ACCOUNTING INFORMATION SYSTEM AND ITS IMPACT ON FINANCIAL PERFORMANCE OF LISTED COMPANIES IN NEPAL

A Thesis

By:

UTSAV K.C.

Shanker Dev Campus

Campus Roll No: 1321/065

T.U. Regd. No: 7-2-284-34-2003

Exam Roll No.: 390337/067

Submitted to:

Office of the Dean

Faculty of Management

Tribhuvan University

In Partial Fulfillment of the Requirement for the Degree of

Master in Business Studies (MBS)

Kathmandu, Nepal

July, 2024

RECOMMENDATION

This is to certify that the thesis

Submitted by:

UTSAV K.C.

Entitled:

ACCOUNTING INFORMATION SYSTEM AND ITS IMPACT ON FINANCIAL PERFORMANCE OF LISTED COMPANIES IN NEPAL

has been prepared as approved by this Department in the prescribed format of Faculty of Management. It is forwarded for examination and acceptance

……..……..……..………....…	**..........…………..………..….**	**……………………..………..…..………**
Joginder Goet	**Asso. Prof. Dr. Sajeeb Kumar Shrestha**	**Asso. Prof. Dr. Krishna Prasad Acharya**
(Thesis Supervisor)	**(Head, Research Department)**	**(Campus Chief)**

VIVA-VOCE SHEET

We have conducted the viva –voce of the thesis presented

By:

UTSAV K.C.

Entitled:

ACCOUNTING INFORMATION SYSTEM AND ITS IMPACT ON FINANCIAL PERFORMANCE OF LISTED COMPANIES IN NEPAL

And found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for the degree of

Master of Business Studies (MBS)

Viva-Voce Committee

Head, Research Department ……

Member (Thesis Supervisor) ……

Member (External Expert) ……

DECLARATION

I hereby declare that the work reported in this thesis entitled **"Accounting Information System And Its Impact on Financial Performance of Listed Companies in Nepal"** submitted to Office of the Dean, Faculty of Management, Tribhuvan University is my original work conducted in the form of partial fulfillment of the requirement for the degree of Master of Business Studies (M.B.S) under the supervision of respected supervisor **Joginder Goet** of Shanker Dev Campus, T.U.

……..

Utsav K.C.

Shanker Dev Campus

Campus Roll No: 1321/065

T.U. Reg. No: 7-2-284-34-2003

ACKNOWLEDGMENT

I would like to forward my deepest gratitude to my thesis supervisor **Joginder Goet** of Shanker Dev Campus who support me with his invaluable scholarly supervision, constructive comments and suggestions that allow me to furnish this thesis report in this final format.

I would like to pay my sincere thanks to Asso. Prof. Dr. Sajeeb Kumar Shrestha, Head of Research Department; and Asso. Prof. Dr. Krishna Prasad Acharya, Campus Chief of Shanker Dev campus. Besides, I would also like to thank to other respected teachers of Shanker Dev Campus and all the staff of this campus for their help in providing me various kinds of suggestions, information and comments.

Further, my deep regard to known and unknown individual who helped to collect the data at preliminary stage of this report writing.

It is the matter of my immense pleasure to express my deep sense of gratitude and heartfelt respect to my parents for their affection, inspiration and incredible support to precede my academic career.

Utsav K.C.

TABLE OF CONTENTS

List of Tables

List of Figures

List of Abbreviations

AIS	Accounting Information System
CAIS	Computerized Accounting Information Systems
CBR	Case-based Reasoning
COGS	Cost of Goods Sold
CVP	Cost volume profit
DSS	Decision Support Systems
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
FMCG	Fast-Moving Consumer Goods
IAS	International Accounting Standards
ICAN	Institute of Chartered Accountants of Nepal
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
JIIC	Jordan International Investment Company
MIS	Management Information System
NAS	Nepal Accounting Standards
NEPSE	Nepal Stock Exchange
NFRS	Nepal Financial Reporting Standards
NRB	Nepal Rastra Bank
NSA	Nepal Standards on Auditing
P/L	Profit and Loss
RED	Real Estate Development
ROE	Return on Equity
SMEs	Small and Medium-sized Enterprises
SAP	Systems, Applications, and Products in Data Processing.
SEBON	Securities Board of Nepal
SPSS	Statistical Package for Social Sciences
SQL	Structured Query Language
TCS	Tata Consultancy Services

CHAPTER I
INTRODUCTION

1.1Background of the Study

Accounting is the methodical process of keeping track of, summarizing, analyzing, and reporting financial data and transactions pertaining to a person, company, organization, or other entity. A methodical and structured framework for gathering, processing, storing, and disseminating financial and non-financial data regarding an entity's economic activities is called an accounting information system (AIS). Its main goal is to make financial record keeping, reporting, and decision-making inside an organization more effective and efficient. AIS includes both human and automated procedures intended to guarantee the integrity, accuracy, and dependability of financial data while offering insightful information to external stakeholders and management. AIS is essentially a key instrument for numerous accounting and business operations, as well as for handling financial information.

Accounting information systems (AIS), like other types of information systems, play a significant part in an organization's everyday operations and management. AIS is a supporting information system that is used to carry out managerial tasks such as organizing, planning, controlling, and making decisions in order to make the most use of the organizational resources that are already present (Okour, 2016). AIS is a formal framework that distinguishes, measures, accumulates, investigations, plans, translates, and communicates the bookkeeping data of a specific association to be displayed to a indicated gathering of people (Dalayeen & Al-Dalayeen, 2018). AIS refers to a group of sources (individuals and equipment) that are assigned to collect a set of financial data and then communicate it to specific decision makers at a specific time (Bodnar & Hoopwood, 2013).

The accounting information system is a vital tool for managers looking to maintain a competitive advantage in the face of challenging technical advancements, rising consumer and business owner demands, and raised awareness (Hassan, 2022).

Accounting Information Systems (AIS), which integrate technology with accounting principles to improve data administration, analysis, and reporting, are crucial to modern company operations. The purpose of the AIS is to provide accurate and timely financial data that may be used for decision-making. This is accomplished by data collection, processing, storage, and sharing. This introduction provides an overview of the many uses for AIS as well as its significance in the modern, evolving corporate environment. The organization's AIS scope effectively collects and manages external financial data. The AIS includes operational data and other non-financial data to help with decision-making even more. Additionally, it looks ahead, with the goal of supporting projects involving strategic financial planning and forecasting.

Timeliness is a crucial aspect of an accounting information system (AIS), ensuring that financial data is collected, processed, and disseminated promptly to support decision-making processes. Efficient data entry processes, system performance, and integration with external systems are key factors influencing AIS timeliness. By implementing automated processes, investing in technology, and streamlining workflows, organizations can improve AIS timeliness. Additionally, staff training and development, along with clear policies and procedures, play essential roles in maintaining consistency and efficiency in AIS operations. Ultimately, timely AIS enhances decision-making, stakeholder confidence, and compliance with regulatory requirements, contributing to overall organizational success.

Aggregation is a pivotal process within accounting information systems (AIS), central to transforming vast amounts of detailed financial data into concise summaries for reporting and analysis. By condensing transactional data into higher-level summaries, aggregation enables organizations to streamline reporting processes, facilitate informed decision-making, and ensure compliance with regulatory standards. However, while aggregation enhances efficiency and provides overarching insights into financial performance, organizations must carefully balance the level of aggregation to avoid sacrificing critical details that may affect decision-making accuracy. Thus, understand the art of aggregation within AIS involves striking a

delicate balance between reporting efficiency and the preservation of essential financial nuances.

Accounting Information Systems (AIS) integration is critical in contemporary company settings, acting as the link between disparate organizational activities and data sources. Businesses may increase productivity, boost data accuracy, and support well-informed decision-making by integrating AIS with other systems and procedures smoothly. Through integration, silos are removed and real-time access to vital information is made possible, facilitating the seamless flow of financial data between departments. For example, automating accounting procedures like inventory control and invoicing through AIS integration with enterprise resource planning (ERP) systems streamlines operations and lowers human error. Moreover, companies can combine financial information with consumer interactions through integration with customer relationship management (CRM) systems, enabling tailored marketing campaigns and raising customer satisfaction. AIS integration with business intelligence (BI) tools empowers organizations to analyze financial data comprehensively, uncover insights, and forecast trends, driving strategic planning and growth initiatives. However, achieving seamless integration requires careful planning, robust infrastructure, and effective communication across departments. Organizations must also prioritize data security and compliance to safeguard sensitive financial information.

1.1.1 Accounting information system in listed companies

The stock market in Nepal, known as the Nepal Stock Exchange (NEPSE), provides a place for the trading of securities such stocks, bonds, and mutual funds. It is situated in Kathmandu and was founded in 1993. There is just one stock market in Nepal. NEPSE is essential in helping businesses and people with their capital-raising and investing endeavors. Its regulation is managed by the Securities Board of Nepal (SEBON). By facilitating trades in securities on its trading floor or via electronic trading platforms, NEPSE helps the nation's industry flourish and gives investors a chance to be part in the expansion of Nepalese businesses.

The AIS in listed companies plays the important role. The role of accounting information system is important in making share investment decisions. Nepalese investors utilize accounting data to forecast the performance trends of listed firms and to strengthen their ability and proficiency for making investment decisions. The investors have given top priority to 'share capital', 'net profit after tax', and 'cash flow from investing activities' under the balance sheet, income statement, and cash flow statement, respectively. Investors place a high value on financial metrics connected to share prices, specifically earnings per share (EPS) and dividend per share (DPS). To increase the credibility of their performance, publicly exchanged companies should monitor and disclose a list of the key financial metrics that investors care about. (Vaidya, 2021).

Accounting Information Systems (AIS) play a major role in the operations of listed companies in Nepal. These systems serve as the backbone for managing financial data, ensuring compliance with regulatory standards, and facilitating data-driven decision-making. Listed companies in Nepal rely on AIS to generate accurate and timely financial reports, including balance sheets and income statements, adhering to the Nepal Financial Reporting Standards (NFRS) or International Financial Reporting Standards (IFRS) as applicable. Furthermore, AIS assists in efficient transaction processing, encompassing accounts payable, receivable, payroll, and general ledger entries. Regulatory compliance is a paramount concern for these companies, with AIS helping to maintain comprehensive financial records and facilitating audits and regulatory filings in accordance with the Nepal Securities Board (SEBON) and the Companies Act.

The three essential processes for efficient resource allocation and planning—budgeting, forecasting, and inventory management—are supported by AIS. To prevent fraud and mistakes, internal controls like access controls and segregation of roles are incorporated into AIS. AIS makes tax compliance easier by facilitating accurate computations and on-time payments. AIS generates insights that help decision-makers make well-informed strategic choices. On the other hand, external auditors depend on AIS to conduct thorough financial reviews. AIS also satisfies electronic filing requirements, making regulatory authority compliance easier. AIS is

sometimes combined with other systems to improve overall system performance. To prevent unwanted access to sensitive financial data, security precautions are essential. AIS is essentially the cornerstone of financial management for Nepali listed firms, guaranteeing compliance, accuracy, and openness in their financial operations.

1.1.2 Financial performance

A key component of finance risk management is financial performance, which, in a larger sense, describes the extent to which financial goals have been met. It is the procedure of putting a firm's operations and policies into monetary terms. It is familiar with calculate the whole financial health of an organization during a certain time period using the following metrics: equity, profitability, revenue, expenses, assets, and liabilities. It is done by examining yearly reports and financial records from the company.

Companies' financial health and performance are anticipated to have an impact on AIS. Financial performance indicates the state of a company's finances, as well as its capacity and readiness, to meet its long-term financial commitments and responsibilities in the near future when providing services. In general, financial performance refers to how well financial goals have been attained (Davis and Albright, 2004). The essential financial and accounting information that finance managers use to map out future goals and conduct assessments of a company's historical business performance is provided by AIS. The primary output of AIS is financial reporting, which is required by stakeholders and managers at all levels. In fact, AIS produces results that are important for the company's operational, tactical, and strategic decision-making. According on the level of depth and analysis that they require, users will specifically need the financial data and other pertinent information (Mahoney & Roberts, 2007; Ganyam & Ivungu, 2019).

Currently, more than 200 companies are listed in NEPSE and doing their transaction of securities in different sectors including banking and finance, manufacturing, service, and tourism. This research purpose to present a wide analysis of the impact of AIS on the financial performance of listed companies in NEPSE. In particular, this research endeavors to studies on AIS and identify the research gap regarding the

relationship between AIS and financial performance in order to provide a foundational ground for future studies in Nepalese context.

1.2 Problem statement

Financial crimes have been on the increase in recent years, taking many different forms, such as control breaches, right-hand and senior staff conspiracies, and interdepartmental financial abnormalities. According to research, the follow-up units set up by the management of the company have largely failed to stop such fraudulent practices because the controls in place have not been sufficient to deter the crimes that the company's employees have committed (Al-Tameemi & Alshawi, 2014). Researchers used the effectiveness of AIS as an effective internal audit to address this issue since AIS has a key impact in the poor financial performance of industrial enterprises. (Jakram, et al, 2019).

Information has a significant impact on modern businesses, and it is important from an organizational perspective to leverage this influence. AIS is currently a vital organ for many organizations. Despite some limitations, there are a lot of benefits to adopting AIS. AIS can only provide information that is absolutely necessary; managers and executives must decide how best to use this information. (Hosain, 2019)

Gyawali (2017) described about managers of different department in an organization make several different decisions and actions far effectively and efficiently realize the goals and objectives of the organization. In today's highly turbulent and intense competitive organizational environment, managers and strategists have to set strategic goals and objectives, formulate strategic plans, implement and control them, and make several strategic decisions. They use accurate and legitimate accounting data that is accessible within the company for all of this.

The use of accounting information systems (AIS) in Nepalese listed companies has become increasingly usual in recent years. These systems play the important role in managing financial data, facilitating decision-making processes, and improving

overall operational efficiency. However, despite their wide adoption, the effect of accounting information systems on the financial performance of Nepalese listed companies remains unclear. The problem at hand is the lack of comprehensive understanding regarding the impact of accounting information systems on the financial performance of Nepalese listed companies. Although these systems have been implemented extensively, there is a need to investigate and evaluate the relationship between AIS and financial performance indicators to gain insights into the potential benefits and challenges faced by companies in Nepal.

The effective management of finances is crucial for the sustainable growth and competitiveness of listed companies. AIS plays a pivotal role in collection, processes at various levels within these organizations. However, despite the growing significance of AIS, there is a noticeable gap in our understanding of how implementation and utilization of AIS impact the financial performance of listed companies in the Nepalese context.

The study initiates to conduct the following research questions:

i. How AIS are currently implemented and utilized by listed companies in Nepal?
ii. What is the influence of the accounting information system on the financial performance of NEPSE-listed companies?

1.3 Objectives of the Study

The main purpose of this study is to analyze the accounting information system and its effect on financial performance in Nepalese Companies. More specifically this study proposes the following specific objectives:

i. To examine the practices of accounting information systems in NEPSE-listed companies.
ii. To analyze the impact of the accounting information system on the financial performance (ROE) of NEPSE-listed companies.

1.4 Significance of the study

Nepal's dynamic business landscape, where an increasing number of companies being listed on the stock exchange, makes it imperative to understand how accounting

information systems influence financial performance within this context. This investigation bears global relevance, as the impact of accounting information systems on financial performance is a subject of universal importance. However, focusing on Nepal provides a unique lens through which to examine the intricacies of emerging market economies. Furthermore, financial performance is a fundamental yardstick for evaluating a company's health and sustainability.

i. Academic Significance: Understanding the relationship between AIS and financial performance is crucial for academic research in the field of accounting and finance. By conducting this study, new knowledge will be generated, contributing to the existing body of literature on AIS, financial performance, and their interplay in the context of listed companies in Nepal.

ii. Practical Relevance: Listed companies have increasingly adopted AIS in recent years, driven by the need for accurate financial information, effective decision-making, and compliance with regulatory requirements. This study will provide practical insights into the impact of AIS on financial performance, assisting companies in making informed decisions regarding AIS adoption, implementation, and utilization.

iii. Policy Implications: The findings of this study can have policy implications for regulatory bodies and policymakers in Nepal. Understanding the impact of AIS on financial performance can help shape policies related to AIS implementation, disclosure requirements, and support mechanisms for companies aiming to enhance their financial performance through AIS.

iv. Business Competitiveness: Listed companies operate in a competitive business environment, both domestically and internationally. Effective utilization of AIS can provide a competitive advantage by improving financial performance indicators. This study will shed light on the potential benefits and challenges of AIS implementation, helping companies enhance their competitiveness.

v. Stakeholder Expectations: Shareholders, investors, and other stakeholders have a stake in the financial performance of listed companies. Assessing the impact of AIS on financial performance will address stakeholders' expectations for transparent, accurate, and timely financial reporting, which can affect investment decisions and overall market confidence.

vi. Local Context: The study focuses specifically on listed company in Nepal, considering the unique economic, social, and cultural factors that influence business operations in Nepal. The findings will provide insights into the local context, helping companies navigate the challenges and opportunities associated with AIS adoption and utilization.

1.5 Limitations of the study

Limitations of a study are important to acknowledge as they help provide context for the interpretation of research findings and indicate areas for potential future research. The accuracy of this study is heavily reliant on the data and comments provided by the sample of listed firms in Nepal. The scope of the present study has been limited in terms of the period of study as well as the sources and nature of the data. The following limitations are relevant to the research:

i. There are more than 200 listed companies in Nepal, this research study only 10 sample companies are included.
ii. The study is based on primary and secondary data. Thus, the validity and reliability of the data depend upon their sources.
iii. This study may not represent the whole Nepalese population because of the small sample size.

1.6 Organization of the study

This study has been organized into five different segments or chapter to make the study more systematic. The chapters one to five convey the following titles:

Chapter-1 Introduction

This chapter contains the introduction part of the study. It describes the background of the study; it also deals with statement of the problem, objectives of the study, significance of the study, limitation of the study and organization of the study.

Chapter-II Review of the Literature

The second chapter deals with the conceptual framework, review of empirical works, relevant research studies, review of major studies in Nepal and finally conclusion of the literature.

Chapter-III Research Methodology

The third chapter contains research methodology employed in the study. It explain the research methods , research design , nature and sources of data , data processing procedure , the basic tools and techniques and definitions of key terms.

Chapter-IV Data Presentation and Analysis

The fourth chapter contains presentation and analysis of data. In this chapter, data is collected through different sources such as reports, questionnaire, observation, information system and required statistical tools has performed analysis and interpretation of data.

Chapter-V Summary, Conclusion and Recommendations

The fifth chapter contains summary and conclusion of the study. After that all necessary recommendation are presented for the improvement of the further study and research.

CHAPTER II
LITERATURE REVIEW

The literature review commences with the identification of a relevant topic and extends throughout the research aim. It encompasses a comprehensive survey of existing literature pertaining to related subjects. By scrutinizing research papers and applicable assertions within the field of study, the review aims to gain insights into prior investigations, including their limitations and findings, thereby facilitating the pursuit of new research. This step is indispensable in the research process, serving to ascertain the outcomes of studies conducted in analogous domains and approaches. Additionally, it aids in circumventing previously addressed research challenges. Thus, the literature review involves the systematic acquisition, examination, and evaluation of research literature pertinent to the student's area of interest.

The topic of accounting information system and its impact on the financial performance of listed companies in Nepal is examined through a review of previous literature through this chapter. Finding information in a certain topic, spotting any new additions, and getting ideas for study design are the objectives of reviewing the literature. For the review study, the researcher uses a range of publications from different academic institutions, including books, journals, reviews, abstracts, reports, dissertations, and research papers. Encyclopedias are also used. We look at the three headings that comprise the literature review:

- Theoretical review
- Empirical review
- Research gap

2.1 Theoretical review

Often referred to as a framework of theory, a theoretical review is an overview of current theories that provides a basis for creating the arguments you will make in your work. Researchers create theories to make relationships, explain phenomena, and forecast future events.

2.1.1 Contingency theory

According to contingency theory, when developing an AIS, an organization must take into consideration its surroundings and organizational structure. AIS must also be updated in order to accommodate the specific options being considered. Alternatively, an adaptive framework must be employed to create AIS. Gordon and Miller's (1976) contingency framework for the design of accounting information systems was the first research in the accounting literature to specifically address the contingency view of accounting information systems. The foundational framework for thinking about accounting information systems from a contingency perspective was established in this research. Gordon and Narayanan (1984) found that effective organizations create management accounting systems in response to environmental uncertainty. When decision-makers recognize increasing environmental uncertainty, they seek more external, nonfinancial, and past information than internal, financial, and future information. Numerous investigations conducted after the Gordon and Narayanan study confirmed the latter finding. Despite extensive research over the last two decades, contingency theory has very little attention when it comes to the variables that influence accounting information systems. Few companies seem to have organized procedures in place to oversee the development of their measuring systems, and few studies seem to have looked into two of the key issues: What are the requirements of accounting information in an organization? How impact on financial performance is the accounting systems in listed companies? The paper mark these questions by providing empirical evidence of accounting information incident based on a sample of selected listed companies in Nepal.

2.1.2 Resource-based view theory

Based on the resource-based perspective, creating superior capabilities and resources allows for the superior implementation of tasks, which is the source of reliable advantage. The resource-based view provides a way for business organizations to assess prospective elements that can be used to provide them a competitive advantage. The resource-based view highlights the fact that not all resources are created equal and do not have the capacity to provide long-term competitive advantage (Barney,

1991). The resource-based approach is broken down into three levels: capability, competence, and skills (Cragg, et al., 2011).

Several critiques have been levelled at this hypothesis. The theory's lack of operational validity and significant managerial consequences is one such analysis (Priem & Butler, 2001). It appears to advise managers to create and earn uncommon, unique, and non-replaceable resources as well as build a suitable organization, but it says nothing about how to do this (Connor, 2002). Additionally, Lado, Boyd, Wright, and Kroll (2006) contend that there is a conflict between descriptive and prescriptive theorizing from the resource-based perspective of theory. But according to Barney and Clark (2007), the goal of the resource-based view theory is to explain why certain organizations maintain a competitive edge over others; as such, it was never meant to offer managerial guidelines. According to this declare, managers may find value in explanations from the resource-based perspective theory even if they are not suggestive. Therefore, there may be no need to force the theory to provide theoretically sound recommendations.

2.1.3 Agency theory

In 1976, Jensen and Meckling established the concept of agency hypothesis theory. According to the theory, the management has been given permission by the owners to manage the company on their behalf, with the owners' welfare being at stake (Jensen & Meckling, 1976). Because managers' objectives may opportunistically use business resources to further their own goals, agency theory aims to resolve any potential conflicts of interest between owners and managers (Brammer & Millington, 2008). Businesses want to maximize shareholder wealth, which may not align with the personal goals of management. When there is an information gap between managers and shareholders, it is possible for managers to act in ways that serve their own interests since they have access to important information.

This review analysis the effect of accounting information systems on financial performance of firms. A company's main goal is to increase the wealth of its owners, or founders. Managers are the only ones who can handle this. Thus, managers are

fulfilling their agency commitment to their respective owners by implementing accounting information systems to improve performance.

2.1.4 Behavioral theory

Early behavioral theory in accounting research investigated bi-variant relationships between different criteria variables (e.g., performance or dysfunctional behavior) and control system characteristics (e.g., budget involvement or reliance on accounting performance metrics). However, behavioral theory in accounting research speedily developed into more complex organizational contingency models that provide a deeper understanding of both individual behavior and the organization as a whole. Organizational context has an impact on control system design and organizational structure, which has been the fundamental principal of research on contingency theory. Therefore, contextual factors that affect both the individual and the organization mitigate the impacts of control system characteristics (Kren & Liao, 1988). The control system's specific features have to meet the contextual variables that make up the environment of the organization. Better matches are assumed to positively correlate with organizational success but this assumption is frequently made implicitly. The foundation of the researcher's understanding of control system design and efficacy generally consists of assessments of the features of particular organizations and their settings.

2.1.5 Accounting information system

A PC-based electronic system for obtaining, storing, processing, and transmitting financial and accounting data through financial statements with the aim of assisting and regulating associations in their decision-making process defines as an accounting information system (Tilahun, 2019). Since they enable the operation of all information systems, computers are the hub of accounting information. An accounting information system needs to have the appropriate software installed on the computer system that is intended to be utilized in order for it to function. An accounting information system is a collection of technology, software, rules, and processes that come together to collect data and convert it into information that is helpful. AIS is a system that gives people access to data or information related to an association's

operations in order to support the operations of workers, owners, clients and other stakeholders in the state of the association by providing information to authorized people in a timely and sufficient manner (Beg, 2018).

The Accounting Information System are defined by Al-Dalaien & Khan (2018) as the unreserved process of collecting, analyzing, and modifying data. The AIS is justified by this definition as a computer-based system that gathers, processes, and evaluates data to generate output. According to Trabulsi (2018), AIS's main function is to assign quantitative estimations for business events that have occurred in the past, present, and future. Accounting information is often used as a source of decision-making data, such as sporadic reports or specific analysis. These choices could include capital investments, work negotiations, outsourcing, customer service, stock approach, creation levels and item blend, and valuation.

AIS gives data identifying with the study and collapse the goals set for the organisation. It also provides information concerning the relationship between cost, volume and benefit required to decide the measure of reliance and cooperation between them. AIS under the arranging capacity also helps in getting ready lists of future needs and financial flows arranging budgets for the advancement of quantitative criteria and changing them into financial standards to mirror the various aspects of an association's activities and presentation of the point-by-point plans and policies of the work and coordination across various departments (Frezatti, et al., 2011). Then again, the control work requires an unmistakable and specific arrangement that shows the required objectives and defines the foundations on which results are assessed and examined to address distractions. This capacity is viewed as a practical test of decision-making and usage, following up the real execution as per the plans, policies and standards established, the discovery of deviations and right them, giving reasons to secure the property of the shareholders and the preservation of their interests, resource improvement and follow up the action of the association, and to accomplish the desired goals, thus secure the validity of the corporation (Onaolapo & Odetayo, 2012).

The financial and monetary outcomes of businesses are directly linked to computerized accounting systems, which are essential components of AIS (Urquía, et al. 2011). Benefits from the optimal application of AIS in an association could include increased competitiveness, improved management of internal business activities, and improved flexibility in responding to changing circumstances. Additionally, there is an enhancement to the dynamic concept of companies with a more noticeable flow of information among staff members, the potential for new business on the system, and enhanced external relationships for the association, primarily with external clients accessed via the company website (Pérez, et al. 2010).

The general ledger/financial reporting system provides standard financial explanations, such as financial records and salary proclamations, income statements, assessment forms, and other legally required reports. This system was designed to collect data about AIS, customers, suppliers, and salaries as well as the end of accounting records, initial parity planning, a summary of outcomes, the association's financial cap, and salary and expense reports. It was then intended to provide these announcements to owners and investors. This system's reliance on the PC aids the organization in cutting costs, employing the fewest workers possible, precisely and consciously completing accounting tasks, and managing the financial management process. Transactions concern to the acquisition, maintenance, and disposal of fixed assets are formed by the fixed resource system. The management reporting system provides interior management with specific financial reports and data, such as duty reports, expenditure plans, and fluctuation reports, that are necessary for fundamental leadership (Ganyam & Ivungu, 2019).

According to Romney and Stenbart (2017), is a system that analyses data and transactions to give users the knowledge they require to plan, manage, and run their organizations. In this context, accounting information systems are seen as a tool that support management in organizing and managing procedures by offering pertinent and trustworthy data for making decisions. It involves that the aim of the accounting information system is not limited to the generation of financial reports. Its function extends beyond this conventional viewpoint. Planning and controlling business

operations should be done with the practice of accounting information systems. It might also be applied as a budgeting or other controlling tool. Thus, in order to fully reap the benefits of the system, full adoption is required. Financial accounting data is often understood to be information that is prepared for external users, including suppliers, creditors, and investors. However, its capabilities might also be expanded to incorporate management accounting, which is the process of giving managers access to relevant information to help them make decisions. The sources of data for both financial and management accounting information are the same; the manner in which the data are shown differs.

2.1.6 Concept of financial performance

Aizen (2016) determined financial performance is the degree to which an organisation's financial well-being over some time is estimated. As such, it is a financial activity utilized to create higher deals, productivity and worth of a firm's substance for its investors through dealing with its current and non-current resources, financing, value, incomes and costs. Its principal reason for existing is to give financial data to investors and partners to empower them to settle on all-around educated venture choices. It very well may be utilized to assess comparative organizations from a similar industry or to think about ventures in the collection.

The company financial performance is a combine of its financial health, ability and willingness to fulfil long-term financial obligations, and obligation to provide benefits in the near future (Weber, 2018). The demonstration of carrying out financial action is implied by financial performance. More broadly, financial performance refers to the extent to which financial destinations are being or have been developed. It is a method for calculating the financial effects of an organization's plans and creativity.

The ability of the company to reach its financial goals is the wide definition of financial performance. A clear indicator of financial performance are bookkeeping returns and the arrival of speculators. While the bookkeeping return is centered on how the company's procurement responds to different administrative techniques, the

financial specialists return is assessed from the investors' perspective (Ofoegbu, 2017).

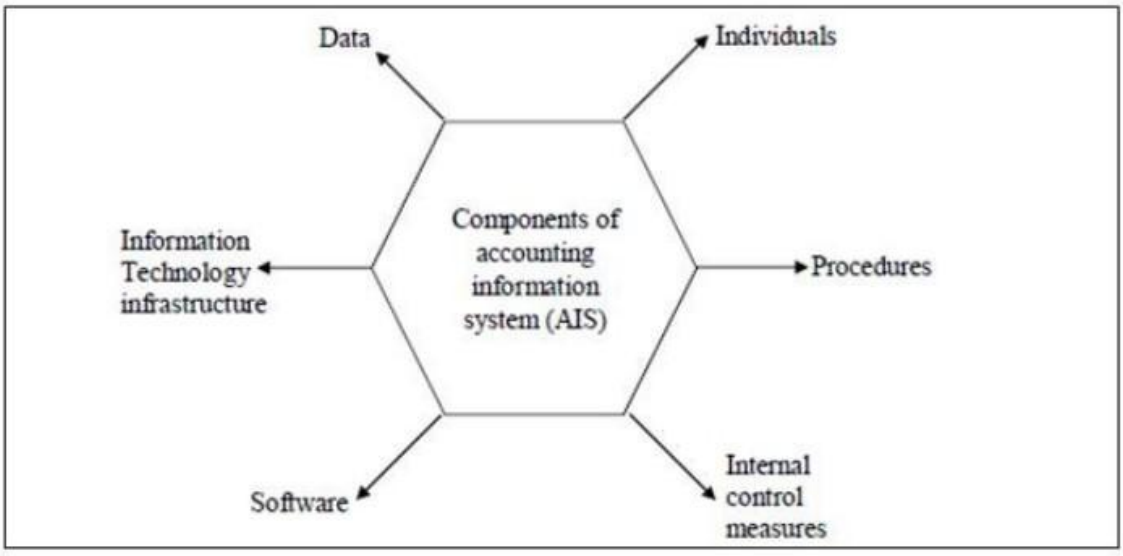
The technique of identifying a company's operating and financial features from accounting and financial statements is known as financial performance analysis. Determining the effectiveness and performance of the company's management as seen in the financial records and reports is the aim of financial performance analysis. In an effort to ensure that the business is run rationally and normally and that the shareholders receive sufficient returns to preserve the company's market value, the analyst looks at the firm's liquidity, profitability, and other metrics.

Financial analysis focuses on the important relationships between the main data in the financial accounts. In order to gain a better understanding of the firm's position and performance as an industry and economic entity type, managerial and entrepreneurial strategy, competitive environment, and available human and material information, the process of analyzing financial statements involves evaluating the relationships between various parts of the financial statements. To do this, a system of appropriate performance indicators is used. The need for comprehensive performance measurement based on both financial and non-financial criteria arose from the growing number of phenomena that characterized the global economy in recent decades, including internationalization, relocation of business crises, and turmoil in financial markets. Indicators are performance metrics that the management uses to assess, document, and enhance the economic entity's performance. Performance measuring systems exist to establish the link between management and indicators. According to research conducted thus far, business organisations that use balanced performance assessment systems as a crucial management tool outperformed entities that do not use such systems in terms of performance.

2.1.7 Components of accounting information system

Figure 1

Components of accounting information system



Source: (Rommeny & Stenbart, 2006)

i. Individuals

Individuals are the crucial unit of any system. The system users are those who interact with AIS. AIS facilitates communication and collaboration between the many departments of an organization. No system, no matter how automated, can run by itself. It is critical to have capable individuals overseeing other accounting system components. The human resources department shows its influence by selecting and keeping top talent for the organization. The only asset that a business has that isn't listed in the asset register or the statement of financial condition is its people. The following professionals might require access to an organization's AIS:

- Accountants
- Consultants
- Business analysts
- Managers
- Chief financial officers
- Auditors

ii. Procedures and instructions

Procedures and instructions in AIS refer to the methods used by the system to collect, store, retrieve, process, and report its financial data. These methods can be both manual and computerized, and the source can be internal or external. It generally consists of six primary components: people, producers and instructions, data, software, information technology infrastructure and internal control. In order to guarantee the maximum degree of accuracy in a business's financial operations and record-keeping, highly skilled accountants collaborate closely with an AIS. They maintain the integrity and security of the data while making financial information freely accessible to those who have a right to know.

iii. Data

To be able to store data, accounting information systems need a database structure. One computer language that is frequently used for databases is known as structured query language (SQL). SQL makes it possible to retrieve and modify data from the AIS for reporting needs. In order to address the needs of diverse user types and information types, the AIS also requires a variety of input screens for data entry and a variety of input screen types for system users. All of the financial data relevant to the business operations of the organization is included in an AIS. Depending on the characteristics of the company, the information contained in an AIS may comprise the following:

- Sales orders
- Sales analysis reports
- Customer billing statements
- Purchase order
- Payroll information
- Vendor bills
- Cheque registers
- General voucher
- Inventory report
- Tax information
- Timekeeping

The information can be used to create trial balances, financial positions, P/L accounts, cash flows, shareholders' equity, accounts receivable ageing, depreciation, and amortization schedules, among other accounting statements and financial reports. The AIS provides a central location for all of this data, which makes it easier for businesses to keep records, report, analyze and audit. Better decision-making is informed by it. The data must be accurate, complete, and pertinent in order to be of any use.

iv. Software

The computer programmed used to store, retrieve, process and analyze the financial data of the organization are referred to as the software for an AIS. An AIS was a manual system used before computers. These days, computer software serves as the foundation for most businesses' AIS. Quality, reliability, and security are central characteristics of effective AIS software like QuickBooks, Swastik, etc. Today's, some organization develop their software according to their requirement.

v. IT Infrastructure

The accounting information system's operating hardware is known as the information technology infrastructure. Following are some example:

- Computers
- Mobile devices
- Servers
- Printers & Scanner
- Routers
- Surge protectors
- Media storage
- Emergency power supply

When choosing hardware, things to think about are not just price but also speed, storage space and capabilities, and the ability to expand and update a device. The management function's responsibility for overseeing each of the aforementioned accounting information system components is a productive and effective means of

helping an organization reach its main objective. Having the managerial expertise required to keep these parts operating properly is one of a manager's primary traits.

vi. Governance and Internal control

The governance and internal controls of an AIS are vital operational element of any successfully run organization. For effective system, it has to be imbibed into the overall cultural atmosphere of the organization. These are exactly reflected in the management and control of a firm. An accounting information system cannot function without corporate governance, which is the framework that outlines how resources are handled and regulated.

2.1.8 Components of financial performance

A measurement of a company's ability to turn a profit and add value for its stakeholders, including shareholders, is known as financial performance. It entails examining a range of financial ratios and measures to assess the performance and overall health of the business. Typically, financial performance consists of the following elements:

i. Revenue

The overall revenue a firm receives from its main business activities, including selling goods or services, is referred to as income, sales, turnover, or revenue. It is the first line of the income statement and a key indicator of the health of the economy.

ii. Net income

The amount of money remaining after all costs, such as interest, taxes, and other charges, are subtracted from a company's total revenue is known as net income, sometimes referred to as profit or earnings. It is a crucial sign of profitability and the bottom line of the income statement.

iii. Gross profit margin

The percentage of seals revenue left over after deducting the direct cost is known as the gross profit margin (COGS). It indicate the profitability of a company's main operations and indicates how efficiently it produces and sells its products or services.

iv. Operating profit margin

The operating profit margin determines the profitability of a company's basic operations before accounting for interest and taxes. It is calculated by dividing operating income by revenue and reflects the efficiency of the company's operating activities.

v. Net profit margin

The ratio of revenue that remaining as net income after all expenses, including interest and taxes, are deducted is referred to as the net profit margin. It offers a thorough summary of a business's total profitability.

vi. Earnings per share

A financial benchmark called earnings per share (EPS) is used to determine the profitability of an organization. Net revenue is divided by the total number of equity shares to arrive at this figure. It is crucial to consider EPS when evaluating a company's investor appeal.

vii. Return on assets

ROA measures how profitable a company can be while utilizing all of its resources. It is computed by dividing net income by the average total assets and is meant to evaluate how well a business generates profits from its assets.

viii. Return on equity

The profitability of a business is determined by its return on equity (ROE) to shareholders. It is computed by dividing net profit by average shareholders' equity and indicates the return generated for shareholders.

ix. Cash flow

Cash flow metrics, including operating cash flow, investing cash flow, and financing cash flow, provide insights into a company's liquidity, investment activities, and financial structure. Positive operating cash flow is crucial for a company's sustainability.

x. Debt ratios

Various debt ratios, such as the debt-to-equity ratio and interest coverage ratio, assess a company's financial leverage and ability to meet its debt obligations. Lower debt ratios are generally considered favorable for financial performance.

xi. Working capital

Working capital indicates how able an organization is to repay its immediate financial obligations. It is computed as the difference between current liabilities (such as accounts payable) and current assets (such as cash and accounts receivable). A company having positive working capital is guaranteed to be able to pay the immediate costs.

xii. Dividend yield

Dividend yield determines the annual dividend payment for business organizations who give the payment as a percentage of the stock's current market price. A higher dividend yield may attract income-focused investors.

2.1.9 Accounting information practices in Nepal

The Nepal Standards on Auditing (NSA) and Nepal Accounting Standards (NAS), published through the Institute of Chartered Accountants of Nepal (ICAN), provide a framework for accounting information practices in Nepal. The International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) are the sources of the NAS, while the International Standards on Auditing (ISA) provided the foundation for the NSA. Ensuring Nepal's financial reporting and audits meet international standards for quality, consistency, transparency, and dependability is the goal of the NAS and NSA.

Based on ICAN the NAS are mandatory for compliance, while some are non-mandatory. The mandatory NAS includes those related to the presentation of financial statements, accounting policies, cash flow statements, inventories, revenue, borrowing costs, income taxes, provisions, leases, impairment of assets, investment property, etc. The non-mandatory NAS includes those related to employee benefits, business combinations, segment reporting, investment in associates, earnings per share, intangible assets, etc.

Except of NSA 701 - Reporting important audit-related issues in the Independent Auditor's report, the NSA are applicable as of 1st Shrawan 2075 and must be followed as of 1st Shrawan 2076. Quality control, ethics, planning, risk assessment, evidence, sample, fraud, estimations, going concern, opinions, and other auditing topics are all covered by the NSA.

The ICAN also provides a framework for the preparation and presentation of financial statements which outlines the general accounting concepts, accounting information system, accounting procedures, types of accounting bases, financial statements, accounting cycle and recent changes and developments in Nepal. The framework also explains the difference between bookkeeping and accounting, the objective and need of accounting, the professional judgment and skepticism required for accounting and auditing, and the simple concept of debit and credit.

2.2 Empirical Review

2.2.1 Review of international articles

Awosejo, et al. (2014) evaluated the degree to which accounting information systems are embraced by South African accounting businesses and the degree to which social and organizational aspects are perceived in their study. It was deduced that South African accounting firms were encouraging their clients to adopt accounting information systems, and that the use of these systems was generally recognized within the industry.

Saeidi (2014) explained the effect of accounting information systems on financial performance of TCS India. This study used a survey research design, with data collected from 40 top managers of Tata Consultancy Services (TCS) firms in India using a questionnaire. The acquired data were analyzed using the statistical software for social sciences (SPSS), and the hypotheses were tested using the one-sample t-test. The findings revealed that decision-making, financial performance, organizational resources, and managers' and accountants' knowledge and comprehension of accounting information systems are all significantly associated. The study discovered a positive relationship between decision-making, financial performance, organizational resources, and managerial and accounting knowledge and comprehension.

Muhindo, et al. (2014) looked at the effect of accounting information systems on the profitability level of small-scale businesses in Kampala city, Uganda in East Africa. The main problem identified was that most small size enterprises lack accounting information systems, which results in consistently low performance levels. A descriptive approach was applied for the collection of qualitative data. Secondary data were use. According to research findings, the majority of small enterprises use limited accounting information systems, which has a negative impact on their profitability. The findings indicate that there exists a favorable correlation between accounting information systems and the profitability level of small-scale enterprises. Accounting plays an important role in the economic and social systems, mainly in its management. It does a great job in facilitating the management decision-making process. This study therefore recommends that small-scale businesses adopt these systems *for* business management. The study *found* that *accounting information systems have a positive relationship with* the level of profit achieved by small-scale companies.

Murungi and Kayigamba (2015) studied the effect of the computerized accounting system on financial reporting of Local Government in Rwanda's Ministry with an emphasis on the characteristics of the system and how they affect the quality of financial reports. By using the questionnaire, primary data was gathered. According to

the findings, 98 percent of the respondents aware that the Ministry uses both accrual-based and cash-based computerized accounting systems; 38 percent concur that computerized accounting increases accountability; and 31 percent maintain that the system delivers financial statements on schedule. The report suggests that, in light of the growing advancements and iterations of accounting software, finance and accounting personnel should receive ongoing training from the approved package vendors to ensure they stay knowledgeable and experienced with the software. Khan (2017 looked at the relationship between Procter and Gamble's accounting information system and organisational success. In the inquiry, a descriptive survey design was employed. Primary data were collected from using five-point likert scale questionnaires. A sample of 174 P&G Limited employees was taken for the study. Linear regression analysis was the statistical technique used for the analysis. It was determined that AIS had the positive effect on marketing performance, with job performance trailing closely behind. However, the minimum amount of influence was seen in financial performance. The study finalized that P&G Limited's accounting information system had a major impact on the company's organisational success.

Al-Dalaien and Khan (2018) described in their study effect of accounting information system on financial performance. The study was based on real estate companies in Jordan. Data were collected from workers of the chosen sample real estate companies (Noor Capital, Jordan International Investment Company (JIIC), Ihdathiat Coordinates, Real Estate Development (RED), and Afaq Holding) using questionnaire. Financial performance was the dependent variable and AIS was the independent variable. Between September and December 2017, the researchers issued 250 questionnaires; of them, 175 were accepted for analysis and 75 were refused. As the value of R^2 was 0.911, Jordan International Investment Company has benefited the most from AIS; nevertheless, no effect of AIS was seen in Ihdathiat Coordinates. It denotes AIS for all but Ihdathiat Coordinates' financial performance.

Beg (2022) looked into how the financial performance of a few Indian FMCG companies was affected by the accounting information system. With a sample size of 400 individuals, the study used a survey research design. Data were collected from

177 valid and returned questionnaires. Simple linear regression analysis was used in the study to analyse the data that was gathered, and hypotheses were tested at a 95 percent confidence level. The results of the study described that the financial performance of a subset of Indian FMCG companies is significantly impacted by the accounting information system.

Opuko, et al. (2023) was examined the impact on financial performance of management accounting information systems in Kenya of deposit taking saccos. The study focused on MAIS scope, MAIS timeliness, aggregation of MAIS and MAIS integration on financial performance of deposit taking saccos Kenya. The study used a descriptive explanatory research approach and included seven deposit-taking SACCOs from the western region, employing 61 people in managerial roles overall. The data were collected through the use of questionnaires, and descriptive and multiple hierarchical statistics, as well as inferential statistics that involved testing hypotheses with a basic correlation regression model at a 95 percent confidence level, were employed in the analysis. Tables and graphics were used to display the data. The research indicates that DT Sacco's financial performance is positively and significantly impacted by MAIS scope, timeliness, aggregation, and integration.

2.2.2 Review of previous thesis

Ghimire (2009) conducted a research of MIS in Nepal Rastra Bank with the primary objective centered on assessing the current state of MIS within the organization and exploring strategies for its effective implementation. Applying a mix of primary data collected from the NRB's IT department through questionnaires, interviews, and direct observations, alongside secondary sources such as manuals and policies, the study offers valuable insights. It sheds light on how technology can bolster banking operations, streamline decision-making processes, and enhance overall efficiency within Nepal's central bank. Ghimire's research not only deepens our understanding of MIS applications in financial institutions but also presents actionable recommendations for further enhancements in this critical domain.

Gyawali (2017) explored his study management accounting system and strategic management on financial performance. The aim of exploring the relationships between management accounting systems, organizational strategy, and financial performance of Nepalese commercial banks. Through a theoretical framework informed by literature, this research applied its insights to the context of Nepalese commercial banking. By focusing on the alignment of management accounting systems, organizational strategy, and performance, the study empirically addressed its research questions, employing descriptive and causal analyses. The findings bear significant implications for theory and practice, suggesting that the model adopted is generally applicable in the Nepalese context. Observed evidence confirms a positive correlation between management accounting systems and organizational performance, indicating a substantial impact on the latter.

Bista (2019) explained the management accounting practices and organizational performance of manufacturing firms in Nepal. The primary aim of this study was to analyses the impact of management accounting methods on the organizational performance of manufacturing enterprises in Nepal. Employing a descriptive and causal research design, the study revealed that decision-making practices were extensively employed within the respondent companies. These practices encompassed various techniques such as cost-volume-profit (CVP) analysis for key products, product profitability analysis, customer profitability analysis and evaluation of significant capital investments.

Tamang (2022) explored the impact of management accounting practices on the performance of manufacturing private companies (Bottlers Nepal, Dabur Nepal, Unilever and Surya Nepal Pvt. Ltd) in Nepal, highlighting the significance of informed decision-making to compete effectively in the market. Employing a descriptive survey design, the research targeted 107 manufacturing firms in Nepal, utilizing a stratified random sampling method to ensure representativeness. Data, comprising both quantitative and qualitative measures, was collected from four manufacturing companies and analyzed using SPSS 2.0. The findings underscore the widespread utilization of information for decision-making practices amid Nepalese

manufacturing firms, followed by budgeting, costing, controlling, and decision-making. Moreover, the study emphasizes the pivotal role of management accounting practices in identifying key performance influencers and risk areas. It advocates for heightened awareness among firms regarding the importance of information for decision-making practices, given its prominent utilization in Nepalese manufacturing companies.

Kirigha (2023) looked into the effect of AIS on the financial performance of small and medium-sized firms (SMEs) in Mombasa County, Kenya. Specifically, the study aimed to assess how record-keeping systems, financial reporting systems, budget control systems, and cash management systems influenced the financial performance of SMEs in the region. Guided by the Technology Acceptance Model, Agency Theory, and Decomposed Theory of Planned Behavior, a descriptive research design was employed, targeting 1640 SMEs located in Mombasa's central business district, operating from more than five years. Through stratified random sampling, 268 SME owners or manager were selected as answerer, and data were collected through questionnaires. A pilot test was carried out to confirm the instrument's validity and reliability. SPSS 24.0 was used to analyze the data from both descriptive and inferential statistical methods. The entire investigation was conducted with strict adherence to ethical principles. The results showed a strong and statistically significant correlation between the financial performance of SMEs in Mombasa County, Kenya, and record-keeping, financial reporting, budgetary control, and cash management systems.

Consequently, the study concluded that a definitive correlation exists between AIS and the financial performance of SMEs. The study recommends governmental intervention through the formulation of policies and guidelines to incentivize SMEs to adopt AIS. Additionally, it suggests that the Institute of Certified Public Accountants of Kenya offer commendatory consultancy services to grants SMEs in selecting suitable accounting systems and enhancing financial management and reporting practices.

2.3 Research gap

Many research and studies were conducted research on the topic of accounting information system and its effect on financial performance. It was clear that there is lack of evidence on the findings of the relationship between accounting information system and impact on financial performance. There is a mix of result from the existing literature, which makes the study on the accounting information system and companies financial performance. In context of Nepal, there is a lack of empirical studies on the effect of AIS on financial performance of listed companies in Nepal. The research gap that can be explored is the impact of AIS on financial performance in Nepal of listed companies, using different measures of financial performance such as net income margin, return on equity, return on assets, and market value added. The study can also compare the effect of AIS between different sectors or industries, such as manufacturing, banking, insurance, and tourism. The study can use a survey research design to collect data from managers or accountants of listed companies in Nepal, and use regression analysis to test the hypotheses.

CHAPTER III
RESEARCH METHODOLOGY

3.1 Introduction

The study proposed to analysis the accounting information system and its impact on financial performance using the case of listed companies in Nepal. This chapter examines the numerous methods and procedures used by the researcher to perform the study in order to address and answer the research objectives indicate in the first chapter. This chapter was organized in the following structure: the research design, population and sample, instruments, procedures, analysis and framework of research.

3.2 Research design

Research design is the plan and blueprint alike for an investigation conceived for collecting information and answers to questions of the research in a systematic procedure. The approach and design that meets the objectives of the research perfectly or better is the use of cross-sectional design combined with descriptive and casual comparative research design. This study adopted a survey approach. The research design has been both casual and descriptive. This study was guided by four scopes, timeliness, aggregation, and integration while the dependent variable is the financial performance (ROE).

3.3 Population and sample

The population of the study involves employees working in finance and accounting department selected listed companies from the Nepal Stock Exchange. There are 243 active listed securities in the NEPSE till November 2023 (NEPSE, 2023). From this population, a sample of ten listed companies was chosen to use a convenience sampling method. The selection focused on companies from different sectors (banking and financial, hydropower, manufacturing, insurance, etc.) due to the participation of different sectors listed on NEPSE. And sample selection focused on Kathmandu centric organization due to the time, location and availability of the employee of working on accounting and financial department.

3.4 Sampling design

The sampling unit, sampling frame, sampling procedures, and sample size for the study are all covered in the sampling plan. The list of population units from which the sample will be drawn is known as the frame of sampling. (Cooper & Schindler, 2003). Ten mentioned organizations were selected for the study as a convenient sample because of their close vicinity, availability at a specific time, and willingness to participate. The sample was selected from listed companies on Nepal Stock Exchange. The sample of selected listed companies is mentioned in table 1.

Table 1

List of selected listed company

S.N.	Name
1	Machhapuchhre Bank Limited
2	NIC Asia Bank Limited
3	Lumbini Bikash Bank Limited
4	Citizen investment Trust
5	Nepal Doorsanchar Company Limited
6	Butwal Power Compnay Limited
7	Arun Vally Hydropower Development Co.Ltd
8	Chhimek Laghubitta Bittiya Sanstha Ltd
9	Nepal Life Insurance Co.Ltd.
10	Bottlers Nepal Limited

3.5 Nature and sources of data

The purpose of this investigation in the data for this study came from primary as well as secondary sources. The sources for primary data are different levels of employees working on finance and account department and management representatives of the companies. More specifically, for assessing the practice of accounting information systems and financial performance analysis level of employee working on finance and

account department and management representative are surveyed. Regarding the questionnaire on corporate performance, employees were approached.

The sources of secondary data are official records, publications, annual reports, financial statements and other published or unpublished information. Reports and studies related to the sample companies' published reports of government and non-government agencies and various other publications, book, journals, papers, reports and internet.

3.6 Instrument of data collection

Data were gathered using a questionnaire as the instrument. The questionnaire was designed to collect the various information regarding accounting information system and its impact on financial performance of NEPSE listed companies in Nepal. First part of the questionnaire assign with the demographic information such as age, gender, education, corporate position, name of organization etc. The respondents' descriptive analysis was conducted using this section of the questionnaire. Similarly, the second part of the questionnaire were designed to analyze the accounting information system and its impact on financial performance of the respondents about the various dimension's theoretical framework. There were 3-5 statement that characterizes each factor that affect understanding of AIS which were measured each on likert scale. 5-point likert scale was used for the survey of which 1= strongly disagree statement and 5 = strongly agree statement. The level of argument or disagreement of each of the statements were used to measure the perception of the respondents about that statement.

The questionnaire in the second part consists of various statement about AIS, Scope, timeliness, aggregation integration. These each subsection of second part of the questionnaire are measured via likert questions. These strategies were measured by Likert scale to understand the AIS practice in listed companies. The detail of the survey questionnaire was included in the annex at the end of this paper.

3.7 Methods of Analysis

3.7.1 Data procedures

The data has been collected through typed questionnaires distributed to the selected listed companies in Nepal. The collected data was processed through several stages of compilation, sorting, editing, and coding before analysis for accuracy, completeness, and quality output. For the measurement of the relationship between the independent variable AIS and the dependent variable (financial performance), a quantitative method has been used. The data has been further analyzed using computer software, manipulated using cross-tabulations, and analyzed using descriptive statistics. For reliability of data, Cronbach alpha (a) has been used, as well as the consistency coefficient. These instruments have been used to ensure they are reliable and accurate. Furthermore, to establish the relationship between independent variables and dependent variables, Pearson's correlation coefficient was used, and to determine the contribution of AIS to financial performance, multiple regression analysis was conducted.

3.7.2 Data Analysis

For this study, some of the important statistical tools have been used for the measurement of the relationship between the independent and dependent variables, such as the mean, standard deviation, correlation coefficient, regression, and skewness.

3.7.3 Reliability Analysis

The measurement of a measure's internal consistency is known as reliability. The features of measurement scale and the components that create them up are studied using reliability analysis. In this research, Cronbach's Alpha of reliability test was used to assess the reliability of the three independent variables: scope, timeliness, aggregation, integration and dependent variable: financial performance (ROE). If Cronbach's Alpha is less than 0.6, the instrument used has low reliability whereas for alpha value 0.7 and above, the instrument is considered acceptable (Bland & Altman, 1997). The closer is Cronbach's Alpha to the value of one, the higher the internal consistency and the more reliable the measurement.

3.7.4 Descriptive Analysis

Descriptive analysis includes computation of mean, standard deviation and skewness, which were useful to identify differences among groups. The mean is analyzed on the basis of likert scale where 1 is *'strongly disagree'*, 2 is '*disagree*', 3 is '*neutra*l', 4 is *'agree*' and lastly, 5 is *'strongly agree'*.

3.7.5 Pearson's Correlation

Person's Correlation analysis is used to establish the degree of relationships between variables. Pearson Correlation is preferred because it assesses the strength of linear relationship between two variables, used to test for the relationship between two variables. Pearson's correlation analysis is conducted to test the relationship between the independent variables scope, timeliness, aggregation and integration with dependent variable financial performance. Correlation coefficient (r) is a statistical measure of the variation or association between two or more variables. The acceptable value for r ranges from -1 to +1 and the positive or negative sign indicates whether there is a positive correlation or negative correlation. A perfect positive relationship could be concluded if the value of r equals +1 although value of r equals -1 signifies the perfect negative relationship. The value of r equals to 0 simply means that no relationship exists between the variables. Besides, the relationship is considered strong positive when the value of r is above 0.7, moderate positive when the value of r is between 0.5 to 0.7 and weak positive when the value of r is less than 0.5. The impact of changing the values of one or more independent variables on a dependent variable is explained by regression analysis.

3.7.6 Multiple Regression Analysis

Multiple regression analysis could be described as a statistical technique which is accustomed to analyze the relationship between a single dependent (criterion) variable and several independent (predictor) variables. Predicting how the dependent variable will vary in response to changes in the independent variables is the aim of multiple regression analysis. It can be understood as the likelihood of your multiple regressions being a good predictor. The amount of variation in the dependent variables that the

regression equation can account for is another way to evaluate a multiple determination. The following could be the multiple regression equation:

$FP = \beta_0+\beta_1 AS+\beta_2 TL+\beta_3 A+\beta_4+I+e$

Where,

FP = Financial Performance

a = Constant Value

b, c, d, e = Regression Coefficients

S = Scope

T = Timeliness

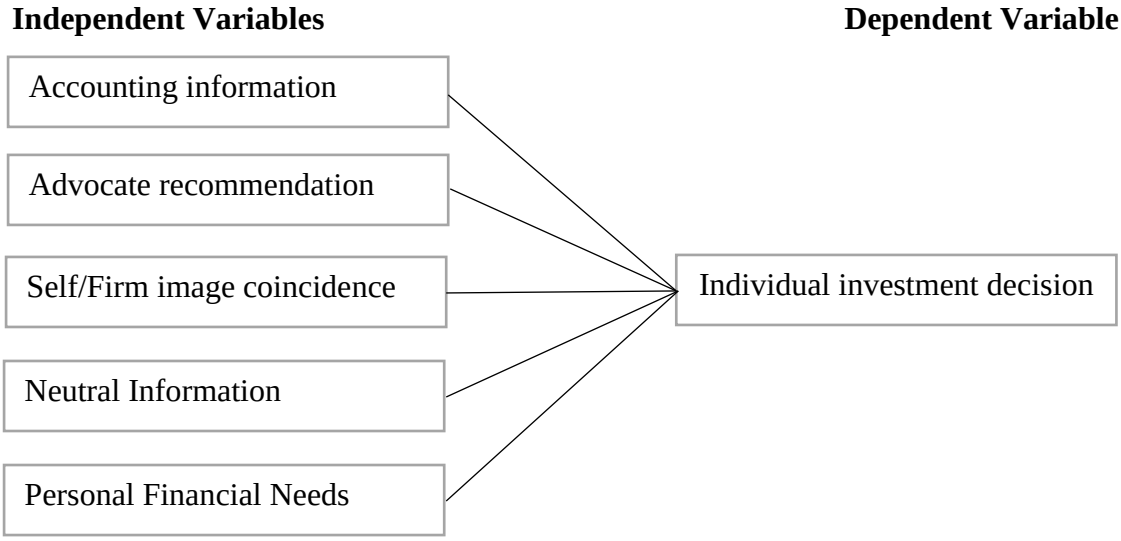
A = Aggregation

I = Integration

3.8 Research framework of dependent & independent variables

Figure 2

Conceptual framework



(Sources; Field Survey, 2024)

CHAPTER IV
DATA PRESENTATION AND ANALYSIS

The goal of this Chapter is to provide the finding of the questionnaire survey as well as analyze and evaluate the data that was gathered for the study. With the result of the data analysis in this chapter, the primary goal of the research project should be achieved. This section is further divided into two sub- section. The first past deals with the respondent's profile. It gives the demographic representation of the respondents such as age, gender, level of personal income, academic qualification, occupation, and experience in share market. The second part deals with analysis and interpretation of the collected data through mean, standard deviation, correlation of dependent and independent variables as well as Regression analysis.

4.1 Respondent's Profile

This section deals with the demographic characteristics of different respondents who have participated in the study. The respondent's profile includes age group, gender, level of personal income, academic qualification, occupation and experience in share market. More than 200 respondents have taken part in this study, but due to some technical error in respondents' response, only 195 responses are found valid and considered in this study.

4.1.1 Age of Respondents

Age was categorized in five different groups as 15-25 years, 25-35 years, 35-45 years, 45-55 years and above 55 years. The following table shows the age wise distribution of respondents.

Table 2

Age Wise Distribution of Respondents

Age Group	Frequency	Percentage (%)
15-25 Years	45	23.1
25-35 Years	133	68.2
35-45 years	15	7.7
45-55 years	2	1.0
Total	**195**	**100.0**

(Sources: Field Survey, 2024)

Table 2 shows the distribution of respondents based on their age group. Age group of respondents is divided in five categories in the above pattern but because of there were no any respondents who have age greater than 55, it is not presented in above table. Out of all 195 respondents, most of the respondents are from age group between 25 and 35, which comprise of 68.2 percent and least from 45-55 years category as there were only 1% respondents from this category.

4.1.2 Gender of Respondents

Gender of the respondents was categorized into three categories namely male, female and prefers not to say. The following table represents the frequency of respondents according to the gender.

Table 3

Distribution of Respondents Based on Gender

Gender	Frequency	Percentage
Male	148	75.9
Female	47	24.1
Total	**195**	**100.0**

(Sources: Field Survey, 2024)

Table 3 shows the distribution of respondents based on their gender. Out of all 195 respondents, male respondents are higher consisting 75.9% than female respondents that is 24.1%.

4.1.3 Academic Qualification

Academic qualification of the respondents was categorized into five categories namely SLC, intermediate level, bachelor's degree, master's degree and above master's degree. The following table represents the frequency of respondents according to the academic qualification.

Table 4

Distribution of respondents based on Academic Qualification

Academic Qualification	Frequency	Percentage
SLC	1	0.5
Intermediate Level	7	3.6
Bachelor's Degree	64	32.8
Master's Degree	118	60.5
Above Master's Degree	5	2.6
Total	**195**	**100.0**

(Sources: Field Survey, 2024)

Table 4 shows the distribution of respondents based on the academic qualification. Among the five levels of education, majority of respondents were those who completed their master's degree. As a result, respondents from master's degree group were 60.5% whereas the lowest proportion of respondent was from SLC level which comprises only 0.5% in overall.

4.1.4 Occupation

Occupation of the respondents was categorized into five categories namely student, entrepreneur, job holder, unemployed and others. The following table represents the frequency of respondents according to the occupation.

Table 5

Distribution of respondents based on Occupation

Occupation	Frequency	Percent
Student	57	29.2
Entrepreneur	31	15.9
Job Holder	86	44.1
Unemployed	19	9.7
Others	2	1
Total	**195**	**100.0**

(Sources: Field Survey, 2024)

Table 5 shows the distribution of respondents based on their occupation. Among the different occupation groups, majority of the respondents were job holders followed by students comprising 44.1% and 29.2% respectively. Least number of respondents was having occupation other than above mentioned occupations comprising only 1% of respondents.

4.1.5 Level of Monthly Income

Monthly income of the respondents was categorized into five categories namely below-20000, 20000-40000, 40000-60000, 60000-80000 and above 80000. The following table represents the frequency of respondents according to the level of monthly income.

Table 6

Distribution of respondents based on level of Monthly Income

Personal Income (In NPR)	Frequency	Percent
Below 20000	44	22.6
20000-40000	69	35.4
40000-60000	46	23.6
60000-80000	14	7.2
Above 80000	22	11.3

(Sources: Field Survey, 2024)

Table 6 shows the distribution of respondents based on the level of monthly income of respondents. The monthly income category asked to report to respondents is monthly personal income and importantly disposable income. Among all respondents of 195, respondents having personal income of between Rs. 20000 and 40000 have contributed more consisting of 35.4% and least number of respondents were from category of Rs. 60000 to 80000 which equals to 7.2%.

4.1.6 Experience on Stock Market

Experience of the respondents on stock market was categorized into six categories namely below-1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years and above 5 years. The following table represents the frequency of respondents according to the level of monthly income.

Table 7

Distribution of respondents based on Experience on Stock Market

Experience in Share Market	Frequency	Percent
Below 1 Year	39	20
1-2 Years	58	29.7
2-3 Years	39	20
3-4 Years	30	15.4
4-5 Years	9	4.6
Above 5 Years	20	10.3
Total	**195**	**100.0**

(Sources: Field Survey, 2024)

Table 7 shows the distribution of respondents based on their experience in share market investment. Out of all data collected from 195 respondents, respondent having experience in share market between 1-2 years were in most number comprising 29.7% whereas respondents having 4-5 years of experience in share market were found least i.e., 4.6% in overall.

4.2 Descriptive Statistics

Descriptive Statistics focused on calculation of statistic measure such as mean, median and standard deviation. Descriptive statistics helps to understand the nature and characteristics of the data collected. Descriptive statistics describes the characteristics of the data by using mean, median and standard deviation and other statistic calculation. Independent variables used in this study are factors that affect individual investor's investment decision on Nepalese stock market which include accounting information, advocate recommendation, self-image/firm-image coincidence, neutral information and personal financial needs to measure the impact on investment decision of Nepalese individual investors of share market.

For this study, "Five Point Likert Scale" statements were presented to the respondents

1 – Strongly Disagree

2 – Disagree

3 – Neutral

4 – Agree

5 – Strongly Agree

The mean value of item greater than 3 indicates that majority of respondents have inclination towards "agree" end of the statements and mean value below than 3 indicates that majority of respondents are inclined towards "disagree" end of the provided statements.

4.2.1 Accounting Information

Five statements were presented regarding accounting information factor for respondents. The following table shows the rating scale of respondents in following five statements as well as its descriptive characteristics.

Table 8

Accounting Information

Statements	N	Mean	Std. Deviation
I study the past performance of the firm' stock before making investment decision	195	4.05	0.889
I check firm's dividend policy while making investment decision	195	3.99	0.885
I review the income statement and balance sheet of the company before investment	195	3.76	0.907
The expected corporate earnings of firm attract me for investment.	195	3.88	0.886
Reasonable market price of a firm's share attracts me for investment	195	4.03	1.000
Accounting information category	**195**	**3.942**	**0.910**

Table 8 shows the descriptive characteristics of the response in the particular category called accounting information. The overall mean and standard deviation of this category is 3.942 and 0.91 respectively. Respondents have relatively positive response towards all the statements presented to them. All five statements have greater value than that of mean value of 3. This means, in average majority of respondents agreed to the constructs that have been provided to them. The statement "I study the past performance of the firm's stock before making investment decision" has highest mean value equal to 4.05 which means majority of respondents prefer to study firm's stock's past performance before making their investment decision. It has a standard deviation of 0.889, which means this value can vary from mean value by lower or upper to 0.889. And, the statement "I review the income statement and balance sheet of the company before investment" has lowest mean value equal to 3.76. However, it has greater than mean value than the average. Therefore, majority of the respondents consider accounting information as an important factor while making their investment decision.

4.2.2 Advocate Recommendation

Four statements were presented regarding advocate recommendation related factors for respondents. The following table shows the mean and standard deviation of responses provided by respondents in following four statements.

Table 9

Advocate Recommendation

Statements	N	Mean	Std. Deviation
I consider the recommendations from my friends while making my investment decision	195	3.47	1.066
Suggestions of other people help in my investment Decision	195	3.42	1.054
I get suggestions from broker easily and follows its Suggestions	195	2.52	1.100
I consider the opinion of my family members to make investment decision	195	3.15	1.261
Advocate recommendations category	**195**	**3.14**	**1.12**

Table 9 shows the descriptive characteristics of the response in the statements that represents variable advocate recommendation. The overall mean and standard deviation of this category was 3.14 and 1.12 respectively. The statement “I consider the recommendations from my friends while making my investment decision’ has highest mean value of 3.47 with standards deviation of 1.066. The outcome shows that the respondents are more inclined towards agree end as it is greater than 3.0 (average). The statement with least mean value under this category is "I get suggestions from broker easily and follows its suggestions" with the value of 2.52 which indicates that majority of respondents have disagreed on the statement of getting broker's suggestion easily.

4.2.3 Self-image/Firm-image coincidence

Five statements were presented under the factor 'Self-image/Firm-image Coincidence' for respondents. Following table shows the rating scale of respondents in following five statements as well as its descriptive characteristics.

Table 10

Self-image/Firm-image Coincidence

Statements	N	Mean	SD
My investment decision is influenced by the feeling of 'getting rich quickly'	195	2.87	1.150
I select the company to invest on the basis of its status in the industry.	195	3.78	0.860
Perceived ethics of company affects my investment decision.	195	3.63	0.901
The feeling on company's products and services affects my investment decision.	195	3.51	0.965
The firm's involvement in solving community problems affects the investment decision.	195	3.23	1.055
Self-image/firm-image coincidence category	**195**	**3.40**	**0.99**

Table 10 shows the descriptive characteristics of the response in the statements that represent the variable Self-image/Firm-image Coincidence. The overall mean and standard deviation of this variable category was 3.40 and 0.99 respectively. The statement "I select the company to invest on the basis of its status in the industry" has highest mean value of 3.78 with standard deviation of 0.860. This means respondents are more agreed with this statement and they seems more inclined towards investing in companies with good status in the industry. Similarly, the statement "My investment decision is influenced by the feeling of getting rich quickly" has lowest mean value equal to 2.87 with standard deviation of 1.150. It means respondents have higher inclination towards 'disagree' in this statement.

4.2.4 Neutral Information

Five statements were presented representing neutral information for respondents. Following table shows the rating scale of respondents in following five statements as well as its descriptive characteristics.

Table 11

Neutral Information

Statements	N	Mean	SD
I analyze current economic indicators like interest rate, inflation etc. before making my investment decision	195	3.66	1.089
Statements of governmental officials like NRB, NEPSE,and SEBON influence my investment decision.	195	3.90	0.945
Recent price fluctuation in a firm's stock has impact on my investment decision	195	3.84	0.938
Coverage in the news about company affects my investment decision	195	3.81	0.974
Fluctuation/developments in the stock index influence my investment decision	195	3.72	0.955
Neutral information category	**195**	**3.79**	**0.98**

Table 11 shows the descriptive characteristics of response in the statement that represents the variable Neutral Information. The overall mean and standard deviation of this category was 3.79 and 0.98 respectively. The statement "Statements of governmental officials like NRB, NEPSE, and SEBON influence my investment decision" has highest mean value equal to 3.90 with standard deviation of 0.945. This indicates the above statement has positive contribution in making investment decision and shows more inclination of respondents towards neutral information.

Similarly, the statement "I analyze current economic indicators like interest rate, inflation etc. before making my investment decision" has lowest mean value equal to 3.66 with standard deviation of 1.089. Although it has lowest mean value among all, it is still above average of 3.0. Therefore, majority of respondents have agreed

towards the neutral information related factors.

4.2.5 Personal Financial Needs

Four statements were presented representing the variable Personal Financial Needs for respondents. The following table shows the mean and standard deviation value of rating scale provided by respondents in following four statements.

Table 12

Personal Financial Needs

Statements	N	Mean	SD
Easy accessibility of loans influences my investment decision.	195	3.38	1.006
I make investment on stocks on the basis of size of investment capital required.	195	3.63	0.919
I make investment in stock market in order to create more diversification in my investment areas.	195	3.96	0.861
I make investment on the basis of attractiveness of non-stock investment such as real estate	195	3.21	1.099
Personal financial needs category	**195**	**3.55**	**0.97**

Table 12 shows the descriptive characteristics of the response in the statements that represents the variable personal financial needs. The overall mean and standard deviation of this variable category was 3.55 and 0.97 respectively. The statement "I make investment in stock market in order to create more diversification in my investment areas" has highest mean value with 3.96 and standard deviation of 0.861. Majority of respondents are agreed with this statement.

Similarly, the statement "I make investment on the basis of attractiveness of non-stock investment such as real estate" has lowest mean value equal to 3.21 with standard deviation of 1.099. Although it has lowest mean among statements, it is still greater than the mean value of rating scale i.e. 3. So, we can say that majority of respondents have agreed to the statements of this category.

4.2.6 Individual Investment Decision

Five statements were presented representing dependent variable i.e. individual investment decision for respondents. Following table shows the rating scale of respondents in following five statements as well as its descriptive characteristics.

Table 13

Individual Investment Decision

Statements	N	Mean	Std. Deviation
I make investment in stock market by evaluating company's financial performance.	195	4.01	0.911
I purchase the firm's stock by analyzing the industry prospect (e.g. Industry's growth rate).	195	4.01	0.891
I invest in share market by assessing national economic indicators like GDP, Interest rate, Inflation, Liquidity etc.	195	3.59	0.966
I rarely rely on recommendation of friends, brokers and others while making investment decision.	195	3.18	1.058
I do not follow rumors and mass regarding stock market while buying/selling stocks.	195	3.57	1.107
Individual investment decision category	**195**	**3.67**	**0.99**

Table 13 shows the descriptive characteristics of the response in the statements that represents the dependent variable called individual investment decision. The overall mean and standard deviation of this dependent variable was 3.67 and 0.99 respectively. Two statements: “I make investment in stock market by evaluating company's financial performance” and "I purchase the firm's stock by analyzing the industry prospect (e.g. Industry's growth rate)" have highest mean values equal to 4.01 each with standard deviation of 0.911 and 0.891 respectively. This means, majority of respondents have agreed with this statement and infer that they decide to invest after analyzing the company's financial performance and industry growth prospect.

Similarly, the statement “I rarely rely on recommendation of friends, brokers and others while making investment decision” has lowest mean value in comparison to other statement in the same category with mean value of 3.18 and standard deviation of 1.058. This indicates, majority of respondents who have participated in this study agreed that they rarely rely upon other's suggestion while making investment decision. All those statements representing individual investment decision has mean value above standard value of 3. Therefore, the constructs that are used to measure the dependent variable has positive contribution in measuring the impact of different variables in individual investment decision.

4.3 Inferential Analysis

This section consists of correlation analysis of dependent variable and independent variables well as regression analysis for hypothesis testing.

4.3.1 Correlation Analysis

Relationship analysis is the relationship between variables. The correlation coefficient shows the degree of correlation between variables. The difference coefficient varies between 1 and -1. If the correlation coefficient between two variables is greater than 0, the relationship is positive; A positive correlation causes different values to move in the same direction simultaneously, while a negative correlation causes the opposite. Therefore, we can prove that when the independent variable from the relationship increases or decreases, the variable changes as the independent variable changes.

Table 14

Correlation matrix

Independent Variables	Individual Investment Decision	Sig. (P-value)
	Pearson Correlation	
AI	0.557	0.000
AR	0.162	0.024
SI	0.312	0.000
NI	0.412	0.000
PFN	0.462	0.000

Table 14 shows the correlation coefficient between and among the dependent and independent variables. Five variables influencing individual investment decision are regarded as independent variables and individual investment decision is dependent variable. All five independent variables found having positive correlation with the dependent variable. Accounting Information and individual investment decision has correlation coefficient of 0.557. This value clearly articulates that there exists positive relationship between accounting information and individual investment decision. This means, with some extent, individual investor's investment decision is dependent upon accounting information.

Similarly, advocate recommendation and individual investment decision has correlation coefficient of 0.162. This value demonstrates that there exist positive relationship between advocate recommendations and individual investment decision. But among all independent variables, this value is least. This means, individual investment decision is also rely upon advocate recommendations but only in little extent.

Self-image/firm-image coincidence and individual investment decision has correlation coefficient of 0.312. This positive correlation between dependent and independent

variable infer that investor's investment decision is also rely upon firm's perceived image.

Neutral information and individual investment decision has correlation coefficient of 0.412. This value shows that there exist positive relationship between neutral information and individual investment decision. This indicates investor also make investment decision on the basis of neutral information.

Finally, personal financial needs and individual investment decision has correlation coefficient of 0.462. This value indicates that there exist positive correlation between dependent variable personal financial needs and individual investment decision. From this value, we can say that individual investors rely pretty much on personal financial needs while making investment decision.

4.3.2 Regression Analysis

Regression analysis is used to see the cause and effect relationship between dependent and independent variable. It shows the linear relationship between dependent and independent variable and its degree as well as intensity. The regression analysis is used to see the effect of independent variable over dependent variable. Moreover, the model of regression analysis is used for the prediction purpose.

Table 15

Regression model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.612	0.375	0.358	0.55273

(Sources: SPSS)

Table 15 shows the structure of the correlation coefficient (R) between variables and independence and the content of the coefficient of determination. The correlation coefficient between the variable and each variable is 0.612. This result shows that there is a good relationship between dependent and independent variables in behavioral research and the Likert scale as a whole. From this value, we can conclude

that each independent organization effectively influences the individual investment decision and these variables lead to the individual investment decision.

The coefficient of determination (R^2) describes the contribution of the independent variables in measuring the effect of the variable. The rank coefficient measures the likelihood of independent variables between variables, all else being equal. The coefficient of determination of the current research model is 0.375. This means that 37.5% of the variance in the variable is explained by the independent variables. To be clear, the balance of independent accounting information, advisory opinions, personal/company image integration, media and technical information shows that the need for personal finance explains 37.5% of the variance in an entrepreneur's investment decision. Moreover, these five independent variables, along with all other factors, contribute only 37.5% to individual investment decisions.

4.3.3 ANOVA Model

Multiple repeated measures analysis of variance (ANOVA) was used to show whether the overall model was significant. Analysis of variance helps to reveal whether the model containing the independent variable is important in terms of the reliability of the scale measuring the difference between the variables.

Table 16

ANOVA Model

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	34.613	5	6.923	22.659	.000
Residual	57.742	189	0.306		
Total	92.355	194			

(Sources: SPSS)

Table 16, the p-value of regression model is less than alpha of 0.000, which shows that the regression model is appropriate and the results is reliable.

Analysis of variance was also used to determine the adequacy of the regression model in providing positive results. The regression model is considered appropriate if the significance value (sig.) is 5% or less than the significance value (alpha). In Table 16, the p value of the regression model is less than alpha of 0.000, which shows that the regression model is reasonable and the results are reliable. In this study, the p value is 0.000 and the alpha value is 0.05. Because the p value is less than the alpha value; Benefits that may be best for personal investment decisions.

4.3.4 Coefficients of Regression Model

The coefficients of the regression model indicate the dependent variable that measures the difference between the variables. The main variables in this study are the five independent variables (AI, AR, SI, NI and PFN) and individual investment decisions.

Table 17

Coefficients of Regression Model

Model	Unstandardized Coefficients		Standardized coefficient	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
Constant	1.001	0.273		3.662	0.000		
AI	0.421	0.071	0.414	5.921	0.000	0.677	1.478
AR	-0.028	0.056	-0.034	-0.505	0.060	0.721	1.387
SI	-0.046	0.079	-0.046	-0.590	0.050	0.543	1.840
NI	0.104	0.064	0.117	1.622	0.106	0.633	1.580
PFN	0.244	0.074	0.250	3.301	0.001	0.575	1.740

(Sources: SPSS)

From Table 17, It can be inferred that the model that is used under this study is found good as there exist no multi-collinearity between the variables as demonstrated by the value of Variance inflationary factor (VIF <3).

Higher beta value indicates higher influence of independent variable on Investment decision. Under this study, it can be inferred that accounting information (AI) has higher dominant influence over individual investment decision with beta coefficient value of 0.421, followed by personal financial needs (PFN) with beta of 0.244, followed by neutral information (NI) with beta value of 0.104, followed by advocate recommendations (AR) with beta of -0.028 and finally self-image/firm- image coincidence (SI) has least influences on the individual investment decision with beta of (negative) -0.046.

Similarly, the significance value less than 0.05 indicate the significant relationship between dependent and independent variables. In this study, it can be inferred that, accounting information (AI) with significance value of 0.000 and personal financial needs (PFN) with significance value of 0.001 have found significant relationship with individual investment decision. In contrast, neutral information (NI) with significance value of 0.106, self-image/firm-image coincidence (SI) with significance value of 0.556 and advocate recommendation (AR) with significance value of 0.614 have found no significant relationship with individual investment decision. From the table 16, the regression equation based on the coefficients of variables can be written as:

ID (est.) = 1.1001 +0. 421*AI + 0.224*PFN + 0.104*NI - 0.0.028*AR - 0.046*SI

Where,

ID (est.) = Individual Investment Decision (estimated) (Dependent Variable)

AI = Accounting Information

PFN = Personal Financial Needs

NI = Neutral Information

AR = Advocate Recommendations

SI = Self-image/Firm-image Coincidence

The constant score indicates that the individual investment decision is influenced due to the factors other than the five independent variables (AI, AR, SI, NI and PFN) considered under the study is 1.1001.

Accounting information (AI) has coefficient value of 0.421. This means, the individual investment decision is meant to move in a positive direction by 0.421, if one unit of accounting information variable is increased, when the impact of other independent variables is kept constant. The positive value of coefficient of accounting information signifies the positive relationship that exists between accounting information and individual investment decision.

Personal financial needs PFN) variable has coefficient value of 0.224. This value indicates if one unit of PFN variable increases, the individual investment decision is likely to increase by 0.224, when the impact of all other independent variables is kept constant. The positive value of coefficient of PFN indicates that there exist positive relationship between PFN and individual investment decision.

Similarly, the coefficient of neutral information (NI) has value of 0.104. This value indicates if one unit of NI category increases, the individual investment decision is likely to increase by 0.104, when the impact of all other independent variables is kept constant. The positive value of coefficient of NI indicates that there exist positive relationship between NI and individual investment decision.

Advocate recommendation (AR) has coefficient value equal to negative 0.028 (i.e. -0.028). This means, the individual investment decision is meant to move in a negative direction by 0.028, if one unit of AR variable is increased, when the impact of other independent variables is kept constant. The negative value of coefficient of AR signifies the negative relationship that exists between individual investment decision

and AR.

Finally, self-image/firm-image coincidence (SI) has coefficient value of -0.046. This value signifies if one unit in the SI category of independent variable increases, then individual investment decision is expected to decrease by 0.046 when the impact of other independent variables is kept constant. The negative coefficient value of SI represents that there exist negative relationship between individual investment decision and SI.

4.4 Hypothesis Testing

Hypothesis evaluates two mutually exclusive statements to determine which statement is best supported by sample data. Regression analysis has been used to test the hypothesis. The hypothesis developed for this study and its acceptance or rejection is justified below.

H1: There is significant impact of accounting (AI) on individual investment decision.

Coefficient table shows the significant value of AI to be 0.000. The accepted confidence interval is 95%. Since, the p-value of accounting information is less than the alpha i.e. 0.05 (0.000<0.05) we can conclude that, there is significant impact of accounting information on investment decision. Hence, H1 is accepted.

H2: There is significant impact of advocate recommendations (AR) on individual investment decision.

Coefficient table shows the significant value of AR to be 0.614. The level of significance is 5%. Since, the p-value of AR is greater than the value of alpha i.e. 0.05 (0.614.0.05), with 95% confidence we can conclude that there is no significant impact of AR on individual investment decision. Hence, H2 is not accepted.

H3: There is significant impact of self-image/firm-image coincidence (SI) on individual investment decision.

Coefficient table shows the significant value of SI to be 0.556. The level of significance is 5%. Since, the p-value of SI is greater than the value of alpha i.e. 0.05 (0.556.0.05), with 95% confidence, it can be concluded that SI has no significant impact on individual investment decision. Hence, H3 is not accepted.

H4: There is significant impact of neutral information (NI) on individual investment decision.

Coefficient table shows the significant value of NI to be 0.106. The level of significance is 5%. Since, the p-value of NI is greater than the value of alpha i.e. 0.05 (0.106>0.05), with 95% confidence we can conclude that there is no significant impact of NI on individual investment decision. Hence, H4 is not accepted.

H5: There is significant impact of personal financial needs (PFN) on individual investment decision.

Coefficient table shows the significant value of PFN to be 0.001. The level of significance is 5%. Since, the p-value of PFN is less than the value of alpha i.e. 0.05 (0.001<0.05), with 95% confidence, we can conclude that, there is significant impact of PFN on individual investment. Hence, H5 is accepted.

From the above analysis, there is evidence that overall correlation of the model found strongly positive (i.e. 0.612). The correlation of all independent variable used (AI, AR, SI, NI and PFN) is found positive with the dependent variable i.e. individual investment decision. From this, it can be concluded that individual investors of Nepalese stock market are relied upon the presented five independent variables pretty much.

Moreover, two variables among five independent variables namely accounting information (AI) and personal financial needs (PFN) have found significant impact on individual investment decision. In contrast, advocate recommendation (AR), self-image/firm-image coincidence (SI) and neutral information (NI) despite of having positive correlation have no significant impact on individual investment decision an

0.05 level of significance. Therefore, we simply conclude that, Nepalese stock market investors consider all these five independent variables while making investment decision but only AI and PFN have significant impact.

4.5 Major Findings

- Out of all 195 respondents, most of the respondents are from age group between 25 and 35, which comprise of 68.2 percent and least from 45-55 years category as there were only 1% respondents from this category.
- The distribution of respondents based on their gender. Out of all 195 respondents, male respondents are higher consisting 75.9% than female respondents that is 24.1%.
- Majority of respondents were those who completed their master's degree. As a result, respondents from master's degree group were 60.5% whereas the lowest proportion of respondent was from SLC level which comprises only 0.5% in overall.
- The different occupation groups, majority of the respondents were job holders followed by students comprising 44.1% and 29.2% respectively. Least number of respondents was having occupation other than above mentioned occupations comprising only 1% of respondents.
- The level of monthly income of respondents. The monthly income category asked to report to respondents is monthly personal income and importantly disposable income.
- The distribution of respondents based on their experience in share market investment. Out of all data collected from 195 respondents, respondent having experience in share market between 1-2 years were in most number comprising 29.7% whereas respondents having 4-5 years of experience in share market were found least i.e., 4.6% in overall.
- The overall mean and standard deviation of this category is 3.942 and 0.91 respectively. Respondents have relatively positive response towards all the statements presented to them. All five statements have greater value than that of mean value of 3. This means, in average majority of respondents agreed to the constructs that have been provided to them. The statement "I study the

past performance of the firm's stock before making investment decision" has highest mean value equal to 4.05 which means majority of respondents prefer to study firm's stock's past performance before making their investment decision.

- The response in the statements that represents variable advocate recommendation. The overall mean and standard deviation of this category was 3.14 and 1.12 respectively. The statement "I consider the recommendations from my friends while making my investment decision' has highest mean value of 3.47 with standards deviation of 1.066. The outcome shows that the respondents are more inclined towards agree end as it is greater than 3.0 (average).
- The descriptive characteristics of response in the statement that represents the variable Neutral Information. The overall mean and standard deviation of this category was 3.79 and 0.98 respectively. The statement "Statements of governmental officials like NRB, NEPSE, and SEBON influence my investment decision" has highest mean value equal to 3.90 with standard deviation of 0.945.
- The overall mean and standard deviation of this variable category was 3.55 and 0.97 respectively. The statement "I make investment in stock market in order to create more diversification in my investment areas" has highest mean value with 3.96 and standard deviation of 0.861. Majority of respondents are agreed with this statement.
- The correlation coefficient between and among the dependent and independent variables. Five variables influencing individual investment decision are regarded as independent variables and individual investment decision is dependent variable. All five independent variables found having positive correlation with the dependent variable. Accounting Information and individual investment decision has correlation coefficient of 0.557. This value clearly articulates that there exists positive relationship between accounting information and individual investment decision

CHAPTER V
SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter presents the summary of findings and conclusion of the study. Findings and the study's conclusion is predicated on the data analysis and hypothesis testing completed in the preceding chapter. The findings are summarized in the first section, the conclusion in the second section and recommendation are presented in the third section of this chapter.

5.1 Summary

The main objective of this study was to examine the impact of five different independent variables namely accounting information, advocate recommendations, self-image/firm-image coincidence, neutral information and personal financial needs on individual investment decision of Nepalese stock market investors.

Literature review helped in finding out the different factors which affect individual investor's decision making as well as different aspect of investment related terminologies. Literature review further helped in deeper understanding of different independent variables and dependent variable. The theoretical framework is developed on the basis of previous articles and displayed in a clear manner. Finally, five independent variables that are used by most researchers namely, accounting information, advocate recommendations, self-image/firm-image coincidence, neutral information and personal financial needs are identified and measuring its impact in individual investment decision is set as primary objective.

The study was based on 195 respondents and the data were collected through the questionnaire. The respondents filled out the questionnaire following the instructions provided. Convenience sampling method was used during the distribution of survey questionnaire for data collection. This is due to the scope of the study, time constraint, convenience and availability of respondents; even then, the composition of the sample was made as inclusive as possible by including respondents of all features.

Descriptive and inferential analysis was performed with the help of SPSS data analysis software frequency. Similarly, descriptive statistics for achievement and independence are calculated to find the mean and standard deviation of the statement. Then, correlation and regression analysis were conducted to show the relationship between five variables and the determination of personal investment and to test the hypotheses stated in the research method.

Accounting information has a mean value of 3.942 with standard deviation of 0.91. This means majority of respondent have been following and considering accounting information related as they have more inclination towards 'agree' end on provided statements because of which mean value is greater than average mean value of five point Likert scale. Advocate recommendation has mean value of 3.14 and standard deviation of 1.12. This represents respondents have perceived that advocate recommendations related factors should be considered in some extent as its mean value is just above the standard of 3.5.Self-image/firm-image coincidence has mean value of 3.40 and standard deviation of 0.99, which represent the positive response of majority of respondents on the self-image/firm-image coincidence category as its mean value is greater than the standard mean value of five point Likert scale. Neutral information has mean value (3.79) greater than the mean value of five point Likert scale. This signifies the majority of respondent's positive response towards this category of independent variable's statements. Finally, the mean value of the variable personal financial needs (3.55) is higher than the average mean value of five point Likert scale. This signifies that majority respondents are positively inclined towards personal financial needs related statements.

The descriptive statistics shows that all five independent variables have mean value greater than the mean value of five point Likert scale. This means, majority of respondents have inclination towards high end point of each of the five independent variables and respondents are agreed upon majority of the statements provided to them. Out of all, accounting information has highest mean value of 3.942 and advocate recommendations has less i.e. 3.14. Similarly, individual investment decision (dependent variable) has mean value greater than the average of five point

Likert scale that means, most of the respondents have positively responded to the statements provided to them under this category.

All five independent variables have positive correlation with individual investment decision as a whole with correlation coefficient of 0.612. In addition, it is tested significant at 5% level of significance. Precisely, accounting information, advocate recommendations, self-image/firm-image coincidence, neutral information and personal financial needs have positive correlation with individual investment decision at individual level the regression model run between five independent variables and individual investment decision has been found significant as a whole. The impact is tested significant at 5% level of significance through ANOVA table. Accounting information and personal financial needs have significant impact on individual investment decision whereas, self-image/firm-image coincidence, advocate recommendations and neutral information has been found no significant impact on individual investment decision at individual level. The group of five independent variables (AI, AR, SI, NI and PFN) is meant to explain nearly 37.5% of variation in individual investment decision which is shown by the coefficient of variation in this study. Finally, the independent variables (AI, AR, SI, NI and PFN) have good potentiality of measuring and can be used as good considerable factor of individual investment decision. There is a significant impact of accounting information on individual investment decision. It is significant at 5% level of significance with significant value of 0.000. There is a significant impact of personal financial needs on individual investment decision. It is significant at 5% level of significance with significant value of 0.001. There is no significant impact of neutral information on individual investment decision. It is significant at 5% level of significance with significant value of 0.106. There is no significant impact of advocate recommendations on individual investment decision. It is tested at 5% level of significance, which is rejected with significant value of 0.614. There is no significant impact of self-image/firm-image coincidence on individual investment decision. It is tested at 5% level of significance. However, it is rejected with significant value of 0.556 which is greater than 0.05.

To sum up, Independent variables i.e. accounting information and personal financial needs have significant impact on individual investment decision. On the other hand, neutral information, advocate recommendations and personal financial needs have no significant impact on investment decision. In nutshell, out of the total five hypothesis developed for the study, two variables are accepted and three variables are rejected.

5.2 Conclusion

The goal of this study was to augment the knowledge on impact of five different independent variables on the investment decision of investors who are actively investing in Nepalese stock market. This study helps to determine the extent to which accounting information, advocate recommendations, self-image/firm-image coincidence, neutral information and personal financial needs are impactful for Nepalese investors in deciding whether to invest or not in any firm's stock. It was conducted with the primary objective of examining how Nepalese stock market investors think about investing in stocks and what factor influences their investment decision. Many researches were found under this topic in foreign country's stock markets. However, this field of study has not been explored very well in the context of Nepal. Therefore, this study was conducted in order to find out Nepalese investors' perception on this topic, and objectives, hypothesis and research questions were prepared accordingly. Research questions were prepared with the intention to find out the impact of five different independent variables in individual investment decision in stock market. The first objective intended to analyze the impact of accounting information on individual investment decision. From the analysis, it was found that there is significant impact of accounting information on individual investment decision that is supported by the significance value of 0.000, which is less than the value of alpha. The study also attempted to examine the impact of advocate recommendations on individual investment decision in Nepalese stock market. From the regression analysis, it was inferred that there is no significant impact of advocate recommendations on individual investment decision. This inference is supported by the significance value of 0.614, which is greater than the value of alpha.

Similarly, the second objectives intended to evaluate the relationship between accounting information, advocate recommendations, self-image/firm-image, neutral information and personal financial needs on individual investment decision in Nepalese stock market. From the analysis, it could be said that there is no significant impact of self-image/firm-image coincidence on individual investment decision. This fact is demonstrated by the significance value of 0.556, which is greater than the value of alpha. In the same manner, the third objectives also attempted to examine the impact of accounting information, advocate recommendations, self-image/firm-image, neutral information and personal financial needs on individual investment decision in Nepalese stock market. The result from the analysis shows that there is no significant impact of neutral information on individual investment decision. The significance value of neutral information i.e. 0.106 is greater than the value of alpha, and hence it can be said that there is no significant impact of neutral information on investment decision. And finally, the study also intended to analyze the impact of personal financial needs on investment decision in Nepalese stock market. The result from the analysis shows that there is significant impact of personal financial needs on investment decision in Nepalese stock market. This inference is supported by the significance value of 0.001, which is less than the value of alpha.

In nutshell, the two variables namely accounting information and personal financial needs have impact on investment decision in Nepalese stock market. On the contrary, advocate recommendations, self-image/firm-image coincidence and neutral information have found no significant impact on investment decision in Nepalese stock market.

From this, we can infer that majority of the investors of Nepalese stock market consider the financial aspects of the firm and their own personal financial needs but they are least concerned about considering the factors like recommendations of others, perceived image of the firm and broad economic indicators while making their investment decision. Therefore, it can be concluded that, Nepalese stock market investors are more focused on financial aspects and personal needs rather than other considerable factors.

5.3 Recommendations

This research work have examined the impact of accounting information, advocate recommendations, self-image/firm-image coincidence, neutral information and personal financial needs on investment decision of Nepalese stock market investors. From the study it is found that Nepalese investor's decision is influenced by only firm's financial aspects and their own personal needs. It is found that there is no any significant impact of neutral information related factors such as economic indicators as well as stock market fluctuations and developments, firm's image related factors and recommendations of brokers, friends and families.

This study can be very fruitful for those government and non-government authorities who are making policies and regulating Nepalese stock market. By inferring this study they can improve policies and regulations according to the way which will benefit all the investors as well as other stakeholders. Moreover, this study is also important for current as well as potential investors who want to know the psychology of other investors and their decision making pattern.

Following recommendations have been made on the basis of findings and conclusions of this study:

- It is recommended to all the current as well as potential investors that they should carefully analyze all the relevant aspects regarding individual needs as well as firm level and national level indicators while making investment in share market.
- It is recommended to regulatory authorities to make and improve those policies which will generate a favorable environment for all the current as well as potential investors by remaining in some ethical and legal boundaries

5.3.1 Suggestions for Further Research

According to literature review and the result of the study there are some primary direction for the future research. This study infers the impact of five different independent variables on individual investment decision. As there are strengths and unique contributions from this study, there are also several limitations that future

researchers are encouraged to address. This study recommends following points for further study.

- Since this research was only conducted on 195 respondents, it could be more beneficial to conduct a similar research on a larger number of participants. Additional research involving higher number of respondents would generate more representative findings on a similar topic.
- Another avenue of further research may involve the use of the advantages and disadvantages found, to more rigorously validate them through quantitative research. This allows for the development of generalizable and rigorous set of attributes. This will further strengthen the notion that these set of variables are important to be analyzed while making investment decision.
- Future studies should explore the impact of other variables rather than just the five variables presented in this study to analyze in a broader aspect.

BIBLIOGRAPHY

Ackert, L. F., & Church, B. K. (2006). Firm image and individual investment decisions. *Journal of Behavioural Finance, 7*(3), 155-167.

Ahmad, S. (2017). Factors influencing individual investors' behavior: An empirical study of Pakistan financial markets. *Journal of Business & Financial Affairs, 6*(4), 1-8.

Akbar, M., Salman, A., Mughal, K. S., Mehmood, F., & Makarevic, N. (2016). Factors affecting the individual decision making: a case study of islamabad stock exchange. *European Journal of Economic Studies, 15*(1), 242-258.

Al- Tamimi, H. (2006). Factors influencing individual investors' behaviour: An empirical study of the UAE financial markets. *The Business Review, Cambridge, 5*(2), 225-232.

Ali, I., & Tariq, A. (2013). Factors affecting individual equity investor's decision making in Pakistan. *Journal of International Education in Business, 1*(1), 18-31.

Antonides, G., & Sar, N. L. (1990). Individual expectations, risk perception and preferences in relation to investment decision making. *Journal of Economic Psychology, 11*(2), 227-245.

Aregbeyen, O., & Mbadiugha, S. O. (2011). Factors Influencing Investors Decisions in Shares of Quoted Companies in Nigeria. *The Social Science, 6*(3), 205-212.

Babu, R. C. (2013). Factors influencing the individual investor behavior with special reference to Coimbatore, Tamil Nadu. *International Journal of Management & Behavioural Sciences (IJMBS), 05*, 167-172.

Baker, H. K., & Haslem, J. A. (1973). Information needs of individual investors. *Journal of Accountancy, 5*(2), 64-69.

Ball, R., & Brown, P. (1968). An empirical evaluation of accounting income

numbers. *Journal of Accounting Research*, 159-178.

Barber, B. M., & Odean, T. (2008). All that Glitters: The Effect of Attention and News on the Buying Behavior of Individual and Institutional Investors. *The Review of Financial Studies, 21*(2), 785-818.

Bashir, D. T., Javed, A., Butt, A. A., Azam, N., Tanveer, A., & Ansar, I. (2013). An assessment study on the factors influencing the individual investor decision making behavior. *IOSR Journal of Business and Management (IOSR-JBM), 9*(5), 37-44.

Bazrafshan, M., Zarei, D., & Shahverdiani, D. S. (2013). Study of the role of accounting information on investor's decision making in tehran stock exchange. *Journal of Basic and Applied Scientific Research, 3*(5), 494-502.

Beaver, W. (1968). The information content of annual earnings announcements. *Journal of Accounting Research*, 67-92.

Blume, M., & Friend, I. (1978). *The Changing Role of the Individual Investor: A Twentieth Century Fund Report.* New York: Wiley.

Booker, D. M. (2002). Investors' Use of Analysts' recommendations. *Behavioral Research in Accounting, 14*(1), 129–156.

Briston, R. J., & Liversidge, J. (1979). *The Investment Decision Process*. Palgrave Macmillan, London.

Chen, J. (2020, July 28). Investopedia. Retrieved from Google: https://www.investopedia.com/terms/p/prospecttheory.asp

Chen, J. (2020, October 22). *Investopedia*. Retrieved from Google:https://www.investopedia.com/terms/i/investment.asp

Cherry, K. (2020, July 09). *Verywell mind*. Retrieved from Google: https://www.verywellmind.com/perception-and-the-perceptual-process-%202795839

Chong, T., & Lai, M. (2011). An empirical evidence of factors in equity selection

process in Malaysia. *African Journal of Business Management, 5*(15), 6221-6232.

Christensen, S. L., & Kohls, J. (2003). Ethical Decision Making in Times of Organizational Crisis: A Framework for Analysis. *Business & Society, 42*(3), 328-358.

Cooray, A. (2003). *Factors affecting investments and business confidence with special regard to political stability*. Retrieved from Google: http://www.bizIK.com/Articles/Formulate sound National Policies on Economy.

Daniel, K. D., Hershleifer, D., & Teoh, S. H. (2001). Investor psychology in capital markets: evidence and policy implications. *Journal of Monetary Economics, 49*(1), 139-209.

Demirel, E. (2011). Interaction between demographic and financial behavior factors in terms of investment decision making. *International Research Journal of Finance and Economics, 66*(2), 147-156.

Dharmaja, G. V., Ganesh, J., & Santhi, V. (2012). A study on the individual investor behavior with special reference to Geojit BNP Paribas Financial Service Ltd., Coimbatore. *International Journal of Research in Management & Technology (IJRMT), 2*(2), 243-252.

Durga, K., & JaiSankar, D. V. (2018). Factor influencing investor's decision through their investing. *International Journal for Research in Engineering Application & Management (IJREAM), 4*(8).

Elsheikh, B. M. (2017). Factors affecting stock prices in saudi stock market from the *Journal of Business and Management Review, 5*(8), 30-42.

Epstein, M. J. (1994). Social disclosure and the individual investor. *Accounting, Auditing & Accountability Journal, 4*(199), 94-109.

Fama, E. (1998). Market efficiency, long-term returns, and behavioral finance. *Journal of financial economics, 49*(3), 283-306.

Foster, G. (1986). *Financial Statement Analysis* (Second Edition ed.). Prentice-Hall Richmond, TX, U.S.A.: Prentice-Hall.

Hargitay, S. E., & Yu, S.-M. (1993). *Property Investment Decisions: A Quantitative Approach.* London: E & FN Spon, an imprint of Champman and Hall.

Hayes, A. (2021, February 25). *Investopedia*. Retrieved from Google: https://www.investopedia.com/terms/i/investment.asp

Hong, H., & Stein, J. (1999). A unified theory of underreaction, momentum trading, and overreaction in asset markets. *The Journal of Finance, 56*(6), 2143-2184.

Hossain, M. F., & Nasrin, S. (2012). Factors affecting selection of equity shares: The case of retail investors in. *European Journal of Business and Management, 4*(20), 110-124.

Ikenberry, D., Lakonishok, J., & Vermaelen, T. (1995). Market underreaction to open market share repurchases. *Journal of Financial Economics, 39*(2-3), 181-208.

Joshi, D. (2018). An analysis of security market growth and individuals' investment decision. *Journal of Business and Social Sciences Research (JBSSR), 3*(1), 15-32.

Kadiyala, P., & Rau, R. (2004). Investor reaction to corporate event announcement: underreaction or overraction? *Journal of Business, 77*(2), 357-386.

Kahneman, D., & Tversky, A. (1979). Prospect Theory: An Analysis of Decision under Risk. *Econometrica*, 263-291.

Kamuti, J. M., & Omwenga, D. J. (2015). Factors influencing investment decisions. *International Academic Journal of Economics and Finance (IAJEF), 2*(3), 1-15.

Kaur, M., & Vohra, T. (2012). Understanding individual investors' behaviour: A review of empirical evidences. *Pacific Business Review International, 5*(6), 10-18.

Kelly, R. C. (2021, January 27). *Investopedia*. Retrieved from Google:

https://www.investopedia.com/articles/fundamental/03/102903.asp

Kothari, S. (2001). Capital market research in Accounting. *Journal of Accounting and Economics, 31*, 105-231.

Krishnan, R., & Booker, D. (2002). Investors' use of analysts' recommendations. *Behavioral Research in Accounting, 14*, 129-158.

Lease, R. C., Lewellen, W. G., & Schlarbaum, G. G. (1974). The individual investor: attributes and attitudes. *The Journal of The American Finance Association, 29*(2), 413-433.

Lee, T., & Tweedie, D. (1975a). Accounting information: an investigation of private shareholder usage. *Accounting & Business Research, Autumn*.

Lee, T., & Tweedie, D. (1975b). Accounting information: an investigation of private shareholder. *Accounting & Business Research, Winter.*

Lee, T., & Tweedie, D. (1976). The private shareholder – his sources of information and his understanding. *Accounting & Business Research, Autumn*.

Lee, T., & Tweedie, D. (1977). *The Private Shareholder and the Corporate Report,*. London: Institute of Chartered Accountants in England and Wales.

Lewellen, W., Lease, R., & Schlarbaum, G. (1977). Patterns of investment strategy and behavior among individual investors. *Journal of Business, 50*(3), 296-333.

Loewenstein, G. (2000). Emotions in Economic Theory and Economic Behavior. *American Economic Review, 90*(2), 426-432.

Loughran, T., & Ritter, J. R. (1995). Initial public offerings: International insights. *Pacific-Basin Finance Journal, 3*(1), 139-140.

Maditinos, D., Servic, Z., & Theriou, N. (2007). Investors' behaviour in the athens stock exchange. *Studies in Economics and Finance, 24*(1), 32-50.

Malkiel, B. G. (2003). The efficient market hypothesis and its critics. *Journal of Economic Perspectives, 17*(1), 59-82.

Markowitz, H. (1952). The utility of wealth. *Journal of Political Economy, 60*(2), 151-158.

Merikas, A. A., Merikas, A. G., Vozikis, G. S., & Dev, P. (2011). Economic factors and Individual Investor Behavior: the case of the greek stock exchange. *Journal of Applied Business Research, 20*(4), 93-98.

Michenaud, S., & Solnik, B. (2008). Applying regret theory to investment choices: Currency hedging decisions. *Journal of International Money and Finance, 27*(5), 677-694.

Nagy, R. A., & Obenberger, R. W. (1994). Factors influencing individual investor behavior. *Financial Analyst Journal*, 63-68.

Napoletano, E. (2020, September 09). *Forbes Advisor*. Retrieved from Google: https://www.forbes.com/advisor/investing/what-is-investing/

Neumann, J. V., & Morgenster, O. (1953). *Theory of Games and Economic Behavior* (3rd Edition ed.). Princeton: Princeton University Press.

O'Shea, A., & Davis, C. (2021, March 17). *nerdwallet*. Retrieved from Google: https://www.nerdwallet.com/article/investing/how-to-invest-in-stocks

Palmer, B. (2019, June 25). *Investopedia*. Retrieved from Google: https://www.investopedia.com/ask/answers/06/institutionalinvestor.asp

Pandey, D. L., Risal, N., & Chauhan, S. (2020). The Psychology of Investors in Nepali Stock Market and Investment Decision. *Wutan Huatan Jisuan Jishu, 15*(10), 726-755.

Peter, R. E. (1970). Motivating factors guiding the common stock investors. *Dissertation Abstracts International, 31*(5), 19-95.

Rashid, M., & Nishat, M. A. (2009). Satisfaction of retail investors on the structural efficiency of the market:Evidence from a developing country. *Asian Academy of Management Journal, 14*(2), 41-64.

Rekik, Y. M., & Boujelbene, Y. (2013). Determinants of individual investors

behaviors:evidence from tunisian stock market. *IOSR Journal of Business and Management IOSR-JBM), 8*(2), 109-119.

Rizvi, R., & Abrar, A. (2015). Factors affecting an individual investor behavior: An empirical study in twin cities (Rawalpindi and Islamabad) of Pakistan. *SS International Journal of Economics and Management, 5*(5), 1-27.

Robbins, S. P. (2005). *Organizational Behaviour.* Upper Saddle River, NJ.

Safdar, M. Z., Mateen, M. M., Khan, M. M., Mustafa, K., & Shafique, D. Z. (2020). Factors influencing investment decisions of individual investors working in hazara division industrial zone. *International Journal of Management (IJM), 11*(9), 360 367.

Schlarbaum, G. G., Lewellen, W. G., & Lease, R. C. (1978). Realized returns on common stock investments: The experience of individual investors. *The Journal of Business, 51*(2), 299-325.

Scott, W. (2009). *Financial Accounting Theory* (Fourth Edition ed.). Ontario: Pearson Education Canada Inc.

Segal, T. (2020, November 27). *Investopedia*. Retrieved from Google: https://www.investopedia.com/terms/m/mentalaccounting.asp

Sewell, M. (2007, May). *Academia.edu.* Retrieved from Google Scholar: https://d1wqtxts1xzle7.cloudfront.net/30766417/behavioural-finances.pdf

Shanthikumar, D., & Malmendier, U. (2003). *Are small investors naive?* Stanford University Working Paper.

Somathilake, H. (2020). Factors influencing individual investment decisions in colombo stock exchange. *International Journal of Scientific and Research Publications, 10*(5), 579-585.

Tabassum, S., & Pardhasaradhi, S. (2012). An empirical analysis of factors influencing indian individual equity investors' decision making and behavior. *European Journal of Business and Management.ISSN 2222-1905, 4*(18), 50-62.

Tapia, W., & Yermo, J. (2007). Implications of behavioural economics for mandatory individual account pension. *Working papers on insurance and private pensions No 11*.

Taylor, B. (2020, January 16). *Investopedia*. Retrieved from Google: https://www.investopedia.com/investing/investing-strategies/

Thaler. (2001). *Theory of mental accounting.* New York: Academic Press.

Twin, A. (2021, February 27). *Commerce Mates*. Retrieved from Google: https://commercemates.com/investment-decision-nature-scope/

Ziva, K. (1990). The Case for Motivated Reasoning. *Psychological Bulletin, 108*(3), 480–498.

APPENDIX

QUESTIONNAIRE

Perception of investors towards investment in Nepalese Stock Market

Dear Respondents,

I am an MBS student studying at Shanker Dev Campus affiliated to Tribhuvan University. I am conducting a research for partial fulfillment of Masters of Business Studies (MBS). The topic of my research is "perception of Investors towards Investment in Nepalese Stock Market". I would be grateful if you could complete the enclosed questionnaire based on your genuine feelings. Your participation is highly important to the study and your response will be anonymous. The data collected from this survey will be used for academic research purposes only.

Thank you very much for your participation and coordination. With regards,

Section 1:

Respondent's

Profile Gender

- Male
- Female
- Other

Current Age

- 15-25 years
- 25-35 years
- 35-45 years
- 45-55 years
- Above 55 years

Academic Qualification

- **SLC**
- Intermediate Level
- Bachelors
- Masters
- Above Masters

Occupation

- Student
- Entrepreneur
- Job Holder
- Unemployed
- Other

Monthly Income

- Below 20000
- 20000-40000
- 40000-60000
- 60000-80000
- Above 80000

Experience in Stock Market

- Less than a year
- 1-2 years
- 2-3 years
- 3-4 years
- 4-5 years
- More than 5 years

Section 2: Independent and Dependent Variables

Please read each statement carefully and tick the most appropriate answer that indicates how strongly you agree or disagree with the following statements, where: (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4= Agree and 5= Strongly Agree)

Statements	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Accounting Information					
I study the past performance of the firm's stock before making investment decision.					
I check firm's dividend policy while making investment decision					
I review the income statement and balance sheet of the company before investment					
The expected corporate earnings of firm attract me for investment.					
Reasonable market price of a firm's share attracts me for Investment					
Advocate Recommendation					
Recommendations from friends help me in my investment Decision					
Suggestions of other people help in my investment decision					

I get suggestions from broker Easily					

I consider the opinion of my family members to make investment decision					
Self-Image/Firm-Image Coincidence					
My investment decision is influenced by the feeling of 'To get rich quickly'					
I select the company to invest on the basis of its status in the industry.					
Perceived ethics of firm affects my investment decision.					
The feeling on company's products and services affects my investment decision.					
The firm's involvement in solving community problems affects my investment decision.					
Neutral Information					
I analyse current economic indicators like interest rate,inflation before making my investment decision					
Statements of governmental officials like NRB, NEPSE, SEBON influence my investment Decision					

Recent price fluctuation in a firm's stock has impact on my					
investment decision					
Coverage in the news about company affects my investment Decision					
Fluctuation/developments in the stock index influence my investment decision					
Personal Financial Needs					
I make investment on the basis of easy accessibility of loans.					
I make investment on the basis of investment capital required.					
I make investment in firms' stock in order to create more Diversification					
I make investment on the basis of attractiveness of non-stock investment such as real estate					
Individual Investment Decision (Dependent Variable)					
I make investment in stock market only after evaluating company's financial performance					
I purchase the firm's stock only after evaluating that particular industry's performance (For eg. Industry's growth rate)					

I make investment decision only after evaluating overall indicators that related to stock market (For					
eg. Interest rate, inflation, liquidity etc.)					
I do not consider the recommendation of different parties like broker, friends, family members and others while making investment decision.					
I do not follow any rumors regarding stock market while making investment decision.					

ACCOUNTING INFORMATION SYSTEM AND ITS IMPACT ON...

By: UTSAV K.C.

As of: Jul 3, 2024 4:09:05 PM
17,733 words - 91 matches - 10 sources

Similarity Index
10%

Mode: Summary Report

sources:

445 words / 2% - Internet from 13-Aug-2021 12:00AM
www.binghamuni.edu.ng

203 words / 1% - from 27-Feb-2024 12:00AM
elibrary.tucl.edu.np

189 words / 1% - from 18-Dec-2023 12:00AM
elibrary.tucl.edu.np

262 words / 1% - Internet from 23-Apr-2019 12:00AM
eprints.utar.edu.my

134 words / 1% - Internet from 19-Feb-2023 12:00AM
www.researchgate.net

127 words / 1% - Internet from 30-Sep-2022 12:00AM
tarj.in

120 words / 1% - from 22-Feb-2024 12:00AM
fastercapital.com

107 words / 1% - Internet from 09-Oct-2021 12:00AM
repository.president.ac.id

103 words / 1% - Internet from 26-Sep-2022 12:00AM
journal.binghamuni.edu.ng

96 words / 1% - from 15-May-2024 12:00AM
myscholar.umk.edu.my

paper text:

CHAPTER I INTRODUCTION 1.1Background of the Study Accounting is the methodical process of keeping track of, summarizing, analyzing, and reporting financial data and transactions pertaining to a person, company, organization, or other entity. A methodical and structured framework for gathering, processing, storing, and disseminating financial and non-financial data regarding an entity's economic activities is called an accounting information system (AIS). Its main goal is to make financial record keeping, reporting, and decision-making inside an organization more effective and efficient. AIS includes both human and automated procedures intended to