8

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	3.153	1.363
To what extent do you consider that Future Prediction and Forecast affects your investment in IPO?	1.00	5.00	3.347	1.323
To what extent do you consider that New project Risk and prospects affects in your investment in IPO?	1.00	5.00	3.281	1.336
To what extent do you consider that Market share will affect, while investing in the IPO?	1.00	5.00	3.152	1.279
To what extend do you consider the past trend of IPO, while investing in the IPO?	1.00	5.00	3.355	1.326

Source: SPSS Output

Descriptive statistics for each item and the Market Information sub-factor as a whole are presented in Table 8. The variables are measured using five statements. Five-point Likert scale responses were provided by each respondent. The general mean of Market Data is more prominent than 3, with standard deviation of more prominent that 1. This demonstrates the way that choice could be taken through compelling Business sector Data.

Table 9

Descriptive Statistics of Investment Decision (N=400)

Items	Min	Max	Mean	SD
My investment reports better results than expected.	1.00	5.00	3.24	1.323
My investment in stock has demonstrated increased cash flow growth.	1.00	5.00	3.61	1.336
My investment in stocks has a lower risk compared to the market I general.	1.00	5.00	3.49	1.407
My investment in stocks has a high degree of safety.	1.00	5.00	3.17	1.215
My investment proceeds will be used in a way that benefits society.	1.00	5.00	3.17	1.544

Source: Survey, 2023

Table 9 shows elucidating measurements of Speculation Choice of workers. The variables are measured using five statements. Five-point Likert scale responses were provided by

each respondent. The general mean of Venture Choice element is more than 3, with standard deviation of mutiple. This shows wise Speculation Choice in venture.

Table 10

Overall Descriptive Analysis

Particulars	N	Minimum	Maximum	Mean	Std. Deviation
Investment Decision	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 10 exhibits the typical mean worth between the scopes of Likert scale. The reaction on questions with respect to Speculation Choice has mean worth 3.102. Similarly, the mean values of the questionnaire responses regarding quality management are 3.134. The reaction towards the survey connected with organization altruism has 3.299 mean qualities and reaction towards the assertion connected with organization execution is 3.215. Similarly reaction towards the assertions of organization area and market data have mean worth of 3.038 and 3.370 individually.

4.3 Reliability test

Table 11

Reliability Test (N=400)

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

Unwavering quality test is directed to gauge the inward consistency for example unwavering quality of the estimating instrument. Cronbach's alpha coefficient ranges from 0 to 1, with a higher value representing greater reliability. Last but not least, Cronbach's alpha coefficient ought to be greater than 0.70. This scale has great inner legitimacy and unwavering quality. The dependability test incorporate cronbach's alpha of

market data, quality administration, organization generosity, organization execution, organization area and venture choice are 0.715, 0.809, 0.842, 0.651, 0.557 and 0.957 separately.

4.4 Correlation Analysis

Just, the connection is a device which is intended to gauge the connection between at least two variable and connection examination estimates the strength or level of straight connections between at least two factors. Assuming the adjustment of the worth of one variable outcomes the adjustment of the worth of another variable then we say that the factors are connected. In order to determine the direction of the relationship between the dependent and independent variables, members of the MFIs under investigation were asked 25 questions about the company's sector, income, goodwill, market information, and performance, as well as Investment Decision.

We utilize numerous connections when there is one variable as reliant and different factors considered as free factors and the impact of the multitude of autonomous factors working together is concentrated on the reliant variable. Table 5 summarizes the outcome.

Table 12

Correlation Coefficient

Variables	ID	QM	CG	CP	CS	MI
Investment Decision	1					
Quality Management	.356** .000	1				
Company Goodwill	.017 .734	.016 .754	1			
Company Performance	-.033 .516	-.010 .847	-.022 .655	1		
Company sector	.107* .032	.107* .033	.127* .011	.112* .024	1	
Market Information	-.107* .032	.008 .868	-.027 .595	.000 .992	-.026 .598	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 12 shows the connection between the quality administration and company area is decidedly huge with Venture Choices with coefficient 0.356 and 0.107. Similarly, with a

negative coefficient of 0.107, the correlation between investment decision and market information is statistically significant. It implies that there is a 100% chance of a correlation between quality management and Investment Decision. The market data status is adversely corresponded with Speculation Choice ($r=-0.107$). Goodwill and Investment Decision have no significant correlation. It implies that there is a 0.2% chance that there is no correlation between goodwill and Investment Decision. The variable organization area is additionally emphatically related with the variable Venture Choice ($r=-0.107$). ($p=0.032$) There is a strong correlation between investment decision and company sector. The fact that the p-value is less than 0.05 indicates that there is a significant relationship between investment decision powers.

Similarly, the correlation between a company's performance and its investment decision is negative, at -0.054. The relationship between organization execution and Speculation Choice is immaterial since p-esteem is (0.283) which is more than 0.05. Once more, the variable market data is additionally adversely associated with Venture Choice ($r=-0.101$). With a p-value of 0.044, the correlation between market information and Investment Decision is significant.

4.5 Multiple Regression Analysis

An equation for estimating the value of a dependent variable from two or more independent variables is known as a multiple regression equation. To put it another way, it is a mathematical relationship that exists between a single dependent variable and at least two independent variables. In this study relapse condition will be:

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

Where α = constant term

Y = Investment Decision

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = the coefficient/ determinants of Investment Decision to IPO (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 13

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.407a	.165	.155	.49004

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

Table 14

ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.733	5	3.747	15.602	.000
	Residual	94.617	394	.240		
	Total	113.350	399			

a. Dependent Variable: QM

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

Table 15

Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t – value	P- Value	Descriptive Sig
	B	SE	Beta			
Constant	2.091	0.347		6.025	0.000	Sig
Quality management (X_1)	0.412	0.051	0.377	8.153	0.000	Sig
Company goodwill (X_2)	-0.029	0.061	-0.022	-0.475	0.635	In Sig
Company performance (X_3)	0.052	0.060	0.040	-0.871	0.384	In Sig
Company sector (X_4)	0.084	0.043	0.091	1.942	0.053	In Sig
Market information (X_5)	-0.117	0.046	-0.118	-2.556	0.011	Sig

Source: Appendix III

P worth of value the board level is 0.691, which is more prominent than 0.05 and isn't huge at the degree of 0.05. Therefore, the hypothesis 1 (H_1) is rejected. Because the p value of the company's goodwill level is 0.635 and the performance of the company is.384, which is greater than 0.05, At 0.05, they are insignificant. So the hypothesis 2 (H_2) is acknowledged. Likewise, the p-value of company sector is also greater than significance level 0.05 which shows insignificant impact on investment decision.

P worth of organization area and market data are 0.740 and 0.574 separately and these two qualities are more noteworthy than 0.05. It implies there is no huge connection between organization area, market data and Venture Choices. As a result, hypothesis 3 (H₃) is disregarded.

4.6 Discussion

The trade of certain present value for uncertain future Company Goodwill is regarded as investment. Initial public offering financial backer, consequently expect to think about different pointers prior to effective money management. First sale of stock is the offering of protections to the overall population interestingly. Small investors can also invest in the primary market, which gives the issuer access to funds.

Investment is the exchange of certain present value for uncertain future company goodwill. First sale of stock monetary patron, thusly hope to contemplate various pointers preceding compelling cash the board. First offer of stock is the contribution of assurances to the general populace curiously. Little financial backers can likewise put resources into the essential market, which gives the guarantor admittance to reserves.

This result is in line with Kang and Bao Lam (2020) examine the performance and influencing factors of initial public offerings (IPOs) in the Nepalese stock market for the year 2023. The independent variables considered include the company's goodwill, quality management, sector, market information, and IPO performance factors. The dependent variable is the initial return. To assess the performance of these IPOs in the Nepalese market, secondary sources of information were used. Various regression models were employed to test the significance and impact of initial returns in the Nepalese financial market.

Investors' perceptions of initial public offerings have a significant impact on the Nepalese stock market. These findings are particularly significant in light of the observed relationships between company sectors, company goodwill, and market information in areas with lower risk (Ritter & Shao, 2022). The current investigation discovers that the greater part of financial backers consider projected return followed by organization generosity, quality administration and rest thought about the organization areas in Initial public offerings. An issue manager raises money through an initial public offering (IPO)

to invest in various industries. The company's goodwill and reputation will improve as a result. Notwithstanding the various tales the concentrate in Nepalese setting are exceptionally restricted. Financial backers will watch the titles however the principal hotspot for data ought to be the outline which gives bunches of data. This study has utilized both primary and secondary data sources to examine investors' willingness to invest in various industry sectors. The optional wellsprings of information additionally has been acquainted on Venture Choice with first sale of stock in Nepalese market. The essential wellsprings of information has been utilized to look at the assessment of respondents concerning Initial public offering in Nepal. With the end goal of essential information assortment, resource of pre-determined questions have been fundamentally as the instrument. Consequently discernment in Initial public not set in stone by above factors, support the discoveries of Ali (2022) however inverse to the discoveries of Cong and Howell (2021).

CHAPTER – V

SUMMARY AND CONCLUSION

5.1 Summary

In this study, the main focus is on analyzing the choices made regarding the initial sale of stock in the Nepalese market. The primary concern for the public at the outset is the Initial Public Offering (IPO). The primary market facilitates the issuance of new securities to help organizations raise funds, and the development of the securities market in Nepal is still in its early stages. The objective of this problem statement is to assess how investors will respond to IPOs in both the financial and non-financial sectors.

The aim of this study is to analyze public awareness of Initial Public Offerings (IPOs) to assess the development of key market elements and the factors influencing investment decisions related to IPOs. This research is crucial for understanding the impact of IPOs on the performance of banks and non-banking financial institutions, including their equity returns and asset returns, as well as for examining the legal, strategic, and future implications of IPOs in Nepal. The study utilizes both primary and secondary data for this analysis. Primary data is collected through surveys, while secondary data is sourced from NEPSE, SEBON, and various commercial banks. The study's conceptual framework was developed based on the dependent and independent variables identified through a literature review. The overall structure of the exploratory study was outlined in the third section. Data were collected using a questionnaire from 400 respondents. This process was completed to assess the validity of the research and the questionnaire.

The exploration is expressive and relaxed near in nature. The majority of the research is carried out using primary and secondary data. It incorporates Quality administration, organization altruism, organization execution, organization areas and market data. Information are portrayed by different relapse. Around 88% are revenue to put resources into monetary area and just 12% are in non-monetary area.

5.2 Conclusions

The review utilized to observationally examinations regardless of whether the Nepalese IPO'S are undervalued in short-raced to decide if different free factors like quality administration, organization altruism, organization execution ,organization areas and market data. The majority of IPOS, according to the findings, were priced too low. Likewise the review features that there is huge effect of different free factors on the absolute returns of chosen Nepalese IPO'S. The regression results indicate that the selected independent variables and their respective returns are significantly related. Regardless of the extensive stretch of protections winning in the Nepalese market, the vast majority of the general population have close to zero familiarity with Initial public offering. Even with this information, the majority are more interested in the financial sector than other industries.

The correlation between investment decision and quality management is statistically significant, according to the correlation analysis results. It implies that there is a 100% chance of a correlation between quality management and Investment Decision. The organization generosity status is adversely related with Venture Choice ($r=-0.0378$). Goodwill and Investment Decision have no significant correlation. It implies that there is a 0.2% chance that there is no correlation between goodwill and Investment Decision. The variable Investment Decision has a negative correlation with the variable Company Sector ($r=-0.020$). The relationship between organization area and Venture Choice is huge ($p=0.125$). The fact that the p-value is less than 0.05 indicates that there is a significant relationship between investment decision powers.

With respect to the consequence of relapse examination, Quality administration level has an irrelevant relationship on Venture Choice where, P worth of value the executives level is 0.691, which is more prominent than 0.05 and isn't huge at the degree of 0.05. Organization execution have huge relationship on Speculation Choice. Since p worth of organization generosity level is 0.044 and organization execution is .000 which is under 0.05. They are critical at 0.05 level. Likewise, organization area and market data have critical relationship on Venture Choices. P worth of organization area and market data are 0.740 and 0.574 separately and these two qualities are more noteworthy than 0.05. It

implies there is no critical connection between organization area, market data and Speculation Choices.

5.3 Implications

After the exploration following ramifications are made for better Initial public offering:

- As speculation financiers assume an imperative part in the Initial public offering process, they ought to attempt to give more straightforward, quick, bothers free help with the goal that more open include in the Initial public offering.
- Prior to putting resources into any organization, every one of the financial backers should go through that organization's monetary subtleties, outline, or they will be in trouble if by some stroke of good luck go with the market bits of hearsay.
- Little financial backers are additionally the piece of essential market, so Initial public offering subsidizing through monetary foundation ought to be completely controlled to deter the huge financial backers who apply in names of family members, companions and so forth.
- In order to make an IPO "hot," more and more advertisements must be promoted, and the public should be shown the real picture. So that cost doesn't fall after issue at the hour of exchanging.
- In the distribution of IPOs, the majority of underwriters target institutional or wealthy investors, which is extremely unethical and illogical. In order for all investors to receive shares, the allotment procedure must be proportional rather than random.
- As a result of asymmetric information, investors are becoming speculators rather than rational investors. They ought to realize the entire stock valuation process and really at that time start to contribute.
- When choosing an issue, the Manager Company should pick securities that general investors can confidently trust.
- Applications should be solicited from all regions of the country to ensure that all interested candidates have the opportunity to apply. This is important because most Initial Public Offerings (IPOs) are currently concentrated in the valley.

REFERENCES

- Adhikari, D. & Panday, D. L. (2019). *Research Methodology*. Kathmandu: AsmitaBooks & Distributors (P) Ltd.
- Agrawal, U. (2007). Stock watch. *The Boss Magazine*, 101-101.
- Ali, W., Wilson, J., & Husnain, M. (2022). Micro-, meso-and macro-level determinants of stock price crash risk: a systematic survey of literature. *Managerial Finance*, 48(5), 784-804.
- Bhandari, B. (2013). *Financial institutions and markets*. Kathmandu: Asmita Books Publication.
- Bhatta, P. R. (2019). Perception of investors towards initial public offering (IPO) in Nepal.
- Brigham, E. F. & Gapenski, L.C. (1995). *Intermediate Financial Management*. New York: The Dryden Press.
- Cong, L. W. & Howell, S. T. (2021). Policy uncertainty and innovation: Evidence from initial public offering interventions in China. *Management Science*, 67(11), 7238-7261.
- Cong, W., Sabrina T. & Howell, P. (2021). Policy uncertainty and innovation: evidence from initial public offering interventions in China. *Management Science* 67(11):7238-7261.
- Dhungana, A. & Devkota, T. P. (2022). Corporate payout policy and test of life cycle theory; evidence from Nepalese commercial banks. *NRB Proceedings Conference Paper*, 117-134.
- Endri, E., Aipama, W. & Septiano, R. (2021). Stock price volatility during the COVID-19 pandemic: The GARCH model. *Investment Management and Financial Innovations*, 18(4), 12.
- Endri, K. (2021). Observed about the stock price volatility during the COVID-2019 pandemic: The GRACH model. *Research in International Business and Finance*, 48(2), 287-309.
- Francis, K. (1983). *Management of investments*. New York: McGraw Hill.
- Gnawali, A. (2020). Perception of investor's towards initial public offering (IPO) in Nepal: With reference to Kathmandu district. *International Journal of Innovation Scientific Research and Review*, 444-449.

- González, M., Guzmán, A., Tellez-Falla, D. F. & Trujillo, M. A. (2021). Determinants of corporate tone in an initial public offering: Powerful CEOs versus well-functioning boards. *Research in International Business and Finance*, 58, 101481.
- Gupta, S. (1999). *Fundamental of statistics*. New Delhi: Himalayan Publishing House.
- Hawaladar, T., Kumar, N. & Mallikarjunappa, T. (2018). Pricing and performance of IPOs: Evidence from Indian stock market. *Cogent Economics and Finance*, 6(1), 1420350.
- Horace, H. (2014). Performance of initial public offerings: evidence from Hong Kong, *Nang Yan Business Journal*, Department of Accounting and Finance, HK Buddhist College.
- Iqbal, T., Hawaldar; K. R., Kumar, N. & Mallikarjunappa, T. (2017). Pricing and performance of IPOs: Evidence from Indian stock market, *Cogent Economics & Finance*, 3(1), 125-127.
- Kang, E., & Lam, N. B. (2023). The impact of environmental disclosure on initial public offering underpricing: Sustainable development in Singapore. *Corporate Social Responsibility and Environmental Management*, 30(1), 119-133.
- Kaplan, S. E., Taylor, G. K. & Williams, D. D. (2020). The effects of the type and content of audit reports for financially stressed initial public offerings on information uncertainty. *Auditing: A Journal of Practice and Theory*, 39(1), 125-150.
- Karlsson, L., Häggqvist, H. & Hedberg, P. (2021). Market structure and efficiency in Swedish commercial banking, 1912–1938. *Scandinavian Economic History Review*, 69(2), 103-123.
- Khadka, D. (2014). *Survey: Issues in local bond market development*. An Unpublished Master's Degree Thesis, Central Department of Management, Tribhuvan University.
- Krause, R., Chen, J., Bruton, G. D. & Filatotchev, I. (2021). Chief executive officer power and initial public offering underpricing: Examining the influence of demand-side cultural power distance. *Global Strategy Journal*, 11(4), 686-708.
- Kumar J. (2023). Performance of IPOs during Covid-19 pandemic and factors affecting investors' perception. *IUP Journal of Applied Finance*, 29(2).
- Lowry, M., Michaely, R. & Volkova, E. (2017). Initial public offerings: A synthesis of the literature and directions for future research. *Foundations and Trends in Finance*, 11(3-4), 154-320.
- Manu, K. S. & Saini, C. (2020). Valuation analysis of initial public offer (IPO): the case of India. *Paradigm*, 24(1), 7-21.

- Maskey, S. (2023). Specific determinants of share prices: a case study of listed life insurance companies in Nepal stock exchange.
- Mehmood, W., Mohd-Rashid, R., Abdullah, Y., Patwary, A. K. & Aman-Ullah, A. (2023). Inclusive mapping of initial public offerings: A bibliometric and literature review study. *Quality and Quantity*, 57(1), 655-700.
- Ministry of Finance. (2019). *Economic survey 2021/22*. Kathmandu: MOF.
- Nagtilak, A., & Kulkarni, N. (2021). A study on investor's perception towards Initial Public Offering in Mumbai. *Abhinav National Monthly*, 75-86.
- Nangalia, R. & Kothari, S. (2016). *Basics of stock market*. USA: Flame Investment Lab.
- Pandey, I. M. (1992). *Financial management*. New Delhi: Vikas Publishing House Pvt. Ltd.
- Pandey, J. B. (2013). *Public response to primary issue of shares in Nepal*. An Unpublished Master's Degree Thesis, Central Department of Management, Tribhuvan University.
- Pandey, S. (2006). IPO funding via financial institution: not a very healthy practice. *New Business Age*, 49-50.
- Pant, P. R. (2018). *Social science research and thesis writing*. Kathmandu: Buddha Publication Pvt. Ltd.
- Paudel, M. (2021). *Perception of investors towards initial public offering (IPO) in Nepal (Reference to Surkhet district)* An Unpublished Master's Degree Thesis, Central Department of Management, Tribhuvan University.
- Paudel, N. (2012). *Public response to IPO in Nepal*. An Unpublished Master's Degree Thesis, Central Department of Management, Tribhuvan University.
- Paudel, R., Baral, K. J., Gautam, R. & Rana, S. B. (2013). *Fundamentals of corporate finance*. Kathmandu: Asmita Publication.
- Paudel, R., Baral, K. J., Gautam, R. & Rana, S. B. (2019). *The investment environment*. Kathmandu: Asmita Books Publishers & Distributors (P) Ltd.
- Pokhrel, A. (2023). *Investor cognition and neuroplasticity among Nepalese investors* (Doctoral dissertation).
- Pokhrel, N. (2016). Systematize margin lending. *New Business Age*, 55-56.
- Poornima, S., Aalaa J. H., & Deepha. B. (2016). A study on the performance of initial public offering of companies listed in NSE, India & Gulf base GCC Index, *International Journal of Research in Finance and Marketing*, 6 (11), 31-46.

- Pradhan, R. S. & Shrestha, K. (2013). 'Performance of the initial public offering (IPO) in the Nepalese stock market'. *Journal of Tribhuvan University*, Kathmandu.
- Pradhan, S. (1992). *Basic of financial management*. Kathmandu: Educational Enterprises Pvt. Ltd.
- Qian, Y., Ritter, J. R., & Shao, X. (2022). Initial public offerings Chinese style. *Journal of Financial and Quantitative Analysis*, 1-38.
- Raza, H., Hassan Gillani, S. M. A., Ahmad, H., Qureshi, M. I. & Khan, N. (2021). Impact of micro and macro dynamics on share price of non-financial listed firms in textile sector of Pakistan. *Journal of Contemporary Issues in Business and Government*, 27(1), 59-70.
- Reber, B., Gold, A. & Gold, S. (2022). ESG disclosure and idiosyncratic risk in initial public offerings. *Journal of Business Ethics*, 179(3), 867-886.
- SEBON. (2076). *Annual report of Nepal Dhitopatra Board 2079*. Kathmandu:SEBON.
- Security Board of Nepal (2017). *Annual Report*. Kathmandu: SEBON.
- Shiwakoti, P. (2012). *Effect on share price before and after right offering*. Master's Degree Thesis submitted to Faculty of Management, T.U.
- Shrestha, M. K. & Bhandari, D. B. (2010). *Foundations of financial institutions and markets*. Kathmandu: Asmita Publication.
- Shrestha, M. K. (1980). *Financial management theory and practice*. Kathmandu: Curriculum Development Centre.
- Shrestha, S. (2016). *Public response to primary issue of share*. An Unpublished Master's Degree Thesis, Central Department of Management, Tribhuvan University.
- Tamang, G., Yadav, R. P., Dhakal, B., Shrestha, H., Khati, K., Khanal, S., & Baidar, P. (2018). Correlation analysis. In *Statistical method* (p. 437). Kathmandu:Asmita's.
- Thapa, K. (2076). *Fundamentals of investments*. Kathmandu: Asmita Books Publication.
- Vaidya, A. (2010). *Stock Market in: Movements and Behavior*. Unpublished Master's Degree Thesis Submitted to Shanker Dev Campus, T.U and Kathmandu.
- Walliman, N. (2018). Literature review. In P. R. Thapa, *social science research and thesis writing* (p. 48). Kathmandu: Buddha Publications.

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 “Investor’s Awareness towards IPO and Secondary Market Investment in Nepal” 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

Laxmi Maya Luitel

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) Others

- 1) How do you come to know about IPO of any company?
 - a. Advertisements
 - b. Personal relations (market info)
 - c. Brokers
 - d. others

- 2) What comes first in your mind while investing?
 - a. Promoters
 - b. Company's performance
 - c. Brokerage Commission (avails or not)
 - d. market information

- 3) Which fund would you like to invest in IPO?
- a. Personal Fund
 - b. Loan/ Credit
- 4) Do you think it is good that NRB has prohibited IPO funding via financial institutions loans?
- a. Yes
 - b. No
- 5) What expectation led you to invest?
- a. Cash dividend
 - b. Bonus share/ stock dividend
 - c. Right share
 - d. others
- 6) Which factors do you consider more in the IPO'S Investment?
- 1: Strongly Disagree 2: Disagree 3: Neutral
- 4: Agree 5: Strongly Agree

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?					

Investment Decision

Particular	1	2	3	4	5
My investment reports better results than expected.					
My investment in stock has demonstrated increased cash flow growth.					
My investment in stocks has a lower risk compared to the market I general.					
My investment in stocks has a high degree of safety.					
My investment proceeds will be used in a way that benefits society.					

Thank You

INVESTOR'S AWARENESS TOWARDS INITIAL PUBLIC OFF...

By: Laxmi Maya Luitel

As of: Sep 4, 2024 10:57:16 AM
17,340 words - 144 matches - 6 sources

Similarity Index

15%

Mode:

sources:

1,639 words / 9% - from 02-Feb-2024 12:00AM

elibrary.tucl.edu.np

396 words / 2% - Internet from 14-Jan-2023 12:00AM

elibrary.tucl.edu.np

173 words / 1% - Internet from 26-Sep-2022 12:00AM

www.researchgate.net

126 words / 1% - Internet from 23-Sep-2022 12:00AM

www.researchgate.net

108 words / 1% - Internet from 25-Feb-2023 12:00AM

www.researchgate.net

122 words / 1% - Internet from 31-Aug-2022 12:00AM

journalijisr.com

paper text:

ABSTRACT When a security is sold to the public for the first time with the hope that a liquid market will emerge, this is known as an initial public offering, or IPO. Any debt or equity security may be the subject of an IPO. This study aims to evaluate the effects of

quality management, company goodwill, performance and **sectors, and market information** on **the public response** to **initial public offerings**

(IPOs). It also examines the relationship between these factors and the public response to the Nepalese stock market. Descriptive and informal comparative research designs were used in this study. 400 respondents from banks and brokerage firms were selected as a sample for the primary data collection. The non-probability sampling approach is used to obtain data. The questions have been filled up using the easy sampling method. The public's response is a dependent variable, while the company's performance, market knowledge, revenue, goodwill, and industry are independent variables. Quality management and company sector have a positive and significant association with public response, while corporate goodwill has a positive but insignificant relationship with public response. Similarly, market data has a negative impact on public