INVESTORS' PERCEPTION TOWARDS INITIAL PUBLIC OFFERING IN NEPALESE CONTEXT

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CERTIFICATE OF AUTHORSHIP

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

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REPORT OF RESEARCH COMMITTEE

Mr. Sujan Sapkota has defended research proposal entitled **"INVESTORS' PERCEPTION TOWARDS INITIAL PUBLIC OFFERING IN NEPALESE CONTEXT"** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidelines of supervisor Srijana Khadka and submit the dissertation for evaluation and viva-voce examination.

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APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled **"INVESTORS' PERCEPTION TOWARDS INITIAL PUBLIC OFFERING IN NEPALESE CONTEXT"** presented by **Sujan Sapkota,** 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 dissertation is worthy of acceptance.

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

Sujan Sapkota
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ABBREVIATIONS

ADB/N:	Agriculture Development Bank of Nepal
ANZG:	Australia and New Zealand Banking Group
GBIME:	Global IME Bank Limited
NABIL:	Nabil Bank Limited
NBL:	Nepal Bank Limited
NIMB:	Nepal Investment Mega Bank Limited
NP:	Net Profit
NRB:	Nepal Rastra Bank
NSBL:	Nepal SBI Bank Limited
NWPS:	Net Worth Per Share
RBB:	Rastriya Banijya Bank
S.D:	Standard Derivation
S.E:	Standard Error
SBI/N:	State Bank of India/Nepal
SCBNL:	Standard Chartered Bank Limited
SCBT:	Siam Commercial Bank of Thailand
SDK:	Sainik Drabya Kosha

ABSTRACT

This dissertation delves into the perspectives of investors regarding Initial Public Offerings (IPOs) in the Nepalese market. It particularly examines the impact of various factors, including proficient management strategies, corporate standing, financial achievements, industry domain, and accessibility to market intelligence, on investment choices. Using data from 150 IPO investors in Kathmandu Valley, the study employs descriptive and co-relational research designs, alongside correlation matrix and regression analysis, to achieve its objectives of assessing investor perceptions, analyzing relationships between factors, and examining their impact on investment decisions. The findings underscore significant associations between predictors and investment decisions. Quality management emerges as a key driver, positively correlated with company goodwill, company performance, and market information, but negatively correlated with company sector. Similarly, company goodwill shows strong positive correlations with company performance and market information, yet a strong negative correlation with company sector. Conversely, company performance exhibits a moderate positive correlation with market information but lacks significance in relation to investment decisions. Company sector displays a strong negative correlation with market information and a moderate negative correlation with investment decisions. Interestingly, market information shows no significant correlation with investment decisions. Regression analysis confirms the substantial portion of investment decision variance explained by predictors, with quality management, company sector, and market information significantly affecting investment decisions, while company goodwill and company performance exhibit insignificant impact. This study contributes to existing literature by reaffirming the importance of quality management, company sector, and market information in shaping investment decisions in IPOs. However, it calls attention to the need for further research to explore additional factors and reconcile conflicting findings across studies. For investors, understanding the significance of quality management, sector dynamics, and market information is crucial for making informed investment decisions.

Key Words: Quality Management, Company Goodwill, Company Performance, Company Sector, Market Information, Investment Decisions

CHAPTER-I
INTRODUCTION

1.1 Background of the Study

Shares symbolize partial ownership of a corporation, entitling shareholders to a portion of the company's profits and losses. There exist two main types of shares: Common stock, or ordinary shares, grant shareholders the right to partake in the company's profits and voting rights during meetings. On the other hand, Preferred stock, or preference shares, offers shareholders a fixed periodic income but usually without voting privileges (Koning et al., 2018).

The financial market acts as a platform where various financial tools such as stocks, bonds, derivatives, and currencies are generated and exchanged. It plays a crucial role in effectively distributing resources within an economy by facilitating the movement of funds between savers and investors. Serving as a mediator, it enables the transfer of assets between buyers and sellers, with prices determined by the interaction of supply and demand. Broadly classified based on time to maturity, the financial market encompasses the money market and the capital market. The money market deals with short-term monetary assets such as commercial paper and treasury bills, while the capital market focuses on medium and long-term financial instruments. Within the capital market, the primary market manages new securities introduced to the public for the first time, while the secondary market facilitates the trading of previously issued securities among investors through structured platforms like stock exchanges (Yang et al., 2017).

Capital markets, facilitating the trade of securities such as stocks and bonds, are crucial for mobilizing long-term financial resources. They allow companies to raise funds from the public directly, thereby reducing capital costs. Moreover, they promote wider public ownership, distributing risks and wealth across smaller investors. For investors, capital markets offer a platform to customize investment decisions based on their risk tolerance and return expectations, guided by available information. Consequently, these markets encourage increased savings and productive investments, contributing to economic growth. A key feature of an efficient capital market is continuous liquidity, ensuring easy

entry and exit for investors. This requires a sufficient volume and size of transactions within the market (Maglio et al., 2019).

Investing in an IPO can entail significant risks. For individual investors, accurately predicting a stock's performance on its initial trading day and in the short term is challenging due to limited historical data for analysis. Additionally, many IPOs involve companies in transitional growth phases, increasing uncertainty about their future valuation (Bhattarai, 2012).

In Nepal, the IPO application process has been digitized, eliminating the need for physical visits to banks. Investors can now apply for IPOs using electronic devices through the Mero Share website. Typically lasting four working days, the IPO sale period requires applicants to access and fill out the ASBA form on the website with all necessary details. It is essential to ensure that the required amount in Nepalese rupees is available in the bank account for ASBA blocking within a week for the allotment process to proceed. After the application period, investors are allotted shares based on factors such as the number of shares issued, total applications received, and investment amount. Since Shrawan 2074, each valid application is guaranteed at least 10 units of IPO shares. However, depending on demand-supply dynamics, investors may receive additional shares if surplus shares are available or no shares if demand exceeds supply. Subsequently, the blocked amount is released by the financial institution, and the allotted shares are debited from the investor's bank account. The allocated share quantity is then reflected in the investor's demat account statement after a certain period (Loughran et al., 2021).

An initial public offering (IPO) marks the first time a company's stock is offered to the public for purchase. Typically, companies conduct an IPO to raise capital or provide an exit strategy for existing stakeholders. In the initial stages, companies often rely on personal loans, savings, and investments from family and friends for financing. The financial market serves as a platform for trading assets, with prices determined by supply and demand. It is broadly categorized into the money market and the capital market. Within the capital market, the primary market involves the issuance of new securities by companies listing on an exchange for the first time or existing listed companies offering

fresh issues (Khan & Chaudhary, 2017). This study aims to explore public responses to IPOs in the Nepalese market, assess the growth of the primary market, and understand investor expectations regarding their investments. Despite the potential in Nepal's capital market, many individuals lack sufficient knowledge about stocks and how the capital market operates.

In the current competitive investment environment, investors are presented with a plethora of options, yet equity stands out as a favored choice owing to its liquidity and comparatively low time requirement. This study aims to reveal how investors' perceptions shape their investment decisions and the underlying rationales driving these selections.

1.2 Problem Statement

Compared to developed stock markets, the Nepalese capital market is relatively small, marked by a limited number of brokers, a small roster of listed companies, and minimal transactional activity. Additionally, a significant portion of investors lacks understanding of the mechanisms and potential advantages and risks of stock market participation. The importance of upholding integrity in the functioning of the securities market cannot be overstated. Even a single instance of malpractice has the potential to disrupt the entire capital market significantly, thereby adversely impacting the national economy. Moreover, restoring investor confidence once it's been undermined is a daunting task that may require substantial time and effort (Khan & Chaudhary, 2017).

Various obstacles hinder the initial public offering (IPO) stages in Nepal. In developed countries, public offerings are more familiar, whereas in developing nations like Nepal, IPOs are still relatively novel. Limited literacy on securities among rural populations and only modest awareness among urban dwellers, mainly those from business and intellectual backgrounds, contribute to this discrepancy. Economic disparity, evident in income, living standards, and educational attainment, categorizes the populace into lower, middle, and upper classes, further complicating investment accessibility and participation (Loughran et al., 2021).

Effective investment in diverse financial instruments to build efficient portfolios can help bridge this economic gap by generating passive income for smaller investors (Bhattarai, 2012).

The primary market, a crucial facet of the capital market, serves as a significant funding source for businesses across various sectors. The flourishing of the primary market is essential for entrepreneurs to secure funds, thereby enhancing employment opportunities and government revenues. In Nepal, there's notable optimism among investors in the IPO market, evidenced by the oversubscription of IPOs. However, shifts are noticeable, particularly in sectors like hydropower, where increased investor awareness alters the IPO landscape. Therefore, understanding evolving investor attitudes and psychology is vital to sustain IPO attractiveness. Consequently, this research aims to explore investor perceptions across demographic variables. The Nepalese capital market, while still nascent, faces challenges of saturation and susceptibility to undue influence from rumors, impacting investor decision-making. Enhancing financial literacy is crucial to shield investors from manipulation, thereby affecting investment decisions positively (AL-Tamimi & Kali, 2009). Thus, this study also assesses investor awareness levels regarding IPOs in Nepal.

Structural changes in the primary market have streamlined processes, replacing manual applications with online systems, reducing allotment and listing times, increasing market liquidity, and lowering securities issuance costs. However, a notable portion of retail investors remains speculative, lacking thorough information and analysis, leading to short-term investment behavior focused on quick gains. Understanding investor behavior in new offerings and identifying the proportion of such investors pose significant challenges (Dahal, 2014).

Consequently, various obstacles persist in the IPO stages in Nepal compared to more developed markets, highlighting the need for targeted interventions to enhance market efficiency and investor confidence.

i) What are investors' attitudes toward initial public offerings (IPOs) in Nepal?
ii) Is there a correlation between factors such as quality management, corporate reputation, financial performance, industry sectors, and access to market information in influencing investors' decisions to invest in IPOs?

iii) How do quality management, corporate reputation, financial performance, industry sectors, and access to market information impact investors' decisions to invest in IPOs?

1.3 Objectives of the Study

The primary aim of this study is to examine the perceptions surrounding initial public offerings (IPOs) in the Nepalese context. More specifically, the study aims to achieve the following objectives:

i) To assess investors' perceptions regarding IPOs concerning factors such as quality management, company reputation, financial performance, industry sectors, and market information.
ii) To investigate the correlation between quality management, company reputation, financial performance, industry sectors, and market information and the factors influencing investors' decisions to invest in IPOs.
iii) To analyze the impact of quality management, company reputation, financial performance, industry sectors, and market information on investors' decisions to invest in IPOs.

1.4 Rationale of the Study

This study is anticipated to offer valuable insights for individuals seeking knowledge about initial public offerings (IPOs), particularly benefiting general investors and organizations involved, directly or indirectly, in public offerings. By understanding investors' perceptions and preferences toward IPOs in Nepal, this research aids issuing companies in gauging investor sentiments, potentially guiding their strategies. Additionally, it sheds light on critical factors influencing investors' perceptions and risk-return considerations when investing in IPOs, which can benefit students and researchers interested in IPO research. Investing in the stock market, especially across various sectors, hinges significantly on investor psychology, influencing the frequent fluctuations in company prices. This study contributes to the field of behavioral finance, which is relatively rare in Nepal, by exploring investor psychology in the context of IPOs. While international studies have examined this concept, comprehensive studies on perceptions remain scarce, particularly in Nepal. By focusing solely on IPOs available to Nepalese

investors, the study aims to uncover investor responses, including sector preferences, knowledge levels, attitudes toward various investment aspects, and the performance of issue managers.

1.5 Limitations of the Study

This research is conducted as part of the Master in Business Studies program at Tribhuvan University, focusing on analyzing specific aspects of the primary share market in Nepal. Due to limited studies and references available on the Nepalese capital market, as well as constraints in time and resources, the scope of this study is restricted. Several limitations are inherent in this study regarding public responses to IPOs:

i. The study relies solely on primary data.
ii. It analyzes and evaluates a limited dataset.
iii. A sample size of 150 respondents was used to collect primary data, which may not fully represent the entire population.
iv. The study exclusively considers investors from the Kathmandu Valley.

CHAPTER-II
REVIEW OF LITERATURE

This chapter aims to provide an overview of the existing literature and research relevant to the present study, aiming to discern the previously established knowledge and how the current research contributes to this discourse. Various sources including books, journals, articles, and previous studies have been consulted and reviewed to inform this research.

2.1 Theoretical Review

This excerpt delineates the distinction between primary and secondary markets, with the former involving direct involvement of companies or governments in transactions and the latter comprising resale among various entities. The focus of this study is specifically on initial public offerings (IPOs), which pertain to the process of raising funds from the primary market. While the operation of the secondary market holds significance in the realm of merchant banking, it falls outside the scope of this research (Singh, 2022).

The literature review serves as a comprehensive stocktaking exercise within the research field, offering insights into the status and progression of the subject matter. It underscores the importance of delving into past studies to provide a solid foundation for the current research.

Financial assets, as elucidated, represent indirect claims to real assets and are instrumental in delineating the allocation of income or wealth among investors. These assets, encompassing debt or equity commitments, are subject to creation and destruction in the normal course of business. Investors can engage with financial assets either directly through financial markets or indirectly by pooling funds with others. Additionally, the excerpt touches upon alternative investment avenues like property, emphasizing the popularity of real estate investment in the UK due to its perceived benefits, albeit requiring substantial capital investment or loans (Abdulrasool & Othman, 2022).

2.1.1 Financial Market

Financial markets serve as platforms where providers of loans and investments can directly engage in transactions. While institutions extend loans and investments without the direct involvement of fund suppliers (savers), participants in financial markets are

aware of where their funds are being allocated. These markets are broadly categorized into two main segments: the money market and the capital market. The money market facilitates transactions involving short-term debt instruments or marketable securities, whereas the capital market is the arena for trading long-term securities such as bonds and stocks (Gitman, 2018).

2.1.2 Money Market

Money market operations encompass both primary and secondary market activities involving short-term negotiable instruments such as Treasury Bills, Government Bonds, Certificates of Deposit, Bankers' Acceptances, and Commercial Paper or Promissory Notes. In these transactions, merchant bankers typically function as users and market makers, rather than brokers. While theoretically distinct from the capital market, in practice, most countries with efficient financial markets see merchant banks actively participating in both. This is because, practically speaking, a negotiable money market instrument essentially mirrors a shorter-term capital market instrument. As a result, the techniques and infrastructure required to operate in the money market are largely similar to those needed for the capital market (Gupta & Shaju, 2021).

2.1.3 Capital Market

The capital market serves as a platform where companies raise finance to fulfill their needs for funds, including financing new projects, modernization and expansion endeavors, long-term working capital requirements, and other financial objectives. It functions by channeling individuals' savings into investments in shares, debentures, units of mutual funds, and similar financial instruments. These funds are subsequently utilized for productive purposes across various sectors of the economy (Alam & Uddin, 2019).

2.1.4 Non-Securities Market

In the non-security market, transactions involve the exchange of funds between users and suppliers without the issuance of securities. This market facilitates long-term funding and encompasses financial transactions among lending institutions such as development banks, business entities, conventional banks, and individuals. Assets or instruments traded in this market are not listed on qualifying exchanges like the Boston Stock

Exchange and are not readily marketable as securities. While they possess value, these assets may not be easily converted into cash within a short timeframe and may not necessarily have the backing of an underwriter or bank (Upreti, 2017).

2.1.5 Securities Market

The securities market, part of the broader financial market, serves as a platform where securities are traded among various participants within the economy, based on the principles of demand and supply. It encompasses equity markets, bond markets, and derivatives markets, where prices are determined through interactions between professional and non-professional participants. The primary function of the securities market is to bridge the gap between saving and investment, thereby facilitating the generation of new wealth. It encompasses various markets where securities are bought and sold, including the process by which individual investors place orders, execute transactions, settle payments, and potentially incur taxes on profits from these transactions (Koning et al., 2018).

i) Primary Market

The primary market, a segment of the capital market, is responsible for the issuance of new securities. Companies, governments, or public sector entities can raise funds by offering new stocks or bonds to investors, often facilitated by a syndicate of securities dealers. This process, known as underwriting, involves the sale of new securities to investors. In the case of new stocks, this sale is referred to as an initial public offering (IPO), details of which are typically outlined in a prospectus. It's worth noting that the primary market is the only arena where companies or government bodies are directly involved in transactions and receive direct proceeds from the sale of securities. Investment banks play a crucial role in facilitating the initial sale of securities in the primary market (Bhattarai, 2012).

ii) Secondary Market

A secondary market is a financial marketplace where previously issued securities can be bought and sold. This market is facilitated by brokers, dealers, and market makers. Brokers act as agents for investors, facilitating transactions by matching buyers with

sellers of securities, while dealers facilitate transactions by buying and selling securities at stated prices. Examples of organized stock exchanges include the Nepal Stock Exchange (NEPSE), New York Stock Exchange (NYSE), and Bombay Stock Exchange (BSE) (Bhattarai, 2012).

In the secondary market, shares that were initially issued in the primary market are traded. This market provides liquidity for these shares, allowing investors to buy and sell securities. However, it's important to note that the company does not receive any capital from transactions that occur in the secondary market. Instead, existing securities are traded among investors, enabling owners to dispose of their securities when desired (Adeyeye et al., 2018).

2.1.6 Primary Market and Initial Public Offering

The issuance of shares in the primary market is categorized into two types: seasoned issues and unseasoned issues. A seasoned issue refers to the issuance of additional securities by an established company whose securities are already traded in the secondary market. Conversely, an unseasoned new issue involves the initial offering of securities to the public. An Initial Public Offering (IPO) is a mechanism through which a company sells shares to the public for the first time to raise funds for future projects and becomes listed on the stock exchange (Bhatta, 2019).

2.1.7 Historical Background of Security Market in Nepal

The flotation of shares by Biratnagar Jute Mills Ltd. in 1937 marked the inaugural public issue in Nepal. This event was followed by Nepal Bank Ltd. and other companies also issuing shares to the public during that era. Although the history of the securities market dates back nearly seventy years, significant momentum in its development was witnessed only after the restoration of multiparty democracy in 1990. Nevertheless, initiatives such as the introduction of the Company Act in 1964 and the issuance of the first Government Bond in the same year were pivotal steps towards fostering the securities market during the 1960s. Another noteworthy development in the capital market landscape was the establishment of the Securities Exchange Centre Limited in 1976 (Poudel, 2016).

i) Money Market in Nepal

The money market is grounded on significant amounts of funds that companies, banks, and other financial institutions aim to maintain in highly liquid form to address short-term fluctuations in their finances. Typically, the money market can be categorized into two sectors: organized and unorganized. The organized market includes institutions such as the Nepal Rastra Bank (the central bank of Nepal) and commercial banks. It is termed "organized" due to the systematic coordination of commercial banks' activities by the central bank (Bhatta, 2019).

ii) Capital Market in Nepal

The inception of the capital market in Nepal traces back to the tenure of Rana Prime Minister Juddha Shamsher, during which Gunjaman Singh, the inaugural secretary of the Nepalese Embassy in England, returned to Kathmandu and established the "Industrial Council." In 1937, Nepal Bank Ltd. initiated the issuance of shares in the securities market. The issuance of the first government bond in 1964 marked a significant milestone in the development of the capital market. Subsequently, the government established the Securities Exchange Centre (SEC) in 1976, under the Company Act. This establishment marked the beginning of institutional development in the securities market in Nepal. Furthermore, the introduction of the secondary market for corporate securities occurred in 1984 (Poudel, 2016).

iii) Nepalese IPO Market

The performance of the Nepalese IPO market has rendered it an appealing option for investors. Whenever public limited companies issue new shares, the stock market experiences a surge in activity, with a considerable number of share applicants. This is evidenced by the significant oversubscription and favorable initial market returns observed in the Nepal Stock Exchange Ltd. (NEPSE), which serves as the sole organized stock exchange for the listing and trading of outstanding shares. In the Nepalese IPO market, issuers and their underwriters have the flexibility to choose whether to issue ordinary shares at par or at a premium, based on the decision made during the annual general meeting (AGM) of the company. The face value of a share is set at Rs. 50 or any amount higher that is divisible by Rs. 10 for public companies. Additionally, the

application money should not exceed 50 percent of the face value of the share for companies other than banks, finance companies, and those companies whose audited financial statements of three subsequent years have been published. The allotment of shares must be completed within three months from the last day of the subscription period (Bhatta, 2019).

2.2 Empirical Review

Vijayakumar et al. (2024) conducted an empirical study focusing on investor perceptions regarding investment in Initial Public Offerings (IPOs). IPOs are typically utilized by small and medium-sized enterprises to raise capital for various purposes such as business expansion, branch expansion, and product diversification. However, issuing an IPO entails compliance with regulations outlined in the Companies Act, Income Tax rules, and SEBI requirements. Consequently, raising capital through share issuance poses significant challenges due to differing investor attitudes towards IPOs compared to secondary market investments. The study aimed to uncover investors' perceptions regarding IPO investment, including how investors select IPOs for investment, their willingness to assume the associated investment risks, and their attitudes towards IPO grading.

Dhungana et al. (2023) conducted a study investigating the determinants influencing investor decisions concerning Initial Public Offerings (IPOs) in Nepal, particularly focusing on Pokhara. The research explored the impact of five predictive variables, namely management quality, company goodwill, company performance, firm's industry, and market information, on investors' decisions regarding IPOs. Primary data was gathered through a structured questionnaire administered to 223 respondents during a field survey. The analysis involved both descriptive (demographic and perception-related information) and inferential statistics (correlation). The findings revealed that investors' decisions regarding IPOs are significantly influenced by company goodwill, company performance, firm's industry, management quality, and market information. Factors such as the company's legitimacy, the profile of key shareholders, the founder and CEO's reputation, the prestige of board members, the company's financial standing and historical track record, return on equity, earnings per share, capital gains, and existing market share

were identified as influential in investors' IPO decisions. Additionally, it was observed that most investors tend to favor IPOs offered by finance, microfinance, and insurance companies as their primary investment areas. These insights offer valuable guidance for companies and regulators in assessing investor demand and enhancing information disclosure practices.

Abdulrasool and Othman (2022) conducted a study aimed at analyzing global research on stock market anomalies from a behavioral finance perspective. The research focused on how investors' psychology and behaviors contribute to the emergence of imperfections in the capital market. Given the extensive but conflicting body of literature on this topic, the study sought to review and identify the prevailing trends in global research, contrasting behavioral finance with the efficient market hypothesis. Utilizing bibliometric analysis, the study gathered 1,767 documents from the Scopus database, which was subsequently reduced to 1,436 after applying exclusion criteria. The analysis revealed a preference among authors to disseminate their research on stock market anomalies through refereed journals, with a particular emphasis on uncovering the contrast between rational and behavioral aspects of investor decision-making based on short-term observations. Most studies fell within the domains of general economics and business, suggesting a broader focus rather than specific issues related to stock market anomalies. Additionally, the study highlighted the global distribution of research on stock market anomalies, identified the top prolific authors in the field, outlined the top journal sources, and provided insights into the Scopus profiles of selected top authors. Based on these findings, recommendations for future studies were proposed.

Singh (2022) delved into the determinants of stock prices with empirical evidence drawn from the Muscat Securities Market in Oman. Stock prices are pivotal indicators of firm performance and are fundamental in shaping shareholders' wealth. Changes in stock prices are driven by information pertinent to both the firm and the overall market. The study focused on twenty-six non-financial companies listed on the Muscat Securities Market, analyzing annual closing stock prices from 2011 to 2016. It employed panel data regression using a random effect model, with the dependent variable being the closing annual stock price. Independent variables encompassed firm-specific factors such as firm size (measured by the logarithm of total assets), dividends payout, earnings per share

(EPS), debt ratio, price-earnings (PE) ratio, and the first of the dependent variable (stock price). The research hypothesized based on two categories: the first category aligned with the semi-strong form of Efficient Market Hypothesis (EMH), while the second category was grounded in Arbitrage Pricing Theory (APT). To assess the latter set of hypotheses, independent variables including oil price, GDP growth rate, and consumer price index were considered, given their impact on business performance and, consequently, stock prices. The findings indicated that EPS, debt ratio, and the first lag of stock prices emerged as significant determinants of stock prices. However, dividend payout, firm size, and PE ratio were deemed insignificant variables in this context.

Singh and Setiawan (2021) conducted an analysis on the impact of Non-Performing Loans (NPL) on the profitability of Nepalese commercial banks. The primary objective of their research was to ascertain how NPL affects the performance of conventional banks in Nepal. The study focused on major commercial banks in Nepal, utilizing data spanning from 2015 to 2019. The researchers relied on secondary data for their analysis, sourced from the annual reports of each bank, as well as GDP and inflation data retrieved from the World Bank database. Multiple regression analysis served as the method for data examination in this study. The study designated NPL as the dependent variable, while Return on Assets (ROA), Capital Adequacy Ratio (CAR), Bank Size, GDP growth, and Inflation were identified as independent or explanatory variables.

Gupta and Shaju (2021) introduced a novel methodology to analyze the behavior of international stock markets during the COVID-19 pandemic, employing a driven iterated function system. Their approach involved utilizing chaos game representation (CGR) of iterated function systems (IFS) to visualize and compare financial markets globally. The researchers adapted a fractal method commonly used in life sciences to investigate the impact of the COVID-19 pandemic on global financial markets. By employing this modified driven IFS approach, they generated concise fractal representations of financial markets in the form of percentage CGR (PC) plots and subtraction percentage (SP) plots. Through this method, they compared markets across different time periods and quantified the differences using a parameter termed the proximity (Pr) index. Their analysis aimed to understand the response of global financial markets to the COVID-19 pandemic and its associated volatility. Notably, the fractal method unveiled both anticipated bearish trends

and unexpected bullish patterns in financial markets worldwide, offering a new analytical tool for studying financial market dynamics.

Niroula (2021) delved into the stock price behavior of commercial banks in Nepal, aiming to scrutinize how their stock prices fluctuate. The study utilized the Market Price per Share (MPS) as the dependent variable and several experimental variables including Earnings Per Share (EPS), Price-to-Earnings (PE) Ratio, Dividend Yield (DY) Ratio, Size, Return on Equity (ROE), Book Value Per Share (BVPS), and Return on Assets (ROA). Secondary data spanning five years from 2015/16 to 2019/20 was gathered from the annual reports published by commercial banks. Employing a descriptive and analytical research design, the collected data was analyzed and interpreted using SPSS version 23. From a population of 27 commercial banks, a sample of eighteen was selected using convenience sampling technique. Multiple linear regression models were employed to elucidate the impact of the independent variables on MPS. The findings of the study revealed a positive and statistically significant influence of EPS, PE ratio, and the size of banks on MPS, while the effects of other variables were found to be negligible.

Kizysa et al. (2020) explored the potential of government responses to the COVID-19 pandemic in curbing investor herding behavior across international stock markets. The study utilized daily stock market data from 72 countries, encompassing both developed and emerging economies, throughout the year 2020. Government responses were gauged using the Oxford COVID-19 Government Response Tracker, with higher scores indicating stricter measures. The analysis yielded three primary findings. Firstly, evidence was found indicating the presence of investor herding in global stock markets. Secondly, it was observed that higher scores on the Oxford Government Response Stringency Index correlated with a mitigation of investor herding behavior, attributed to the reduction of multidimensional uncertainty. Lastly, temporary restrictions on short-selling, implemented by national and supranational regulatory authorities within the European Union, were associated with a mitigating effect on herding. These findings were consistent across various model specifications, indicating robustness.

Bhatta (2019) conducted an analysis of investor perceptions regarding Initial Public Offerings (IPOs) in Nepal. The study scrutinized various factors such as Quality

Management, Company Goodwill, Company Performance, Company Sector, and Market Information, finding significant correlations among them and their impact on investor decision-making. Notably, Company Goodwill emerged as the most prioritized factor by investors, followed by Company Performance and Market Information, according to mean values. Demographically, the study found that the majority of IPO investors in Nepal are male, suggesting a predominant male presence in the stock market. Additionally, investors predominantly belong to the 25 to 40 age group, characterized as more active and risk-tolerant. Most investors hold at least a bachelor's degree, with many having attained a master's degree or higher. Regarding investment amounts, the study revealed that the majority of investors have invested less than ten thousand units of currency in IPOs. Despite this, investors display a required level of awareness before engaging in IPO investments, considering them relatively risk-free compared to other forms of investment. A correlation analysis highlighted the significant positive correlation between consideration of Company Goodwill and investor decision-making in the primary market.

Thapa (2019) conducted a study on the influencing factors of stock prices in Nepal, focusing on Nepalese commercial banks listed on the Nepal Stock Exchange Ltd. The research spanned from 2008 to 2018 AD. Data was gathered from questionnaires and financial statements of relevant organizations, which were then, analyzed using a simple linear regression model.

Alam and Uddin (2019) explored the connection between interest rates and stock prices, a critical aspect influencing a country's economic growth. Understanding how interest rates impact stock exchanges holds significant implications for monetary policy, risk management practices, financial securities valuation, and government policies regarding financial markets. The study aimed to ascertain evidence supporting stock market efficiency using monthly data from January 2003 to March 2018. It investigated the empirical relationship between stock indices and interest rates across fifteen developed and developing countries, including Australia, Bangladesh, Canada, Chile, Colombia, Germany, Italy, Jamaica, Japan, Malaysia, Mexico, the Philippines, South Africa, Spain, and Venezuela. The study found that none of the stock markets followed a random walk model, indicating inefficiency in weak form efficiency. To delve into the reasons for

market inefficiency, the study examined the relationship between share prices and interest rates, as well as changes in share prices and changes in interest rates, using both time series and panel regressions.

Shynkevich et al. (2019) delved into the realm of stock price prediction, emphasizing the significance of accurate forecasts in capital markets for algorithmic trading and investment management. They highlighted the pivotal role of news articles in influencing market sentiment and driving price movements, making them valuable data sources for financial forecasting. While previous research has developed prediction models based on news article information, this study aimed to explore the advantages of incorporating news articles of varying relevance levels to the target stock. Using the multiple kernels learning technique, the researchers effectively combined information extracted from both stock-specific and sub-industry-specific news articles to predict upcoming price movements. By categorizing news articles based on their relevance to the targeted stock and analyzing them separately, the study demonstrated improved prediction accuracy compared to methods solely reliant on a single news category.

Koning et al. (2018) introduced an extended model of stock price behavior designed to accommodate fat-tailed distributions across the entire real number line. Termed the "homogeneously saturated" (HS) model, it includes a saturation parameter to prevent exponential price changes during large fluctuations. When this parameter approaches zero, the model converges to the traditional geometric Brownian motion, representing the standard model of stock price behavior. By comparing simulated stock price series generated by both the standard and HS models for various stocks, including those from the DJIA and random stocks from the NYSE and NASDAQ exchanges, the researchers observed that the HS model consistently provided a better fit to the observed price series. This finding carries implications for diverse areas of finance, including the Black-Scholes formula for option pricing.

Ruhani et al. (2018) delved into the effects of financial market variables on stock prices through a comprehensive review of existing literature. Recognizing the critical role of stock markets in fostering economic growth and corporate expansion, the research community has extensively explored the relationship between equity prices and various

financial market activities. This study specifically scrutinized five key financial market variables: market capitalization, earnings per share, price-earnings multiples, dividend yield, and trading volume. Previous research has often highlighted a positive and significant correlation between market capitalization and stock prices. However, the relationship between dividend yield and stock price remains a subject of debate, with conflicting perspectives stemming from Gordon's relevance theory and Modigliani's irrelevance theory. The examination of price-earnings multiples in past literature has been multifaceted, employing diverse variables to analyze this aspect of stock pricing. This review not only provides insights into the existing body of knowledge but also identifies areas for future research to address the lingering ambiguities and dilemmas in understanding the interplay between financial market variables and stock prices.

Adeyeye et al. (2018) investigated the impact of the global financial crisis on the behavior of stock markets, focusing specifically on the Nigerian context. While extensive research has been conducted on the repercussions of the global financial crisis on stock markets worldwide, relatively few studies have delved into its effects on African stock markets. This study aimed to fill this gap by examining the efficiency and volatility of the Nigerian stock market across different temporal segments: before, during, and after the global financial crisis. The research period spanned from July 2004 to December 2014. Through the use of the Generalized Autoregressive Conditional Heteroskedasticity (GARCH) model, the study analyzed the persistence of volatility shocks within each sub-sample period. Additionally, an Exponential GARCH (EGARCH) model was employed to assess the asymmetry and persistence of volatility throughout the entire duration under investigation.

Ahmad et al. (2018) provided a comprehensive review of the literature concerning the behavior of stock prices in Malaysia. The study underscored the enduring interest of researchers and finance scholars in understanding the dynamics of stock price movements, which has spanned over several decades. Scholars have diligently explored various anomalies to elucidate the behavior of stock prices across different stock markets. Consequently, a multitude of models and theories have emerged, shedding light on the efficiency of stock markets and the factors influencing stock price behavior. Malaysia's stock market, ranked second among the largest stock markets in Southeast Asia by

domestic market capitalization, has garnered significant attention from researchers. Numerous studies have been conducted to probe into the intricacies of stock price behavior in the Malaysian context. This review delves into two primary areas: the literature on the efficient market hypothesis within the Malaysian market and the impact of economic and financial variables on stock prices.

Ruhani and Ahmad (2018) conducted an analysis focused on elucidating the theories that seek to explain stock price behavior, recognizing the significance of understanding this phenomenon for various stakeholders in the market. Many studies have endeavored to propose theories to shed light on stock price behavior, with subsequent efforts aimed at utilizing these theories for predicting future price changes.

Meanwhile, Nurfadilah and Samidi (2017) investigated the factors influencing stock market volatility, particularly in the context of Malaysia. Their study aimed to assess the extent to which variables such as earnings per share, net income, dividends, and Sharia compliance impact stock market volatility in Malaysia. Using a sample of 53 firms from FBM KLCI during the period of 2014, characterized by a significant oil price decline resulting in lower share prices, the researchers applied multiple regression methods to analyze the data. The findings revealed a strong and significant relationship between earnings per share and dividends, while net income and Sharia compliance showed no significant impact on stock price volatility. The study aims to provide valuable insights for investors and managers, offering guidance for the formulation of more effective strategies and the enhancement of the financial market industry.

Adittya (2017) investigated the stock market reactions surrounding the release of financial statements, an area explored in empirical finance literature. Focusing on firms listed at the Dhaka Stock Exchange, the study analyzed daily share prices and market returns from 2011 to 2015. Employing event study methodology and the market model, secondary data was collected and analyzed. The findings indicated that the average abnormal returns were not statistically significant at a 5% significance level. Therefore, the study suggested that abnormal returns could not be earned using the information contained in the financial statements of banks listed on the Dhaka Stock Exchange.

Bayrakdaroglu et al. (2017) investigated the relationship between profitability ratios and stock prices, aiming to determine if profitability ratios derived from financial statements could serve as indicators for maximizing earnings in stock investment. The study employed panel data regression analysis between lagged stock prices of firms in ISE100 and profitability ratios such as gross profit margin, operating profit margin, net profit margin, return on asset, and return on equity.

Poudel (2016) explored the determinants of stock prices in the Nepal Stock Exchange (NEPSE), with a special focus on private commercial banks. Using statistical and financial tools such as arithmetic mean, correlation, regression analysis, and t-tests, the study analyzed data collected through surveys. Descriptive research design was adopted, and SPSS was utilized for data organization, identifying significant relationships, and determining differences or similarities among variables under study. The findings from the Z-test indicated whether there was a statistically significant relationship between the variables.

Bam et al. (2015) examined the stock price behavior of Nepalese commercial banks during the fiscal year 2015/16. Using daily stock price data, the study analyzed the random behavior of stock prices by employing run tests, serial correlation tests, and martingale random walk hypothesis under the assumption of heteroscedasticity of standard error. The results indicated that the Random Walk Hypothesis (RWH) did not hold true in Nepalese stock markets, aligning with conclusions from previous studies in the Nepalese context.

Rathnayaka et al. (2014) explained on empirical investigation of stock market behaviour in the investigation of stock market. A Stock market or equity market is a platform for the trading of listed company's stocks and derivatives at consented price between buyers and sellers. Day by day stock markets have becoming more institutionalized. In the past few decades, it has been advanced as the main forms of investments for numerous organizations as well as individuals for arranging large investment funds to the general public. Highly volatile fluctuations with instability patterns are common phenomenon in the Colombo Stock Exchange (CSE). Multivariate statistical methods and economic data forecasting techniques were deeply applied to identify the directions and movements of

market prices and trade volume rates in CSE during 2006 to 2012. The research findings reveals that, Bank Finance and Insurance, Beverage Food and Tobacco, and Investment Trust sectors are most suitable sectors for investing capitals in the future.

Drymbeats and Kyriazopoulos (2014) conducted a study focusing on the short-term stock price behavior surrounding cross-border bank mergers and acquisitions (M&As) in Western Europe spanning from 1998 to 2009, encompassing 40 M&A transactions. Utilizing classical event study methodology, the research delved into the stock price impacts of this cross-border bank M&As by computing abnormal returns for both the acquiring firms (bidders) and the firms being acquired (targets). Additionally, multivariate regression analysis was employed to identify the factors influencing value creation in cross-border bank M&As. The study found that, in line with existing literature, targets experienced significant benefits from these M&As, evidenced by positive and statistically significant abnormal stock price reactions exceeding 3% on the M&A day. Conversely, bidders witnessed price erosions during the M&A days, reflected in negative abnormal returns. The disparity in market behavior between bidders and targets was further pronounced when considering the return on equity of the involved banks.

Table 1

Summary of Empirical Review

S.N.	Author and Date	Topics	Objectives	Methodology	Findings
1	Vijayakumar et al. (2024)	Investor's Perception towards Investment in IPO: An Empirical Study	To identify investors' perceptions about IPO investing. To examine investors' willingness to assume the risk of investing in an IPO.	Empirical study using surveys and statistical analysis.	Identification of factors influencing IPO investment decisions. Analysis of investor risk tolerance regarding IPO investments. Insights into investors' attitudes toward IPO grading.
2	Dhungana et al. (2023)	Factors Affecting Investor Decisions on Initial Public Offering in Nepal	To examine factors influencing investors' decisions on initial public offerings	Field survey using a structured questionnaire from 223 respondents. Descriptive statistics	Company goodwill, company performance, firm's industry, management quality, and market information significantly influence investors' IPO decisions. Investor preferences lean

			(IPOs) in Nepal, particularly in Pokhara. To identify predictive variables affecting investors' IPO decisions	(demographics, perception-related information) and inferential statistics (correlation) were employed for analysis.	towards finance, microfinance, and insurance companies in IPO investment areas.
3	Abdulrasool and Othman (2022)	Analyzing global research on stock market anomalies: a behavioral finance perspective.	To examine the stock market anomalies: a behavioral finance perspective.	Regression and correlation analysis were used. This study aims to review and establish the global research trend in behavioral finance examining stock market anomalies vis-à-vis its opposing paradigm (i.e., the efficient market hypothesis).	The analyses revealed that authors prefer to disseminate their research on stock market anomalies in refereed journals and also attempt to unravel the contrast between rational and behavioral dynamics of investor decision-making based on short-term observations. Also, most of the studies fall under the general economics and business subject groups, indicating authors' preoccupation with general rather than specific matters on stock market anomalies.
4	Singh (2022)	Stock Price Determinants: Empirical Evidence from Muscat Securities Market, Oman.	To analyze the stock price determinant of securities markets.	Regression and correlation analysis were used.	There are two categories of research hypothesis: the first one is based on semi-strong form of Efficient Market Hypothesis (EMH) and second one is based on Arbitrage Pricing theory (APT). To test the second set of hypothesis, oil price, growth rate in GDP and consumer price index are considered as independent variables as they affect performance of business and so do the stock prices. EPS, debt ratio and first lag of stock prices are significant determinants of stock prices. Dividend payout, firm size and PE ratio are insignificant variables.
5	Gupta and Shaju (2021)	International stock market behavior during COVID-19 pandemic using a driven iterated function system.	To examine the behavior of stock market during the covid-19 panademic.	Descriptive and casual research design has been applied. There were correlation and regression analysis used.	This modified driven IFS approach is used to generate compact fractal portraits of the financial markets in form of percentage CGR (PC) plots and subtraction percentage (SP) plots. The markets over different periods are compared and the difference is quantified through a parameter called the

					proximity (Pr) index. The reaction of the financial market across the globe and volatility to the current pandemic of COVID-19 is studied and modeled successfully.
6	Kizysa, Tzouvannab and Donadellic (2020)	COVID-19 herd immunity to investor herding in international stock markets: The role of government and regulatory restrictions.	To emphasis the COVID-19 herd immunity to investor herding in international stock markets	Descriptive and casual research design has been applied. There were correlation and regression analysis used.	Results show evidence of investor herding in international stock markets. Second, document that the Oxford Government Response Stringency Index mitigates investor herding behavior, by way of reducing multidimensional uncertainty. Third, short-selling restrictions, temporarily imposed by the national and supranational regulatory authorities of the European Union, appear to exert a mitigating effect on herding.
7	Alam and Uddin (2019)	Relationship between interest rate and stock price: empirical evidence from developed and developing countries.	To investigate the reasons of market inefficiency, relationship between share price and interest rate, and changes of share price and changes of interest rate were determined	This study seeks evidence supporting the existence of share market efficiency based on the monthly data from January March 2003 to 2018 and also shows empirical relationship between stock index and interest rate for fifteen developed and developing countries. Stationary of market return is tested and found none of this stock market follows random walk model, means not efficient in weak form.	All of the countries it is found that interest rate has significant negative relationship with share price and for six countries it is found that changes of interest rate have significant negative relationship with changes of share price. So, if the interest rate is considerably controlled for these countries, it will be the great benefit of these countries' stock exchange through demand pull way of more investors in share market, and supply push way of more extensional investment of companies.
8	Shynkevich, McGinnity, Coleman and Belatreche (2019)	Stock price prediction based on stock-specific and sub-industry-specific news	To explore the stock price prediction on stock prices.	This research study uses the multiple kernels learning technique to effectively combine information	The results show that utilizing two categories of news improves the prediction accuracy in comparison with methods based on a single news category.

		articles.		extracted from stock-specific.	
9	Ahmad, Islam and Ruhani (2018)	Review of the literatures on stock price behavior of Malaysia.	To explain stock price movement in the different stock market	Hypothesis tests were used with correlation analysis.	As a result have found different models and theories relating to stock price behavior as well as the efficiency of the stock market. Malaysian stock market is considered the second among the largest South East Asian stock markets according to its domestic market capitalization. A considerable number of researches have already been done on the stock price behavior of Malaysian stock market.
10	Adeyeye, Aluko and Migiro (2018)	The global financial crisis and stock price behaviour: time evidence from Nigeria.	To examine the impact of the global financial crisis on emerging stock market behaviour	Hypothesis tests were used with correlation analysis. The study showed that price is a martingale in all sub-sample period except for the pre-crisis period.	There was evidence of long-term persistence in price volatility in the crisis, aftermath and overall periods. Holistically, this study found that the global financial crisis reduced stock prices, but did not have a significant impact on price volatility in the Nigerian stock market.
11	Koning, Cassidy and Ouyed (2018)	Extended model of stock price behaviour.	To examine the extended model of stock price behaviour.	Hypothesis tests were used with correlation analysis.	It is found that in all cases, the HS model provides a better fit to the observed price series than the standard model. This has implications to many areas of finance including the Black-Schools formula for option pricing.
12	Ruhani, Islam and Ahmad (2018)	Effects of financial market variables on stock prices: a review of the literature.	To explain the effect of financial market variables and stock price.	Five selected financial market variables, market capitalization, earnings per share, price earnings multiples, dividend yield, and trading volume are reviewed in this study. Correlation analyses have been used.	There are the opinions of the positive significant relationship between market capitalization and stock price. Both of the relevance and irrelevance theory of Gordon and Modigliani have the strong evidence in the current literature that keeps on the dilemma and provides the scopes for future research. Based on that, it is evidenced that price-earnings multiples have a negative significant effect on stock price. The reviewed studies state the co integrating relationship between the stock price and the trading volume as the trading volume is a source of risk.

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

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

2.3 Research Gap

This research was conducted solely for academic purposes, focusing on IPO investors within the Kathmandu district. Kathmandu district was chosen due to its substantial number of IPO investors, and the convenience sampling method was employed to ensure the collection of accurate, reliable, and valid data from local investors. Limited research has been undertaken in this specific area, making it an ideal choice for investigation. Moreover, while previous studies were conducted under normal circumstances, the current research aims to address the complexities introduced by the Covid-19 pandemic. Several gaps were identified in previous research, including sectoral gaps in areas such as mutual funds, portfolio management, and investor attitudes towards insurance decisions. However, the significance of investor attitudes towards decision-making in the equity market has been relatively overlooked. Additionally, there is a geographical gap as this research extends beyond the Kathmandu Valley, and there is also a temporal gap considering the shift towards online share trading platforms like dreamt account, mero share, C-ASBA, ASBA, etc. The study underscores the importance of providing opportunities for a larger number of investors to participate directly or through mutual

savings schemes, thereby enhancing the breadth and depth of the stock market. It emphasizes the need for Nepalese stock market initiatives to expand services to regional levels, rather than solely focusing on the Kathmandu Valley. Moreover, there is a call for efficient coordination between regulatory bodies such as the Securities Board and the Nepal Rastra Bank to foster stock market development. The study highlights the inefficiencies of the current manual securities trading system and advocates for its replacement with computer-based technology to accelerate trading activities. Additionally, it identifies issues such as rumor-based trading, inadequate investor knowledge, and the influence of a small number of large investors on market dynamics. The study suggests the launch of various programs by regulatory authorities to address these challenges and improve market performance. Overall, it underscores the need for concerted efforts to reform the market and facilitate its growth.

CHAPTER-III
RESEARCH METHODOLOGY

3.1 Introduction

This chapter elucidates the research design employed in this study to comprehend the subject matter and gather necessary data using appropriate methodologies. It commences with an outline of the research plan and design, subsequently delving into discussions on population and sample selection. Additionally, it delineates the data collection procedure, the instruments used for data collection, and provides insights into the data analysis tools and techniques employed. Essentially, this chapter serves to elucidate the research methodology utilized in the study.

3.2 Research Design

The study relies on primary data and information, adopting a descriptive and correlation research design. It aims to investigate investors' perceptions concerning initial public offerings (IPOs). A sample of 150 investors from Kathmandu District is examined. These methods were chosen as they were deemed suitable for exploring cause-and-effect relationships between various variables. The gathered data is then presented and analyzed using SPSS.

3.3 Population and Sample, and Sampling Design

The population under study, which is the large group from which generalizations are drawn, is known as the population. Due to the vast size of this group, it is impractical to gather detailed information from every member. Instead, a representative subset of the population, called the sample, is selected for analysis. Sampling allows researchers to draw conclusions about the entire population based on data collected from the sample. This research focuses on understanding the perceptions of investors toward initial public offerings (IPOs) within the context of Nepal, specifically representing investors in Kathmandu District. The aim is to gauge the public response to IPOs. The population comprises all investors in Kathmandu District, and a sample size of 150 has been chosen.

Out of the 50 brokers serving the securities market in Nepal registered with NEPSE, 150 small-scale investors from Kathmandu Valley have been selected for participation in the study. They engage in buying and selling shares. The sampling method employed is convenience sampling, where samples are chosen based on availability rather than judgment or probabilities. The questionnaire has been pre-tested, and descriptive research methods are utilized.

3.4 Nature and Sources of Data

This study relies on primary data obtained to fulfill the specific research objectives, employing a structured questionnaire survey method. Various primary data sources exist, including interviews, questionnaires, observations, or experiments. In this case, a questionnaire survey was chosen to investigate investors' perceptions of IPOs in Kathmandu District. Data collection for the research was facilitated through a questionnaire utilizing a 5-point rating scale, with responses ranging from:

1-Strongly Agree

2- Agree

3- Neutral

4- Disagree

5- Strongly disagree.

3.5 Questionnaire

The structured questionnaire has been distributed via email. Sending and collecting questionnaires via email enables the researcher to ensure that the questionnaires are completed in full and minimizes the likelihood of missing data. Additionally, it provides an opportunity for the researcher to address any queries or concerns respondents may have regarding the questionnaire content. The questionnaire source is attributed to Gnawali (2020).

3.6 Data Collection Procedure and Instrument

The necessary data for this research are sourced primarily from online platforms. Data collection is facilitated through the administration of a questionnaire, with respondents selected from the Kathmandu district. Once the primary data is gathered, it is organized

and presented in tables. Analysis of the data involves the utilization of software such as SPSS and Microsoft programs, along with various statistical tools to draw meaningful insights.

3.7 Data Processing Procedure and Data Analysis Methods

Various statistical techniques such as mean, median, standard deviation, and correlation have been employed to analyze and interpret the data collected from primary sources. SPSS software has been utilized for data analysis, which involved tabulating frequency distributions. Furthermore, correlation analysis has been conducted to assess the strength of relationships among the variables. Analysis involves a meticulous examination of available facts to draw conclusions based on established principles and logical reasoning. The collected data from primary sources have been tabulated, categorized, and analyzed using suitable statistical and financial tools. Open-ended questions included in the questionnaires have facilitated comprehensive analysis. Comparative analysis has been conducted using percentages, graphs, and charts. Statistical tools have been employed to emphasize the comparative results, including:

Percentage

Percentage serves as a valuable tool for comparing two quantities or variables. Essentially, a percentage represents a fraction with 100 as its denominator. It indicates the proportion of a quantity relative to a whole, with the numerator of this fraction representing the rate of percent.

Correlation Analysis

Correlation is a fundamental statistical measure that assesses the extent of association between two variables. It quantifies the relationship between variables, indicating how changes in one variable correspond with changes in another. Correlation does not imply causation; instead, it highlights the strength and direction of the relationship between variables. Correlation can range from -1 to +1, with values closer to 1 indicating a stronger positive relationship and values closer to -1 indicating a stronger negative relationship. When correlation is near zero, it suggests a weak relationship between variables.

Regression Analysis

Regression analysis encompasses a series of statistical techniques aimed at understanding the relationships between a dependent variable and one or more independent variables. This analytical method serves two main purposes.

Firstly, it is commonly employed for predictive and forecasting tasks, often overlapping with machine learning methodologies. Secondly, regression analysis can be utilized to infer potential causal relationships between the independent and dependent variables.

By employing regression models, analysts can examine how changes in independent variables impact the dependent variable.

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_{it}$

Where,

Y= Investment decision

β_0= Constant term

X_1= Quality management

X_2 = Company goodwill

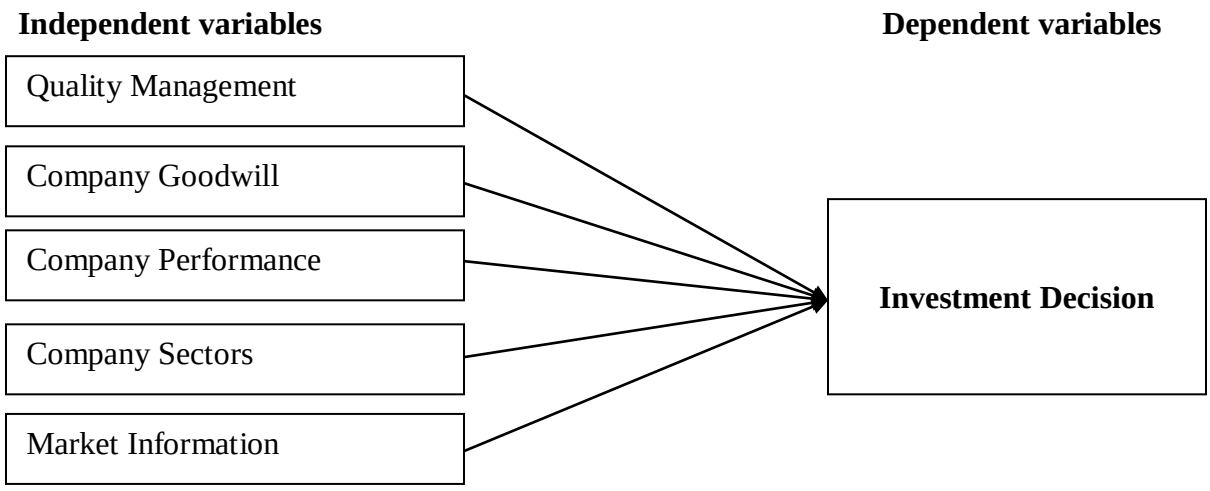
X_3= Company performance

X_4 = Company sector

X_5= Market information

3.8 Research Framework and Definition of Variables

A conceptual framework, also known as a conceptual model or research model, serves as a visual depiction illustrating the anticipated relationships between cause and effect within a financial context. This framework incorporates various variables and the hypothesized connections between them, providing a structured representation of expected outcomes and interactions.



Sources: Gnawali, (2020)

Figure 1: Research Framework

Definition of Variables under Study

Dependent Variable

Investment Decision

It relates to as how the funds of a firm are to be invested into different assets, so that the firm is able to earn highest possible return for the investors (Gnawali, 2020).

Independent Variables

Quality Management

Quality management is the act of overseeing all activities and tasks that must be accomplished to maintain a desired level of excellence. This includes the determination of a quality policy, creating and implementing quality planning and assurance, and quality control and quality improvement (Gnawali, 2020).

Company Goodwill

Goodwill is an intangible asset that accounts for the excess purchase price of another company. Goodwill is calculated by taking the purchase price of a company and subtracting the difference between the fair market value of the assets and liabilities (Gnawali, (2020).

Company Performance

Company performance is a combination of both the financial and non-financial aspects of an organization. These aspects gauge how well a company is executing their business strategy and can be looked at to identify areas for improvement (Gnawali, 2020).

Company Sectors

Company sector is an area of the economy in which businesses share the same or related business activity, product, or service (Gnawali, 2020).

Market Information

What is conveyed or represented by a particular arrangement or sequence of things genetically transmitted information, (Gnawali, 2020).

The investment decision, as the dependent variable, hinges on several independent variables such as quality management, company goodwill, and company performance. Quality management plays a crucial role in shaping investment decisions as it ensures that activities and tasks are executed to maintain excellence, thereby influencing the perceived risk and potential return associated with investment options. Company goodwill, an intangible asset reflecting reputation and customer loyalty, affects investment decisions by signaling trustworthiness and long-term viability, which can sway investor confidence and willingness to allocate funds. Moreover, company performance, encompassing financial and non-financial metrics, serves as a critical indicator of a firm's ability to execute its strategies effectively, impacting investor perceptions of stability and growth potential. Together, these independent variables shape the investment landscape, guiding firms towards optimal allocation strategies to maximize returns while mitigating risks.

CHAPTER- IV

RESULTS AND DISCUSSION

This chapter includes data presentation and analysis. The data and information collected from the respondents are presented and analyzed according to response of respondents. All the questionnaires are distributed and collected by the researcher own self. The collected data are analyzed using different tools and techniques. Results found from the analysis are systematically presented and carefully interpreted or explained in the following sections.

4.1 Results

In Nepal, investors' attitudes toward IPOs are shaped by several key factors. Firstly, the reputation and reliability of the issuing company greatly influence investor confidence. Strong performance, both financially and operationally, is crucial for investors assessing growth potential and returns. Additionally, the quality of management is a significant consideration, as competent leadership inspires trust. Nepalese investors prioritize factors such as company reputation, performance, management quality, and market information when evaluating IPO opportunities. Recognizing and addressing these factors is essential for companies and regulators to attract investment and cultivate a robust IPO market.

4.1.1 Demographic Study

Respondents are taken from Kathmandu valley as a random sampling method. The tenure of the respondents in their respective gender, age, occupation, is presented in the following manner.

Table 2

Gender of the Respondents

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

Source: Field Survey Report, 2023

Table 2 shows that, 60% of the respondents are male while 40% of the respondents are female. Its clears that majority of the respondents are female in this primary survey report.

Table 3

Age Group of the Respondents

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 20 Years	8	5.3	5.3	5.3
	20-40 Years	96	64.0	64.0	69.3
	40-60 Years	27	18.0	18.0	87.3
	Above 60 years	19	12.7	12.7	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 3 indicates that the ages are categories in 4 sections and among them 5.3% of the respondent ages are a less than 20 years as well as 64% of the respondent ages are 20-40 years, more ever 18% of the respondent ages are 40-60 years and 12.7% of the respondent ages are above 60 year. Finally, it can be conclude that 20-40 years age group of the finding very high i.e. 64% respectively.

Table 4

Education Level of the Respondents

Education		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Intermediate & Below	7	4.67	4.67	4.67
	Bachelor Degree	73	48.67	48.67	53.34
	Master Degree and Above	70	46.67	46.66	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 4 shows that, the education level of respondents. Among them, most of the respondents are Bachelor's Degree i.e. 48.67%.Similarly, 46.67% of total respondents are Bachelor Degree and the rest number of respondents is intermediate and bellow is 4.67%. So, percent in academic qualification graduate and post graduate and above have higher in total respondents.

Table 5

Occupation of the Respondents

Occupation		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Student	36	24.0	24.0	24.0
	Business	44	29.3	29.3	53.3
	Private Employer	44	29.3	29.3	82.7
	Government Employer	26	17.3	17.3	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 5 discloses that 24 % of the respondents are involved in students, similarly both 29.3 % of respondents are business sectors and private employer but only17.3% of the respondents is government job. It can be concludes that most of respondents response for business and private sector likewise each 29.3% respectively.

4.1.2 Investment Amount in IPO

Table 6

Investment Amount in IPO

Investment on IPO		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	1-10 thousand	60	40.0	40.0	40.0
	10-20 thousand	48	32.0	32.0	72.0
	20-30 thousand	26	17.3	17.3	89.3
	30-40 thousand	5	3.3	3.3	92.7
	Above 40 thousand	11	7.3	7.3	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 6 reveals that, 40% of the respondents' verdicts on them invest Rs.1-10 thousand in IPO. However 32% of the respondents said that, they invest in IPO and the amount range are Rs.10 to 20 thousand, comparably 17.3% of the respondents are invest in IPO the range aboutRs.20 to Rs. 30 thousand just as 3.3 % of the respondents are invest bulk amount likely to the range have Rs. 30 to Rs.40 thousand, and 7.3% of the respondents are said that above Rs40 thousand. The final conclusion shows that, the small skill investors are very high in Nepalese share market in current scenarios likely to they invest in IPO within the range amount is Rs.1 to 10 thousand investment in IPO.

4.1.3 Do you apply for IPO through Meroshare

Table 7

Do you apply for IPO through Meroshare

IPO Apply Network		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	135	90.0	90.0	90.0
	No	15	10.0	10.0	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 7 stipulates that 90% of the respondents are preferred "Yes" on above statement likely to they preferred Mero Share to invest in stock, while 10% of the respondents are "No" likely to they invest in IPO through broker or banks or other options. It can be concluding that most of the respondents are preferred Yes options where they are investing in IPO through Mero Share.

4.1.4 Is it necessary to open D-mat account for IPO

Table 8

Is it necessary to open D-mat account for IPO

Necessary to open D-mat for IPO		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	147	98.0	98.0	98.0
	No	3	2.0	2.0	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 8 revels that D- mat account is necessary for an online stock trading likely to 98% of the respondents have opened D- mat account for online stock trading, while 2% of the respondents said that, they feel they don't need D- mat account for an online stock trading. It clear that most of the respondents have feel the necessary of D- mat account for an online stock trading respectively.

4.1.5 Reason for investment in IPO

Table 9

Reason for investment in IPO

Reason for investment in IPO		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Liquidity	14	9.3	9.3	9.3
	Dividend Purpose	54	36.0	36.0	45.3
	Capital Gains	77	51.3	51.3	96.7
	Others	5	3.3	3.3	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 9 indicates that 51.3% investors selecting the IPO for Capital Gain reasons, however 36.3% investors selecting the IPO for high rate of dividend reason, while 9.3% investors response the value appreciation reason likely to liquidity, but 3.3% of the respondents choose other options .it can be concluded that, on above statement form 51.3% investors selecting the IPO for capital gain reasons.

4.1.6 Quality Management

Table 10

Legitimacy of company affects in your investment in IPO

Legitimacy		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	31	20.7	20.7	20.7
	Agree	60	40.0	40.0	60.7
	Neutral	26	17.3	17.3	78.0
	Disagree	25	16.7	16.7	94.7
	Strongly Disagree	8	5.3	5.3	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 10 shows that 31 respondents representing 20.7% strongly agreed that, when investors consider in investments when the legitimacy of company affects the investment in IPO also agreeing to this are 60(40%) respondents. They are of the opinion that the changing global economic activities, innovations and changing work force in addition to many challenges that comes with them have necessitated to generate new idea, innovation for reducing risk level in different investment alternatives. However, 8(5.3%) strongly disagree, 25(16.7%) respondents disagreed and 25(16.7%) undecided. The respondent claimed that the legitimacy of company affects in investment in IPO alternatives, if there is no practical education for minimize the risk and maximize the profit by choosing best investment. Since the greater percentages of respondents' response in agree on above statement.

Table 11

The founder CEO affects in the investment of IPO

Affects on Investment		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Strongly Agree	60	40.0	40.0	40.0
	Agree	37	24.7	24.7	64.7
	Neutral	34	22.7	22.7	87.3
	Disagree	14	9.3	9.3	96.7
	Strongly Disagree	5	3.3	3.3	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 11 indicates that, 40% of the respondents are strongly agree with on above statement likely to consider that the founder SEO affects in investment of IPO while 24.7% of the respondents are followed of strongly agree on above statement but 22.7 % of the respondents are marking on silent option. Similarly, 9.3% of the respondents are disagree with above statement, which is followed by 3.3% of the respondent (strongly disagree options). It can be conclude that, majority of the respondents are agreeing with on above statement likely to the founder of CEO affects the investment of IPO in Share market.

Table 12

Human resource value affects in investment in IPO

Human Resource		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	25	16.7	16.7	16.7
	Agree	63	42.0	42.0	58.7
	Neutral	35	23.3	23.3	82.0
	Disagree	9	6.0	6.0	88.0
	Strongly Disagree	18	12.0	12.0	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 12 shows that 25 respondents which make up 167% of the respondents strongly agreed that on above statement. 63 respondent which make up 42% of the total respondents also agreed to this while 18 of 12% strongly Disagree and 9 of 6% disagreed and 35 respondent (23.3%) is neutral with the opinion that "If I have choice to invest my some money, I would choose A product with a low average annual return but almost no risk of loss of the initial investment". From the above it can be concluding that in addition to formulating and implementing some unique value creating strategy being almost no risk of loss of the initial investment and will be gaining competitive advantage in the changing economy for new venture investors.

4.1.7 Company Goodwill

Table 13

Historical background was affect while investing in IPO

Historical Background		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	11	7.3	7.3	7.3
	Agree	60	40.0	40.0	47.3
	Neutral	33	22.0	22.0	69.3
	Disagree	41	27.3	27.3	96.7
	Strongly Disagree	5	3.3	3.3	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 13 shows that 11 respondents which make up 7.3% of the respondents strongly agreed that on above statement. 60 respondents which make up 40% of the total respondents also agreed to this while 5 of 3.3% strongly disagree and 41 of 27.3% disagreed and 33 respondents (22%) is neutral with the opinion that "Do you consider that historical background will affect while investing in IPO". From the above it can be concluding that background of company will affects the perceptions towards the initial public offering investment in the changing economy for investors.

Table 14

Age of company affects in the investment in IPO

Company Affects in the investment		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Strongly Agree	22	14.7	14.7	14.7
	Agree	43	28.7	28.7	43.3
	Neutral	34	22.7	22.7	66.0
	Disagree	36	24.0	24.0	90.0
	Strongly Disagree	15	10.0	10.0	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 14 depicts that, 28.7% and 14.7% of the respondents are agree and strongly agree with above statement, while 22.7 % of the respondents are neutral with "that the age of company affects in investment decision in IPO". Similarly, 24% and 10% of the respondents are disagreeing and strongly disagree with above statement. It can be conclude that most of the respondents are agreeing with above statement and neutral respondents are followed of agreeing options.

Table 15

Current financial position affecting in the investment in IPO

Current Financial Position		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	71	47.3	47.3	47.3
	Agree	38	25.3	25.3	72.7
	Neutral	34	22.7	22.7	95.3
	Disagree	4	2.7	2.7	98.0
	Strongly Disagree	3	2.0	2.0	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 15 presents that, 47.3% and 25.3% of the respondents are marking on strongly agree and Agree options likely to "Do you consider that current financial position affecting in investment in IPO". Similarly, 22.7% of the respondents are verdict on neutral on above statement while, 2.7% and 3% of the respondents are disagree on above statement. It can be conclude that, majority of the respondents are agreeing with the current financial position affecting in the investment in IPO respectively.

4.1.8 Company Performance

Table 16

Dividend premium matter more for the investment in IPO

Dividend Premium		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	16	10.7	10.7	10.7
	Agree	36	24.0	24.0	34.7
	Neutral	52	34.7	34.7	69.3
	Disagree	30	20.0	20.0	89.3
	Strongly Disagree	16	10.7	10.7	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 16 shows that the statement, "Do you consider that dividend premium matter more for the investment in IPO" where 24% and 10.7% of the respondents are agree with on

above statement, while 34.7% of the respondents are neutral on above statement. Similarly, 20% of the respondents are disagree on above statement but 10.7% of the respondents are strongly disagree with the on above statement likely to "Do you consider that dividend premium matter more for your investment in IPO". It concludes that, most of the respondents are neutral on above statement.

Table 17

Earning Per Share (EPS) Make Investors to Invest to IPO

Investment in Banking Sector		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Strongly Agree	40	26.7	26.7	26.7
	Agree	25	16.7	16.7	43.3
	Neutral	36	24.0	24.0	67.3
	Disagree	29	19.3	19.3	86.7
	Strongly Disagree	20	13.3	13.3	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 17 shows that operate on criteria for the primary investment in banking sector by investors, 26.7% are strongly agree within above statement while16.7% of the investors are followed of strongly agree options. Similarly, 24% of the respondents are neutral on above statement while 19.3% of the respondents marking on disagree on above statement while 13.3% of the respondents are followed of strongly disagree options. It concluded that most of the respondents are neutral and disagreeing on above statement.

Table 18

Return on investment (ROI) make investors to invest in IPO

Return on Investment		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Strongly Agree	78	52.0	52.0	52.0
	Agree	42	28.0	28.0	80.0
	Neutral	11	7.3	7.3	87.3
	Disagree	12	8.0	8.0	95.3
	Strongly Disagree	7	4.7	4.7	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 18 indicates that 52% investors selecting the strongly agree options with the statement of Do you consider that return on investment (ROI) make investors to invest in IPO, however 28% investors selecting agree with on above statement, while 7.3% of the investors are neutral and 8% of the respondents are disagree with above statement and 4.7% of the respondents are strongly disagree with on above statement. It can be concluded that majority of the respondents are agreeing options with do you consider that return on investment (ROI) make investors to invest in IPO.

4.1.9 Company Sector

Table 19

Investment in banking sector of IPO is better

Investment Company		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	74	49.3	49.3	49.3
	Agree	45	30.0	30.0	79.3
	Neutral	12	8.0	8.0	87.3
	Disagree	13	8.7	8.7	96.0
	Strongly Disagree	6	4.0	4.0	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 19 depicts that, 79.3% of the respondents are agreeing with on above statement likely to consider that the investment of IPO in banking sector is better than other alternatives. Similarly, 8% of the respondents are neutral and 12.7% of the respondents are disagreeing with on above statement. It can be conclude that majority of the investors are interested for initial public offering in banking sectors.

Table 20

Investment in insurance company of IPO is better

Investment Company		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	74	49.3	49.3	49.3
	Agree	45	30.0	30.0	79.3
	Neutral	12	8.0	8.0	87.3
	Disagree	13	8.7	8.7	96.0
	Strongly Disagree	6	4.0	4.0	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 20 depicts that, 79.3% of the respondents are agreeing with on above statement likely to consider that the investment of IPO in Insurance sector is better than other alternatives. Similarly, 8% of the respondents are neutral and 12.7% of the respondents are disagreeing with on above statement. It can be conclude that majority of the investors are interested for initial public offering in insurance sectors.

Table 21

Investment in Hydropower Company of IPO is better

Investment on Hydropower		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	24	16.0	16.0	16.0
	Agree	41	27.3	27.3	43.3
	Neutral	30	20.0	20.0	63.3
	Disagree	25	16.7	16.7	80.0
	Strongly Disagree	30	20.0	20.0	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 20 depicts that, 16% and 27.3% of the respondent are strongly agree and agree with on above statement, while 20% of the respondents are response on neutral on above

statement but 16.7% and 20% of the respondents are disagree and strongly disagree with on above statement. The finding result shows that, majority of the respondents (ie. 43.3% of the respondents out of total respondents) are agreeing with statement likely to "Do you consider that investment in hydropower company of IPO is better". It conclude that, most of the respondents are agree with the investment in hydropower company of IPO is better than others alternatives.

4.1.10 Market Information

Table 22

Comment on media affects in investment in IPO

Comment on Media affects		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	38	25.3	25.3	25.3
	Agree	50	33.3	33.3	58.7
	Neutral	34	22.7	22.7	81.3
	Disagree	20	13.3	13.3	94.7
	Strongly Disagree	8	5.3	5.3	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 22 displays that the 38(25.3%), as well as 50 (33.3 %) of the respondent are agreeing with on above statement likely to comment on media affects in your investment in IPO. Similarly, 20(13.3%) of the respondents are neutral on above statement. But 20 (13.3%) of the respondents are disagree with on above statement, and 8(5.3 %) of the respondents also follow the disagree options. The data indicate that a significant proportion of respondents agree with the statement regarding the influence of media on their investment decisions in IPOs.

Table 23

Future prediction and forecast affects the investment in IPO

Comment on Media affects		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	38	25.3	25.3	25.3
	Agree	50	33.3	33.3	58.7
	Neutral	34	22.7	22.7	81.3
	Disagree	20	13.3	13.3	94.7
	Strongly Disagree	8	5.3	5.3	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 23 displays that the 38(25.3%), as well as 50 (33.3 %) of the respondent are agreeing with on above statement likely to future prediction and forecast affects your investment in IPO. Similarly, 20(13.3%) of the respondents are neutral on above statement. But 20 (13.3%) of the respondents are disagree with on above statement, and 8(5.3 %) of the respondents also follow the disagree options. It clears that majority of respondents are agreeing with future prediction and forecast affects in your investment in IPO.

Table 24

The past trend of IPO, while investing in IPO

Trend of IPO		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	21	14.0	14.0	14.0
	Agree	45	30.0	30.0	44.0
	Neutral	35	23.3	23.3	67.3
	Disagree	31	20.7	20.7	88.0
	Strongly Disagree	18	12.0	12.0	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 24 indicates that 30% of the respondents strongly agree with the statement regarding the consideration of past trends of IPOs when investing in IPOs. Additionally, 14% of the respondents also express strong agreement with this statement, while 23.3% neither agree nor disagree. Moreover, 20.7% of the respondents do not believe in considering past IPO trends when investing, and 12% of them disagree with the statement. Overall, it suggests that a portion of the respondents agrees with the statement to some extent.

4.1.11 Investment Decision

Table 25

Individual invested have more risk in IPO investment

Risk Of Investment		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	16	10.7	10.7	10.7
	Agree	20	13.3	13.3	24.0
	Neutral	28	18.7	18.7	42.7
	Disagree	29	19.3	19.3	62.0
	Strongly Disagree	57	38.0	38.0	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 25 indicates that 38% of the respondents strongly disagree with the statement suggesting that individual investors face higher risks in IPO investments. Additionally, 19.3% of the respondents strongly support this disagreement, while 18.7% are undecided. Furthermore, 13.3% of the respondents agree with the statement to some extent, while only 10.7% strongly agree. Overall, the majority of respondents (58.3%) express disagreement with the notion that individual investors bear more risk in IPO investments.

Table 26

IPO's are risk free form of investment

Risk Of Investment		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	16	10.7	10.7	10.7
	Agree	20	13.3	13.3	24.0
	Neutral	28	18.7	18.7	42.7
	Disagree	29	19.3	19.3	62.0
	Strongly Disagree	57	38.0	38.0	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 26 reveals that 38% of the respondents strongly disagree with the notion that IPOs are risk-free investments. Similarly, 19.3% of the respondents strongly support this disagreement, while 18.7% remain undecided. Moreover, 13.3% of the respondents agree with this statement to some extent, while only 10.7% strongly agree. In summary, the majority of respondents (58.3%) express disagreement with the idea that IPOs are risk-free investments.

Table 27

IPO's are guaranteed way of making money

Risk Of Investment		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	16	10.7	10.7	10.7
	Agree	20	13.3	13.3	24.0
	Neutral	28	18.7	18.7	42.7
	Disagree	29	19.3	19.3	62.0
	Strongly Disagree	57	38.0	38.0	100.0
	Total	150	100.0	100.0	

Source: Field Survey Report, 2023

Table 27 presents that, 38% of the respondents are strongly disagree with above statement that the IPO's are guaranteed way of making money. Similarly, 19.3% of the respondents are support for strongly disagree statement while 18.7% of the respondents marking on silent. More ever, 13.3% of the respondents are agree with on above statement while only 10.7% of the respondents are strongly agree and followed of agree

options. Finally, the result finds that, (58.3%) most of the respondents are disagreed with above statement.

4.2 Correlation Analysis

Table 28

Correlation Analysis

Correlations		QM	CG	CP	CS	MI	ID
QM	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	150					
CG	Pearson Correlation	.895**	1				
	Sig. (2-tailed)	.000					
	N	150	150				
CP	Pearson Correlation	.511**	.603**	1			
	Sig. (2-tailed)	.000	.000				
	N	150	150	150			
CS	Pearson Correlation	-.550**	-.786**	-.679**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	150	150	150	150		
MI	Pearson Correlation	.388**	.369**	.278**	-.485**	1	
	Sig. (2-tailed)	.000	.000	.001	.000		
	N	150	150	150	150	150	
ID	Pearson Correlation	.461**	.378**	.189*	-.313**	.428**	1
	Sig. (2-tailed)	.000	.000	.020	.000	.000	
	N	150	150	150	150	150	150

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

*. Correlation is significant at the 0.05 level (2-tailed).

Table 28 shows the correlation matrix of independent variables QM, CG, CP, CS, MI, and dependent variable ID. Each correlation coefficient represents the strength and direction of the relationship between two variables, ranging from -1 to 1. QM (Quality Management) shows strong positive correlation with CG (Company Goodwill) at 0.895. This indicates a very strong positive relationship between quality management and company goodwill. Similarly, it is moderate positive correlation with CP (Company Performance) at 0.511, implying a moderate positive relationship between quality management and company performance. In the same way, the moderate negative correlation with CS (Company Sector) at -0.550, suggesting a moderate negative relationship between quality management and company sector. However, this is moderate

positive correlation with MI (Market Information) at 0.388, indicating a moderate positive relationship between quality management and market information. And at last that is moderate positive correlation with ID (investment decision) at 0.461, implying a moderate positive relationship between quality management and investment decision.

Similarly, CG (Company Goodwill) has strong positive correlation with CP at 0.603, indicating a strong positive relationship between company goodwill and company performance.

In the same way there is strong negative correlation with CS at -0.786, suggesting a strong negative relationship between company goodwill and company sector. Similarly, this is moderate positive correlation with MI at 0.369, which indicating a moderate positive relationship between company goodwill and market information. However, the moderate positive correlation with ID at 0.378, where implying a moderate positive relationship between company goodwill and investment decision. In the same way, CP (Company Performance) has moderate positive correlation with MI at 0.278, indicating a moderate positive relationship between company performance and market information. There is weak positive correlation with ID at 0.189, suggesting a weak positive relationship between company performance and investment decision.

Similarly, CS (Company Sector) has strong negative correlation with MI at -0.485, indicating a strong negative relationship between company sector and market information. Similarly, there is moderate negative correlation with ID at -0.313, suggesting a moderate negative relationship between company sector and investment decision. However, MI (Market Information) has no significant correlation between MI and ID (Pearson Correlation coefficient is 0.428, p-value is 0.000). At last, ID (Investment Decision) has no significant correlation between ID and CP (Pearson Correlation coefficient is 0.000, p-value is 0.020).

4.3 Regression Analysis

Findings from the regression analysis results for the sample as depicted in following tables and the regression coefficient model are estimated using following multiple regressions analysis.

On the basis of above findings following regression model has been developed.

Table 29

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.990[a]	.980	.975	.16753	.980	237.319	25	124	.000	1.065

a. Predictors: (Constant), IPOs are guaranteed way of making money,

b. Dependent Variable: Reasons for investment decision in IPOs (NEPSE)

Table 29 shows that the model summary presents the statistical information for a regression analysis conducted to understand the relationship between predictors and a dependent variable. The correlation coefficient (R) measures the strength and direction of the linear relationship between the predictors and the dependent variable. In this case, R is 0.990, indicating a very strong positive linear relationship.

The coefficient of determination (R Square) represents the proportion of the variance in the dependent variable that is predictable from the independent variables. Here, R Square is 0.980, indicating that 98% of the variance in the dependent variable is accounted for by the independent variables.

This adjusts R Square for the number of predictors in the model. It penalizes excessive use of predictors that do not improve the model significantly. The adjusted R Square here is 0.975. This represents the average distance that the observed values fall from the regression line. A lower value indicates a better fit of the model to the data. In this case, it's 0.16753. This indicates the change in R Square when predictors are added to or removed from the model. Here, the R Square Change is 0.980. The F Change statistic tests whether the R Square Change is significant.

A significant F Change suggests that the added predictors significantly improve the model's fit. The F Change value is 237.319, with associated degrees of freedom (df1 = 25, df2 = 124), and a very low p-value (0.000), indicating that the change in R Square is significant.

Table 30

Coefficient Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.762	.362		-2.102	.038		
	QM	.811	.169	.229	4.798	.000	.073	1.741
	CG	-.316	.165	-.042	-1.918	.057	.352	2.843
	CP	.099	.061	.107	1.622	.107	.038	6.274
	CS	.293	.068	.312	4.304	.000	.031	31.883
	MI	-.180	.077	-.202	-2.328	.022	.022	5.592

a. Dependent Variable: Reasons for investment decision in IPOs (NEPSE)

Table 30 shows the coefficient analysis provides information about the relationships between the predictors (QM, CG, CP, CS and MI) and the dependent variable (investment decision), along with measures of statistical significance and collinearity statistics.

The p-value (significant value) of QM, CS and MI are 0.000, 0.000 and 0.022 are lesser than level of significant value (0.05) showing that QM, CS and MI has significant impact on ID. The p-value of CG and CP are 0.051 and 0.107 are greater than indicating that these variables have no significant impact on ID.

The beta coefficient of QM is 0.811 which shows for a unit increment in the value of QM, the value of ID increases by 0.811 units. The beta coefficient of CP and CS are 0.099 and 0.293 which shows for a unit increment in the value of CP and CS, the value of ID increases by 0.099 and 0.293 units respectively. The beta coefficient of CG and MI are -0.316 and -0.180 which shows for a unit decrease in the value of CG and MI, the value of ID decreases by -0.316 and -0.180 units respectively.

4.4 Major Findings and Discussion

Major Findings

The major findings of the study are as follows:

- Majority (60%) agree that company legitimacy affects IPO investments, signaling a preference for reputable companies. However, a notable proportion (21.3%) disagrees, suggesting varied perspectives on the importance of legitimacy.

- Significantly, 40% believe that founder and CEO influence IPO decisions, highlighting leadership's role. However, 22.7% are neutral, indicating uncertainty regarding their impact.
- While 42% prefer low-risk investments, 18% disagree, emphasizing diverse risk tolerances among investors.
- A significant majority (67%) consider historical background, emphasizing the importance of past performance.
- Majority (42%) believe company age influences decisions, yet 43.3% are neutral or disagree, indicating mixed perceptions.
- Most (72.6%) consider current financial position, highlighting its significance in investment decisions.
- While 59.3% believe in dividend premium, 34.7% remain neutral, revealing varied perspectives.
- Considerable portions (43.4%) agree on primary investment criteria, but 32.6% disagree, indicating differing views.
- Majority (80%) are influenced by ROI, underlining its importance in investment decisions.
- Majority prefer IPO investments in banking (87%) and insurance (79.3%) sectors, indicating sectoral preferences.
- Substantial majority (43.3%) prefer hydropower company IPOs, reflecting confidence in the sector.
- Many (58.6% and 68.6% respectively) believe media and future predictions influence decisions, indicating external factors' sway.
- While some (44%) consider past trends, most (58.3%) disagree on higher risk perception, showcasing varied opinions.
- Majority (57.3%) disagree, recognizing IPOs' inherent risks and the need for careful evaluation.
- Most (57.3%) disagree with IPOs as guaranteed money-makers, showing a realistic understanding of investment uncertainties and the importance of due diligence.
- The study highlights quality management as a significant driver of investment decisions (ID) in Initial Public Offerings (IPOs).

- QM exhibits strong positive correlations with company goodwill (CG) and moderate positive correlations with company performance (CP) and market information (MI).
- This underscores the pivotal role of QM in shaping investor perceptions and actions within the IPO context.
- While CG demonstrates strong positive correlations with CP and MI, it shows a notable negative correlation with company sector (CS).
- Despite its influence on company performance and market perception, CG's impact on ID appears moderate, suggesting that it may not be a decisive factor in investment decisions, contrary to conventional wisdom.
- The regression analysis reinforces the significance of QM, CS, and MI in predicting ID, as evidenced by their low p-values. However, CG and CP fail to attain statistical significance, indicating limited influence on investment decisions.
- QM emerges as the most influential factor, highlighting its critical role in shaping ID in IPOs.
- These findings underscore the complex and multi-faceted nature of investment decisions in IPOs, emphasizing the interplay between managerial quality, industry dynamics, and market information. They provide valuable insights for investors, companies, and regulators seeking to understand and navigate the intricacies of the IPO landscape.

Discussions

It is discussed that the valuable insights into the relationships between various predictors and the dependent variable, investment decision (ID), within the context of initial public offerings (IPOs). Let's this research into the discussion and compare these findings with those of previous scholars.

Firstly, the correlation analysis highlights significant relationships between the independent variables (QM, CG, CP, CS and MI) and the dependent variable (ID). Notably, quality management (QM) demonstrates strong positive correlations with company goodwill (CG), moderate positive correlations with company performance (CP) and market information (MI), and a moderate negative correlation with company sector (CS). Similarly, company goodwill (CG) exhibits strong positive correlations with

company performance (CP) and market information (MI) but a strong negative correlation with company sector (CS). These results indicate that aspects like quality management, company reputation, and market information hold considerable influence over investment choices concerning IPOs.

Furthermore, the regression analysis affirms these relationships by demonstrating a robust positive linear association between the predictors and the dependent variable. The coefficient of determination (R Square) indicates that a considerable portion of the variation in investment decisions can be accounted for by the independent variables. These findings are consistent with prior research by scholars such as Niraula (2021), Abdulrassol and Othman (2022), Gupta and Shaijju (2021), Thapa (2019), and Alam and Uddin (2019), who have also highlighted the significant influence of various factors on decisions related to IPO investments.

However, as highlighted in the findings, not all predictors show significant impacts on investment decisions. While quality management (QM), company sector (CS), and market information (MI) demonstrate significant effects, company goodwill (CG) and company performance (CP) do not. This contrasts with the findings of Singh and Setiawan (2021), and Kizysa et al. (2020), who reported insignificant impacts of certain predictors. Such discrepancies may arise from differences in methodologies, sample sizes, or contextual factors, underscoring the complexity of IPO investment decisions.

In conclusion, the present study contributes to the existing literature by reaffirming the importance of factors such as quality management, company sector, and market information in shaping investment decisions related to IPOs. However, it also highlights the need for further research to explore the nuanced influences of other factors and to reconcile conflicting findings across different studies.

CHAPTER-V
SUMMARY AND CONCLUSION

5.1 Summary

This study shows that the chapters are structured into five main sections. The first section encompasses the introduction, which delves into the background of the study, problem statement, objectives, rationale, and limitations. The second section comprises the literature review, covering theoretical and empirical reviews along with identifying research gaps. Moving on, the third section focuses on the research methodology, detailing the research design, population and sample selection, data nature and sources, data collection procedures and instruments, data processing methods, data analysis techniques, research framework, and variable definitions. Subsequently, the fourth section entails the results and discussion, involving data presentation, analysis, calculations, and discussions based on the findings. Finally, the fifth section encapsulates the summary and conclusion, providing a summary of the study, concluding remarks, and implications drawn from the findings. Additionally, the dissertation includes references and appendices at the end.

The research entitles the investors perception towards initial public offering in Nepalese context. The research aims to evaluate investors' perceptions regarding Initial Public Offerings (IPOs) concerning quality management, company goodwill, company performance, company sector, and market information. It seeks to scrutinize the correlation between these factors and the rationales behind investment decisions in IPOs. Additionally, the study intends to investigate the influence of quality management, company goodwill, company performance, company sector, and market information on investors' decision-making processes regarding IPO investments. There is used only primary data, the sample size of the study has 150 IPO investors of Kathmandu Valley. The descriptive and co-relational research designs are applied in the study. The data are analyzed through the SPSS v27 with correlation matrix and regression analysis.

The study investigates the relationship between predictors and investment decisions (ID) in IPOs. Correlation analysis reveals significant associations, with quality management (QM) strongly correlating positively with company goodwill (CG), moderately with

company performance (CP) and market information (MI), and negatively with company sector (CS). Similarly, CG shows strong positive correlations with CP and MI but a strong negative correlation with CS. Regression analysis confirms these relationships, indicating a substantial portion of ID variance explained by predictors, where some predictors like QM, CS and MI significantly affect where CG and CP has insignificant results or not impact with dependent variables.

5.2 Conclusion

This study is concludes that the shed light on the intricate relationships between various predictors and investment decisions (ID) in initial public offerings (IPOs). Quality management (QM) emerges as a significant driver, exhibiting strong positive correlations with company goodwill (CG) and moderate positive correlations with company performance (CP) and market information (MI). Conversely, a moderate negative correlation exists between quality management (QM) and company sector (CS). These findings underscore the pivotal role of QM in shaping ID within the IPO context, aligning with prior research emphasizing the importance of managerial quality in investment decisions.

Moreover, while company goodwill (CG) demonstrates strong positive correlations with CP and MI, it exhibits a notable negative correlation with CS. Interestingly; CG's impact on ID appears moderate, indicating that despite its influence on company performance and market perception, it may not be a decisive factor in investment decisions. This contrasts with the conventional wisdom regarding the significance of goodwill in financial assessments, suggesting a nuanced relationship in the IPO scenery.

Furthermore, the regression analysis reinforces the significance of QM, CS, and MI in predicting ID, as evidenced by their low p-values. However, CG and CP fail to attain statistical significance, indicating limited influence on investment decisions. The beta coefficients further elucidate the magnitude and direction of these relationships, with QM displaying the highest impact on ID. These findings underscore the multi-faceted nature of investment decisions in IPOs, emphasizing the interplay between managerial quality, industry dynamics, and market information in shaping investor perceptions and actions.

5.3 Implications

After analyzing the primary data, this study has drawn several implications:

- Given the significant influence of quality management on investment decisions, companies should prioritize improving their managerial practices and operational efficiency.
- This includes fostering leadership stability, enhancing process effectiveness, and maintaining high standards of quality across all aspects of the business.
- Recognizing the impact of sector dynamics on investor perceptions, companies need to strategically position themselves within their industries. Understanding industry trends, competitive landscapes, and regulatory environments can help companies mitigate sector-related risks and capitalize on growth opportunities.
- Utilizing market information effectively to communicate value proposition and market positioning is crucial. Companies should actively monitor market trends, customer preferences, and competitor activities to inform their strategic decision-making and investor relations efforts.
- Investors should incorporate quality management indicators, such as leadership stability and operational efficiency, into their evaluation criteria when assessing IPO investments. Recognizing the significance of these factors can help investors gauge the long-term sustainability and growth potential of companies.
- Understanding the impact of sector dynamics on investment decisions is essential for investors. Analyzing industry trends, market competitiveness, and regulatory factors can provide insights into the risks and opportunities associated with IPO investments.
- Investors should critically evaluate market information provided by companies during the IPO process. Assessing the reliability, relevance, and transparency of market data can help investors make more informed decisions and mitigate information asymmetry risks.
- Policy makers play a crucial role in fostering a transparent and accountable IPO market ecosystem. Developing regulations and standards that enhance disclosure practices, governance mechanisms, and investor protection measures can contribute to market integrity and investor confidence.

- Investing in management training and development initiatives can strengthen the quality of leadership and operational practices within companies. Policy makers can collaborate with industry stakeholders to provide resources, incentives, and guidance to support ongoing professional development efforts.
- Policy makers should promote initiatives that facilitate access to accurate and timely market information for investors. Enhancing data transparency, market reporting standards, and information dissemination channels can empower investors to make better-informed decisions and contribute to market efficiency.
- Further research should delve deeper into the specific mechanisms through which quality management influences investment decisions in IPOs. Investigating the underlying factors driving the relationship between quality management practices and investor perceptions can provide valuable insights into managerial effectiveness and organizational performance.
- Researchers can explore the role of contextual factors, such as regulatory environments, industry dynamics, and market conditions, in shaping the relationships between predictors and investment decisions. Understanding how these contextual factors interact with predictor variables can enrich our understanding of IPO market dynamics and investor behavior.
- Studying the long-term performance outcomes of IPO investments can offer valuable insights into the effectiveness of predictor variables in predicting investment decisions over time.
- Assessing the impact of predictor variables on post-IPO performance metrics, such as stock returns, market valuation, and operational growth, can provide practical implications for investors, companies, and policy makers.
- It is essential to enhance coordination and collaboration between the Securities Board and Nepal Rastra Bank to foster the growth of the stock market. Transitioning from manual trading methods to computer-based technologies could accelerate trading activities and enhance market efficiency.
- Additionally, addressing issues such as rumor-based trading, inadequate investor knowledge, and limited information availability is crucial. Implementing programs to address these concerns should be a priority for regulatory authorities.

- This research underscores the underperformance and sluggish development of the stock market. Efforts to reform and improve market performance are imperative.

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Appendix

Questionnaire

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

Respondent profile

1) email

2) Name

3) Gender

i) Male

ii) Female

4) Age

i) below 20

ii) 20-40

iii) 40-60

iv) Above 60

5) Education Level

i) Intermediate

ii) Bachelor Degree

iii) Master Degree

iv) Master level or above

6) Occupation

i) Student

ii) Business

iii) Private Employee

iv) Government employee

7) Investment amount in IPO

i) 1-10 thousand

ii) 10-20 thousand

iii) 20-30 thousand

iv) 30-40 thousand

v) 40 thousand and above

8) Do you apply for IPO through meroshare?

i) Yes

ii) No

9) Is it necessary to open D-mat account for IPO?

i) Yes

ii) No

10) Reason for investment in IPO

i) Liquidity

ii) Dividend Purpose

iii) Capital Gains

iv) Others

S.N	**Factor**	**Answer**				
		1	**2**	**3**	**4**	**5**
A.	**Quality Management**					
QM_1	Do you consider that legitimacy of company affects in your investment in IPO?					
QM_2	Do you consider that founder CEO affects in your investment of IPO?					
QM_3	Do you consider that human resource value affects in your investment in IPO?					
B.	**Company Goodwill**					
CG_1	Do you consider that historical background will affect while investing in IPO?					
CG_2	Do you consider that age of company affects in your investment in					

	IPO?					
CG_3	Do you consider that current financial position affecting in your investment in IPO?					
C.	**Company Performance**					
CP_1	Do you consider that dividend premium matter more for your investment in IPO?					
CP_2	Do you consider that earning per share (EPS) make investors to invest in IPO?					
CP_3	Do you consider that return on investment (ROI) make investors to invest in IPO?					
D.	**Company Sectors**					
CS_1	Do you consider that investment in banking sector of IPO is better?					
CS_2	Do you consider that investment in insurance company of IPO is better?					
CS_3	Do you consider that investment in hydropower company of IPO is better?					
E.	**Market Information**					
MI_1	Do you consider that comment on media affects in your investment in IPO?					
MI_2	Do you consider that future prediction and forecast affect your investment in IPO?					
MI_3	Do you consider that the past trend of IPO, while investing in IPO?					
F.	**Investment decision**					
ID_1	Do you conclude that individual invested have more risk in IPO investment?					
ID_2	Do you consider that IPOs are risk free from of investment?					
ID_3	Do you consider that IPOs are guaranteed way of making money?					

Thank You!

INVESTORS' PERCEPTION TOWARDS INITIAL PUBLIC OF...

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ABSTRACT This dissertation delves into the perspectives of investors regarding Initial Public Offerings (IPOs) in the Nepalese market. It particularly examines the impact of various factors, including proficient management strategies, corporate standing, financial achievements, industry domain, and accessibility to market intelligence, on investment choices. Using data from 150 IPO investors in Kathmandu Valley, the study employs descriptive and co-relational research designs, alongside correlation matrix and regression analysis, to achieve its objectives of assessing investor perceptions, analyzing relationships between factors, and examining their impact on investment decisions. The findings underscore significant associations between predictors and investment decisions. Quality management emerges as a key driver, positively correlated with company goodwill, company performance, and market information, but negatively correlated with company sector. Similarly, company goodwill shows strong positive correlations with company performance and market information, yet a strong negative correlation with company sector. Conversely, company performance exhibits a moderate positive correlation with market information but lacks significance in relation to investment decisions. Company sector displays a strong negative correlation with market information and a moderate negative correlation with investment decisions. Interestingly, market information shows no significant correlation with investment decisions. Regression analysis confirms the substantial portion of investment decision variance explained by predictors, with quality management,