

PUBLIC RESPONSE TO INITIAL PUBLIC OFFERING IN NEPALESE MARKET

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By

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**Public Response to Initial Public Offering in Nepalese Market**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

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

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REPORT OF RESEARCH COMMITTEE

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ABBREVIATIONS

A.D.	:	Anno Domini
ANOVA	:	Analysis of Variances
S.D.	:	Standard Deviation
ASBA	:	Application Supported by Blocked Amount
BSE	:	Bombay Stock Exchange
CAARS	:	Cumulative Average Abnormal Returns
CDSC	:	Central Depository System and Clearing
CG	:	Company Goodwill
CP	:	Company Performance
CS	:	Company Sector
E	:	Error Term
IPO	:	Initial Public Offering
IRD	:	Inland Revenue Department
MI	:	Market Information
NEPSE	:	Nepal Stock Exchange
NYSE	:	New York Stock Exchange
PR	:	Public Response on Investment in Initial Public Offering
QM	:	Quality Management
SEBON	:	Security Board of Nepal
TPB	:	Theory of Planned Behavior
VBP	:	Value Based Performance
VIF	:	Variance Inflation Factor

ABSTRACT

In the current age of wealth maximization and amidst economic challenges such as inflation and the time value of money, individuals are increasingly turning to investment opportunities in the securities market to secure their financial futures. This study primary objective is to evaluate the factors that shape investment decisions related to IPO.

The research methodology employed a combination of descriptive statistics and a causal-comparative research design, encompassing the entire population of the Kathmandu Valley. A sample size of 385 was selected using convenience sampling, with quantitative data collected through structured survey questionnaires using a five-point Likert scale. Data analysis was facilitated through Microsoft Excel and SPSS software, employing various statistical techniques such as means, standard deviations, correlations, and regression analyses.

Quality Management and Company Goodwill are viewed favorably, while Company Performance, Company Sector, and Market Information are also perceived positively, emphasizing their significance in investment choices. Consistently positive and highly significant correlations were found between these factors and investment behavior, implying that as these factors' values increase, the public responds more favorably to IPO investments. Quality Management, Company Goodwill, Company Performance, Company Sector, and Market Information play crucial roles in shaping investment behavior. Quality Management demonstrated a robust positive correlation, and Company Goodwill displayed a strong and significant positive correlation with investment behavior. Company Performance exhibited a highly positive and significant correlation, while Company Sector displayed a positive and statistically significant correlation. Market Information showed a substantial and significant positive correlation with investment behavior.

In conclusion, this research carries implications for businesses and investors in the context of Kathmandu Valley. It highlights the significance of factors like Quality Management, Company Goodwill, Company Performance, and Market Information in influencing public responses to IPOs.

Key Words: *Initial Public Offerings, Investor Behavior, Financial Markets, Quality Management*

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Franklin (1965) concluded "Money makes money. And the money that money makes, makes money". Everyone benefits from investing in the stock market if they want to take a risk and earn a handsome return based on a risk-return analysis. Investing in an IPO is the best way to begin anybody's investment career.

We are living in the age of wealth maximization. In this ever-changing world of inflation and the time value of money, keeping money in your pocket is the stupidest thing you can do. Individuals, on the other hand, can invest in the securities market for uncountable future benefits. So, what could be a better investment opportunity than investing in the securities market to increase the wealth of an individual? Investment in an initial public offering (IPO) is the most profitable and long-term plan for every individual (Davies, 2010).

Finance is an important prerequisite for establishing and developing any business organization. Finance helps to bring together all the factors of production in an industrial unit. Therefore, financing is a critical element for the success of a business. Even high-potential businesses may fail in the absence of adequate financing. Long-term financial decisions have an impact. financial strategies of the firm, thereby having an effect on the value of the firm. Financial institutions provide the requisite funds to the business firms. Therefore, financial institutions in the economy play a crucial role in the process of economic growth in the country (Patrick, 1966).

Since this is the era of globalization, rapid development in information technology and the advancement in transportation facilities have made the world as narrow as a village. The present world economy has become more competitive and complicated due to the globalization of economies and markets. Every sort of change occurring in one sector of the world affects the other. A healthy economy is dependent on the efficient transfer of funds from people who are net savers to firms and individuals who need capital. Without efficient transfers, the economy simply cannot function. Economic efficiency is simply impossible

without a good system for allocating capital within the economy, which has a predominantly subsistent agricultural economy that contributes about 23.95% of GDP (IRD, 2022).

Investment means the sacrifice of current rupees for future rupees, in which two different attributes are generally involved, i.e., time and risk. The sacrifice takes place in the present and is certain. The reward comes later, if any, and the magnitude of it is generally uncertain (Sharpe et. al, 2002). In some cases, the element of time predominates (for example, government bonds). In other cases, risk is the dominant attribute (for example, call options on common stocks). In yet others, both time and risk are important (for example, shares of common stock). An initial public offering (IPO), also referred to simply as a "public offering," is when a company issues common stock or shares to the public for the first time. They are frequently issued by smaller, younger companies seeking capital to expand, but they can also be issued by large, privately-held companies seeking to go public.

Selling a company's stock to the general public for the first time is known as an initial public offering. Either providing an exit strategy or raising funds is typically the main driver behind an IPO. In actuality, a business's early funding is typically provided by family, friends, savings, personal loans, and the startup stage of the business. The financial market offers a venue for buyers and sellers to interact and trade assets at a rate set by supply and demand. Generally speaking, the money market and the capital market are the two types of financial markets based on maturity. It falls into two categories: primary market and secondary market.

A primary market is a financial market in which a company that is already listed on an exchange issues new securities for the first time, or where an already listed company brings new issues to raise funds. Determining public reactions to the IPO in the Nepalese market and the primary market's growth, investor expectations for their investment, etc., are the main issues that this study is primarily focused on solving. Many people lack sufficient knowledge of stocks and the functioning of the capital market because Nepal's capital market is still in its infancy. The majority of investors choose stock as their investment option since it requires the least amount of time to trade and has the highest liquidity in this competitive environment, despite the availability of other investment routes. As a result, this study has

assisted us in determining how investors' response have influenced investment decisions and the reasons for such decisions depending on the situation.

Investors have a number of investment alternatives, some of which are traditional investments like bank deposits, gold, and so on, which have been used for generations, while others are relatively new options that have become popular, like equity, mutual funds, commodities, derivatives, and so on. The present study concentrates only on equity investment. The total capital of the company has been divided into smaller units known as "equity shares." Turn Company has been liable to pay dividends to shareholders out of their profits. Equity investors have been getting returns in the form of dividends and capital appreciation. Along with this benefit, the holders of equity shares have voting rights in the company. Moreover, investors in equity shares have been treated as owners of the company, and the ownership is limited to the extent of the shares held by investors. A company issues shares primarily when there is a need for funds for the growth of the business or for expansion. It initially approaches investors in the primary market through an initial public offering (IPO). In an IPO, the company's equity shares are offered for the first time to the general public for subscription. Once the shares get listed on a particular stock exchange, that exchange provides for frequent trading. The general public can subscribe to the IPO, and these shares can be sold on a stock exchange like NEPSE. Once allotments of shares are done (Yashaswini, 2019).

In the past, those who wanted to invest in initial public offerings (IPOs) had to visit a bank or merchant capital firm and wait in a massive queue for many hours to do so. However, since the introduction of Meroshare, everyone who wishes to apply for an IPO does so through Meroshare, and the application procedure only takes one to two minutes. The current craze of investment in IPOs has gone beyond the horizon. There are some cases where an IPO has been oversubscribed more than 100 times (Paudel, 2021).

With the public offering of Biratnagar Jute Mills and Nepal Bank Limited in 1973 A.D., Nepal experienced its first public offering of ordinary shares. However, the creation of the Security Exchange Center in 1976 A.D. with the aim of enabling and promoting the capital market in Nepal marked the beginning of the development of the market. It was the sole capital market organization in charge of brokering, underwriting, and managing public

issues, as well as creating markets for government bonds and other financial services. The Securities Exchange Center traded securities and served as both a broker and a regulatory agency (Roka, 2011).

The government of Nepal established the Securities Board of Nepal (SEBON) as the supreme regulator of the securities markets on June 7, 1993. Under the Securities Act of 2006, it has been policing the market. By controlling the issuance, transfer, sale, and exchange of registered securities, issuing the necessary security regulations and directives, and advising the government on issues pertaining to the growth of the capital market, SEBON plays a significant role in safeguarding and promoting the interests of investors. A clause was added after the company's ordinance was introduced in 2006, requiring public firms to register all securities with the SEBON before issue. The ordinance mandated that issuing firms create prospectuses and make them publicly available after receiving SEBON's approval. The capital market is expanding daily thanks to the implementation of company ordinances and SEBON regulations. Currently, investors are eager to participate in company securities on both the primary and secondary markets (www.sebon.gov.np).

In Nepal, everything in the IPO application procedure is digital and completed online. People are no longer going to the bank. They usually use a laptop, smartphone, or tablet to apply for Nepal's initial public offerings (IPOs). The sale lasts typically 4 working days, and within those 4 days, the buyer must visit the Mero Share website, access the ASBA (Application Supported by Blocked Amount), fill it out with all the necessary information, and submit it. During the week it takes for the allotment to be completed, they make sure the bank account has the required quantity of rupees that must be blocked for ASBA. The number of shares allotted to investors after that depends on the number of shares issued, the total number of applications submitted, and the amount of investment. Every valid application or applicant receives at least 10 units of IPO shares beginning in Shrawan 2074. But, based on the quantity of applications, an investor may either receive zero shares if there aren't enough to go around or additional shares if more are available. Immediately following allocation, the financial institution released the frozen funds while deducting the assigned share amount from the investor's bank account. Your Demat account statement eventually showed the number of shares allotted to investors.

The study primarily focuses on how individual investors react to initial public offerings. It also focuses on what they genuinely want in an IPO before they actually invest: their sector preference, knowledge level, and performance of issue managers. It also focuses on the distribution process of an IPO and limits margin lending, as IPO funding via financial institution loans is not a healthy practice as it does not reveal the true picture of the company. Single investors submit hundreds of applications showing fictitious names. As a result, they can capture a large number of shares and influence the company's management and stock price too.

In the past, those who wanted to invest in initial public offerings (IPOs) had to visit a bank or merchant capital firm and wait in a massive queue for many hours to do so. However, since the introduction of Meroshare, everyone who wishes to apply for an IPO does so through Meroshare, and the application procedure only takes one to two minutes. The current craze of investment in IPOs has gone beyond the horizon. There are some cases where an IPO has been oversubscribed more than 100 times (Paudel, 2021).

Nepal's stock market is small and subject to manipulation. According to informants, everyone follows suit in the hopes of becoming wealthy. The crowd and rumors of fortune from IPOs and the stock market are the causes of the rising number of applicants for shares. They make no analysis of any kind. Participants feel as if they are launching into the market without any knowledge. The majority of investors are unfamiliar with the stock market. When investors are well-educated and knowledgeable about the stock market, Nepal's stock market appears to be in good shape. Participants believed that herding behavior existed in the market, but because they were not placed in a herding position, they did not exhibit herding behavior (Tamang, 2022).

In the past, those who wanted to invest in initial public offerings (IPOs) had to visit a bank or merchant capital firm and wait in a massive queue for many hours to do so. However, since the introduction of Meroshare, everyone who wishes to apply for an IPO does so through Meroshare, and the application procedure only takes one to two minutes. The current craze of investment in IPOs has gone beyond the horizon. There are some cases where an IPO has been oversubscribed more than 100 times (Paudel, 2021).

As per the recently published annual report of the Central Depository System and Clearing (CDSC), there are a total of 53,00,931 Demat accounts in the country, which were opened mainly for the purpose of filing an initial public offering. Among the demat accounts mentioned above, 4,401,057 use Meroshare, a CDSC online portal that provides the details of share transactions with a demat account to make it easier for the investor to apply and observe the results. This means that one-sixth of the country's total population has regular access and knowledge to initial public offerings.

To sum up, an initial public offering is the first sale of a corporation's common shares to public investors. The main purpose of an IPO is to raise capital for the corporation. While IPOs are effective at raising capital, they also impose heavy regulatory compliance and reporting requirements

1.2 Problem statement

Still, more than half of Nepalese citizens do not meet the minimum literacy requirement in the context of our country. Additionally, the majority of literate people have no knowledge of the stock market. They do not know what the securities mean at all. How can we expect them to invest in the securities? Even among those who are aware, there is a lack of confidence. They do not want to take risk. In developing country like IPO is still new phenomenon.

IPOs can be a risky investment. For the individual investor, it is tough to predict what the stock will do on its first day of trading and in the near future because there is often little historical data with which to analyze the company. Additionally, most IPOs are of companies going through a transitional growth period, which is subject to additional uncertainty regarding their future values (Poornima et al., 2016).

However, there has been a recent trend of more investors participating in IPOs than in issues. This is because only a small number of investors are submitting applications for the IPO using alternative citizenship certificates. Due to the fact that illiterate people are granting others their powers of attorney for an IPO, this has a negative impact on the financial system. These individuals are facing a crisis, which has caused the share price to exceed the company's book value. To control this activity, Security Board of Nepal (SEBON) is updating the criteria required for applying IPO, in order to make the IPO transparent.

The problem towards which this study is directed is to identify the investor's responses towards the IPO of the financial as well as non-financial sectors in the Nepalese market, how is the primary market growing in Nepal, how are the issue managers performing in the IPO, and generally what an investor expects from his or her investment, how to invest in the IPO and how to manage funds for the IPO, etc. The study has tried to solve the following research questions:

1. What are the factors that that determine the investment decision towards IPO?
2. Is there any relationship between factors (quality management, company goodwill, company performance, company sectors and market information) and the investment decision towards IPO?
3. What is the impact of factors (quality management, company goodwill, company performance, company sectors and market information) on investment decision in IPO?

1.3 Objectives of the Study

The main objective of this study is to investigate the investor's response to the Initial offering or primary issue of shares in perspective of Nepal. The specific objectives of the study are as follows. The following objectives were specified for this study:

1. To assess the factors that that determine the investment decision towards IPO.
2. To analyze the relationship between factors (quality management, company goodwill, company performance, company sectors and market information) and the investment decision towards IPO.
3. To analyze the impact of factors (quality management, company goodwill, company performance, company sectors and market information) on the investment decision towards IPO.

1.4 Rationale of the study

In Nepal, more than 75% of the population still doesn't know about or can't read about public offerings. So, this study has been beneficial for anyone looking to learn more about IPOs and is anticipated to be beneficial for general investors and businesses that are either directly or indirectly involved in public offerings. This study has also helped the issuing firms

understand how investors in Nepal perceive and favor initial public offerings. This work has considerably increased our understanding of the critical variables that influence investors' response of risk and return on investment in initial public offerings, and it has been beneficial to all students and researchers who wish to do IPO-related research.

The psychology of investors plays a crucial role in the decision-making process while investing in the stock market across many sectors where the price of the company varies often. Psychology in finance is included in behavioral finance. In Nepal, behavioral finance research is extremely uncommon. This study significantly expands the body of knowledge in Nepali behavioral finance. Many studies have been done on this topic in a worldwide context; however, it appears that very few have been done in the context of Nepal. Public Response have not yet been the subject of extensive research.

This research will be useful in analyzing the impact of an IPO on key parameters such as return on equity and return on assets for banks and non-banking finance companies, as well as the legal provisions, opportunities, problems, and prospects of an IPO in Nepal. It will also be helpful to know the investors' response to IPOs in different industries. The prospective offering company may also gain significant knowledge from this study.

From this study, investors will have a clearer conception of their investment, and they will be able to make the right choice. It will also be helpful to the students who want to do research in IPO.

1.5 Limitations of the Study

1. This study predominantly relies on primary data, and as a consequence, it may exhibit inherent limitations associated with the utilization of primary data sources.
2. It is worth noting that the bulk of data derived from prior research may not sufficiently elucidate the intricacies of our present national context and environment.
3. It should be acknowledged that there is a divergence in information concerning the same questionnaire across various sources.
4. One notable aspect to consider is the constraint imposed by the limited sample size utilized in this study.

CHAPTER II

LITERATURE REVIEW

This chapter consisted the literature on the primary market regarding initial public offerings (IPOs) and gain a better understanding of the primary market and IPO theories. This chapter focuses on the existing literature and research related to the current study in order to flesh out what has already been explained and how the current research contributes to this dimension. In this research, various books, journals, articles, and previous research have been consulted and reviewed. The purpose of this chapter is to investigate what has been done and what is still lacking in initial public offering (IPO) literature. The review of related literature assisted in clarifying the concepts for the study.

2.1 Conceptual Review

The conceptual review lays the foundation by providing a comprehensive understanding of core concepts, encompassing financial markets, money markets, capital markets, primary markets, public offerings, and pricing. This conceptual review forms the backdrop against which the subsequent sections are developed.

2.1.1 Financial Market

A financial market is a place where both long-term and short-term loans are offered. It offers a platform where fund suppliers and fund users can conduct business. The money market is where short-term loan instruments and marketable assets are traded. The capital market is where long-term securities (such as bonds and equities) are traded. The primary market and secondary market are additional divisions of the capital market (Nangalia & Kothari, 2016).

All securities, whether they trade on the money market or the stock market, are first issued on the main market. Only in this market do companies or the government directly participate in the transaction and profit from the sale of resold securities. The secondary market was created once the assets started to be traded amongst savers, investors, businesses, governments, or financial organizations. The secondary market can be thought of as a "used" or "preowned" securities market, while the main market is where "new securities are sold" (Bhandari, 2013).

In short, the financial market is divided into two parts: the money market and the capital market. And these markets can be further divided into primary and secondary markets.

2.1.2 Money Market

The money market is a market where short-term assets such as Treasury bills, government bonds, certificates of deposit, banker's acceptances, and commercial paper or promissory notes are traded. Both main and secondary market activity are included. The existence of the money market can be attributed to the fact that certain people, companies, governments, and financial institutions have idle capital that they seek to invest in liquid assets or short-term instruments that pay interest. Similar to this, other individuals, companies, governments, and financial institutions require seasonal or short-term financing. As a result, the money market serves as a venue for both short-term liquid fund suppliers (who have idle capital for a while) and demand generators.

It discovered that the money market and the capital market are distinct in theory. Merchant banks are involved in both, albeit in the majority of countries with functional financial markets that combine the money and capital markets. This is due to the fact that a negotiable money market instrument is, in actuality, only a short-term capital market product. As a result, the tools and resources required to run the money market are essentially identical to those required to run the capital market (Shrestha & Bhandari, 2010).

2.1.3 Capital Market

Companies and governments can raise long-term capital in the capital market, which is a market for securities. Stock and bond markets are part of the capital market. The primary market is where new securities are sold to investors, and the secondary market is where existing assets are traded. The capital market can play a crucial role in mobilizing the market's capital to invest in corporate sectors via securities (Nangalia & Kothari, 2016).

The market for long-term loans and equity capital is known as the capital market. Via the capital market, businesses and the government can raise money for long-term investments. The stock market, bond market, and primary market are all parts of the capital market. The government keeps an eye on the trading of securities on regulated capital markets; new issues

are approved by agencies in charge of financial supervision and are under the watchful eye of participating institutions. (Thapa, 2070).

The capital market includes: activities relating to the organization, distribution, and trading of securities; organizations that facilitate these activities; individuals and institutions that buy and sell securities; Rules and regulations, customs, and practices that control the organization and conduct business in the market The capital market is where financial instruments are traded. In the capital market, different types of financial securities, such as ordinary shares, preferred shares, Treasury bills, and debentures, are traded. This market can be further divided into two parts, which are the securities market and the non-securities market.

2.1.3.1 Non-Securities Market

The non-securities market is one in which the long-term financial demands of borrowers (demanders) are met without the issuing of shares, bonds, or other types of securities like debentures. This non-securities market includes financial transactions between lending institutions like banks, businesses, savings institutions, or people (Nangalia & Kothari, 2016).

2.1.3.2 Securities Market

The securities market is a segment of the larger financial market where securities can be purchased and sold between economic entities based on supply and demand. Equity markets, bond markets, and derivatives markets are examples of places where prices can be set and where professionals and nonprofessionals can interact. The primary role of the security market is to act as a barrier between saving and investing, thereby promoting the growth of new wealth. These are the first two divisions of the securities markets. primary markets for the issuance of new securities and secondary markets for the purchase and sale of already-issued securities (Upreti, 2017). The securities market is further divided into two parts: the primary market and the secondary market.

2.1.3.2.1 Primary Market

In a primary market, newly issued securities like bonds or stocks are sold to the first buyers by the company or government body that borrowed the money from investors. The company really obtains the profits from the sale of securities in this market, making it the only one

where businesses or governmental entities are directly benefited by the transaction (Bhattarai, 2021). The investment bank is a significant financial organization that helps with the first sale of securities in the main market.

2.1.3.2.2 Secondary Market

The secondary market involves the purchases and sales of securities that have already been issued to the public and traded on the stock exchange. Brokers, dealers, and makers create the secondary market. Brokers bring buyer and seller together, with themselves actually buying or selling; dealers set the price at which they are ready to buy or sell (the "bid" and "ask" prices, respectively). Brokerage and dealer come together in an organized market or on the stock exchange (Gitman et al., 2015).

A financial market called the secondary market allows people to resell assets that have already been issued. Secondary markets are created by brokers, dealers, and market makers. Dealers connect buyers and sellers by purchasing and selling at predetermined prices, whereas brokers act as representatives of investors to connect buyers and sellers of securities. Examples of a regulated stock exchange include the Bombay Stock Exchange (BSE), the New York Stock Exchange (NYSE), and the Nepal Stock Exchange (NEPSE) (secondary market).

2.1.4 Primary Market and Initial Public Offering

Unseasoned issues and seasoned issues are the two categories into which shares are issued on the primary market. A "seasoned issue" is the issuance of new securities by a reputable business whose securities are already active on the secondary market. The initial sale of a security to the public, on the other hand, is a fresh new issue. An initial public offering (IPO) is a process by which a business initially sells shares to the general public in order to raise money for future projects and get listed on the stock exchange. In Nepal, NEPSE is where all traded equities are listed.

The term "IPO" refers to the securities that businesses issue to the public for the first time, either immediately after incorporation or when they switch from being a private to public firm. Company Going Public refers to a company that raises capital via an IPO. In a security sale known as a public offering, all investors get the chance to purchase a portion of the

financial claims being sold (Petty et al., 2015). IPOs can be either equity or debt securities. The firm or government agency borrowing the funds sells new issues of an asset, such as a bond or stock, to early buyers on a main market. The investment bank is a significant financial organization that helps with the first sale of securities in the main market. Investment banks are also known as issue managers in Nepal. The procedure by which the primary market operates, that is, how issues are marketed to the primary buyers, is known as underwriting.

2.1.5 Pricing Differences

We may have observed that there can be large differences between the price of an initial public offering (IPO) and the price when the IPO shares start trading in the secondary market.

When an IPO is "hot" or appeals to many investors, pricing differences tend to happen more frequently. When an IPO is "hot," there is much greater demand for the securities than there are available shares. Only until trading in the IPO shares starts will the extra demand be able to be satisfied. The price of each share typically increases significantly during the initial few trading hours or days as a result of this supply and demand imbalance. After this initial rush of trade subsidies, the price frequently drops (Poornima et al. 2016).

2.2 Theoretical Review

2.2.1 Theory of Planned Behavior

"Behavioral beliefs," "nominative beliefs," and "control beliefs" are the three parts of Icek Ajzen's theory of planned behavior (TPB), which he first suggested. They describe the fundamental assumptions held by the users regarding the results of their activities, the involvement of other outside parties, and their level of control over the behavior's outcome. An individual's actual conduct is greatly influenced by their behavioral beliefs, often known as their attitude. The likelihood of actual performance rises if the predicted outcome is pleasant and is approached with a positive mindset. The other outside interferences are deemed to constitute nominative beliefs. The emphasis that the person accords to these other parties' expectations is a crucial truth (Hewavitharana et al., 2021).

The recently included variable, "perceived behavioral control," measures how much a person thinks they have control over a certain activity. Self-efficacy and controllability are the two components of this perceived behavioral control. Self-efficacy relates to the level of difficulty necessary to carry out the behavior or the likelihood that one will be successful in doing so. The ability to be controlled by outside forces is referred to as controllability. There is a high likelihood that someone will carry out that particular task if they have the authority to direct how the behavior is carried out and greater secrecy over the outcome of the behavior (Hewavitharana et al., 2021).

2.2.2 The Winner's Curse Hypothesis

Rock (1986) "winner's curse" theory is a significant explanation for the underpricing of IPOs. Since an offering price and a more-or-less set number of shares are sold, rationing will happen if demand is unexpectedly high. Rationing by itself does not result in underpricing, but if some investors have less information than others, they will fare worse. The model assumes that issuing corporations are unable to predict the market price precisely. For the sake of simplicity, researcher divides all investors into two categories: those who are fully aware and those who are absolutely ignorant of the future market value of the shares being sold. According to the model, knowledgeable investors will only try to purchase stock when it is offered at a discount.

On the other hand, uninformed investors do not know whether issues will be overpriced or underpriced, so they will receive all of the least desirable new issues while receiving only a portion of the most desirable new issues. They are subject to the winner's curse, which states that if they obtain all of the shares they seek, it will be because the informed investors do not desire the shares. When faced with this issue of adverse selection, ignorant investors would only place purchase orders if, on average, IPOs were underpriced enough to make up for the bias in new issue allocation.

2.2.3 The Cascades Hypothesis

Welch (1992) proposed an equilibrium model in which he contends that "cascades" affect the IPO market. Under this approach, potential investors consider whether other investors are making purchases in addition to their own knowledge about a new subject. Even if he possesses good information, an investor may opt not to buy if he observes that no one else

wants to buy. To avoid this, an issuer may seek to underprice a security to entice the first few prospective buyers to purchase it and to create a cascade in which all succeeding buyers desire to purchase it regardless of their private information.

Positively-sloped demand curves can be produced when the Welch (1992) cascades model is used in conjunction with the dynamic information acquisition explanation (Benveniste & Spindt, 1989). If regular investors provide positive feedback, the offering price is increased. Some investors properly assume that these offerings will be underpriced since they are aware that this will only be a partial adjustment. As a result, these additional investors will desire to buy more shares, creating a demand curve with a positive slope. Investors' conclusions, however, will alter if a specific underwriter takes advantage of them. In other words, the track record of an underwriter will have an impact on the assumptions that investors make in an intertemporal equilibrium.

2.3 Empirical review

Karki et al. (2024) explored the critical issue of inadequate research policies concerning the growing interest in initial public offerings (IPOs) in Nepal. The study aimed to examine the complex dynamics influencing IPO investment decisions and over-subscription perceptions among Nepalese investors. Employing a quantitative research design, the researchers administered a structured questionnaire to 150 respondents and utilized a theoretical framework incorporating firm-specific and general factors, as proposed by Velmurugan et al. (2015). The findings revealed that factors such as the corporate profile, financial position, IPO size, short-term returns, market rumors, goodwill, and sector performance significantly impacted IPO investment decisions. Furthermore, the study highlighted that investors prioritized a company's financial health, corporate reputation, and potential for short-term returns while making IPO-related decisions. These findings underscored the importance of a robust financial position for achieving both short-term and long-term investment gains, aligning with insights from Ferdous et al. (2021). The study provided valuable contributions by facilitating better-informed investment decisions, enhancing the attractiveness of IPO.

Bukalska et al. (2023) evaluated "Institutional Investors' Response to Earnings Management Before Initial Public Offering in Poland". The purpose of the research was to examine the relationship between institutional investors' decisions to purchase or refrain from purchasing

shares offered in initial public offerings (IPOs) and the employment of accrual-based and real earnings management strategies before the firm goes public. 258 Polish new stock businesses from the years 2005 to 2020 make up the sample for this study. The result of this research showed that these businesses avoided significant real and accrual-based earnings management throughout the pre-IPO period. The participation of institutional investors in the IPO, however, appears to be linked to an increase in selling, general, and administrative costs, which in turn contributes to profit inflation. This research also adds to the conversation about institutional ownership's function in the Central and Eastern European IPO process.

Duong et al. (2022) analyzed relationship between democracy and IPO underpricing. In his paper titled "Democracy and the Pricing of Initial Public Offerings Around the World," The study included 23,050 IPOs from 45 different countries. The study found that the effect of democracy on underpricing was weaker for IPOs audited by the Big 4 auditing firms, supported by venture capital firms, and with better disclosure of the specific use of proceeds. Democracy exerted a larger influence on underpricing for firms with higher agency problems, in countries with weaker institutional quality or shareholder protection, and during periods of high investor sentiment or economic policy uncertainty. Overall, this result highlighted the importance of democracy in reducing IPO underpricing around the world.

Tamang (2022) examined the "Investment Decision Behavior of Nepalese Investors in Initial Public Offerings". This study's primary objective was to investigate how Nepalese investors make investment decisions when investing in initial public offerings (IPOs). The study was qualitative in nature, and semi-structured interviews were used to get insight into the investing choices of six young Nepalese investors. By using interpretative phenomenological analysis, it has become possible to comprehend how a particular person in a particular situation interprets a particular experience. The results show that investors are not influenced by psychological biases since they do not 'crowd' on the information. Instead, it was discovered that investors are influenced by the overconfidence bias because they overestimate their investment abilities. Further qualitative research can be done on the secondary market to understand the financial environment and learn how investors behave when investing in a riskier and more volatile market because this study has only focused on IPOs, or the primary market.

Gnawali (2020) assessed " Perception of Investors Towards Initial Public Offering (Ipo) in Nepal: With Reference to Kathmandu District". The objective of this research was to examine the perception of investors towards IPOs, analyze the relationship between different factors (quality management, company goodwill, company performance, company sector, and market information) and investment decisions, and examine the impact of such factors on investment decisions in IPOs. This research used primary data. 290 respondents with connections to five distinct brokerage businesses in the Kathmandu district were the source of the data. The favored statistical method in SPSS for analyzing relationships between variables and the effects of various factors on investment decisions (dependent variables) was inferential analysis. This research found that prior to making an investment decision in an IPO, quality management, company goodwill, performance, company sector, and market intelligence are the most important considerations.

Ruby and Narsis (2020) argued that every person should invest in order to meet their financial needs in the future. Each person has a different reason for saving money. Not all depositors are investors. Each investor has a different perspective on investing. It is a crucial factor in determining how people behave. The strategy produces the intended behavior or activity. People pick up attitudes from a variety of sources, so it's not necessary for them to be born with investment knowledge. Direct experience with the family, peer groups, community, economic status, occupation, and mass media is a key component of developing attitudes. Hence, an established method of thinking can be used to describe attitude. They may be aimed either positively or negatively against certain people, organizations, or services. They may be either positive or negative, directed towards certain people, institutions, or services. This research paper reveals individual investor behavior in the Indian capital market.

Gurung (2020) examined "Initial Public Offering Investment: The General Investor's Perspective." The objective of this study was to investigate general investors' perspectives on their IPO investments in the primary market. The study from Pokhara City used judgmental sampling to get the opinions of 109 general investors who actively participated in the primary market. According to this research, the most popular industries for purchasing common stocks on the primary market with the hope of receiving long-term gains are banking and

finance, followed by hydropower. Male and female investors have very different perspectives on the risk and reward of IPO investments. The study also discovered that the size of the company issuing IPOs, followed by government policy pronouncements, are the main factors influencing IPO return and risk among investors. The main justification for corporations to issue IPOs is to raise paid-up capital for business expansion, whereas the least important justification is to provide an exit strategy for current shareholders.

Bhatta (2019) analyzed the "perception of investors towards initial public offerings (IPOs) in Nepal". A researcher claimed that investment in the stock market encourages mobilization, which supports the growth of the economy. Through the acquisition of initial public offerings, investment in shares will begin on the primary market and continue on the secondary market. The Nepal Stock Exchange allows investors to acquire and sell their existing shares at market value. Every year, Nepal raises billions of dollars through initial public offerings. Investors from Nepal appear to be quite drawn to the IPO market. This study examined how investors in Nepal perceived initial public offerings (IPOs). The study's primary objective was to examine investor perceptions of initial public offerings (IPOs), analyze the relationships between various factors (such as quality management, company goodwill, company performance, company sector, and market information), and determine how these factors affect investment decisions. The research mostly uses first-hand information. 145 respondents with connections to five distinct brokerage firms in the Kathmandu district served as the data source. In SPSS, it was preferable to do descriptive and inferential analyses using statistical tools like the mean and standard deviation. Analyzing the link between variables and the effects of various factors on investment decisions (dependent variables) also employed correlation and regression analysis. The research found that prior to making an investment decision in an IPO, quality management, company goodwill, performance, company sector, and market intelligence are the most important considerations.

Yalcin and Ünlü (2018) analyzed "A multi-criteria performance analysis of initial public offering (IPO) firms using CRITIC and VIKOR methods". Researchers claimed that initial public offerings (IPOs) are important turning points in a company's financial strategy, so this study aimed to assess how well IPOs performed using a variety of metrics, including accounting-based performance (ABP), value-based performance (VBP), and overall

performance (OP), both before and after the IPO. Therefore, in order to assist shareholders in understanding how their performance changes under the various metrics, we provide two combined techniques based on a compromise MCDM method, VIKOR, and objective weighing methods, CRITIC and MW (mean weight). Since the VIKOR-proposed compromise solution (one or a set) heavily depends on the weights of the criteria, VIKOR-CRITIC can display more accurate findings thanks to the variable weights that CRITIC gave the criteria. To assess the success of Turkish IPOs based on ABP, VBP, and OP metrics utilizing integrated techniques, a case study is conducted in this paper by the researcher. The findings indicated that, before making any investment decision, investors may use the compromise solution results provided by VIKOR-CRITIC as a guide to help them make more profitable judgments.

Lowry et al. (2017) evaluated "Initial public offerings: A synthesis of the literature and directions for future research". The researcher claimed that both the academic and regulatory communities have various concerns about the IPO process as a result of the decline in the number of companies going public in recent years. It is crucial to comprehend the dynamics underpinning the IPO process as we all work to comprehend these market shifts. Private companies may logically opt for alternative means of raising money if the process of going public is too expensive or the IPO mechanism is beset by too many conflicts of interest among the many middlemen. In a similar spirit, it is crucial that new rules do not only draw their inspiration from studies that only consider big, more established companies. Newly public companies have distinctive traits, and a better knowledge of these problems can help the public markets run smoothly and the entrepreneurial sector expand. This research also gave a thorough overview of how to get reliable data sources to compile an IPO sample suitable for research. In relation to this, we tabulate significant updates to these common data sources.

Hawaladar et al. (2017) studied "pricing and performance of IPOs: evidence from the Indian stock market." This study analyzed both the initial pricing and long-term performance of IPOs. As a result, the study's objectives were to determine the listing day performance (underpricing) of IPOs in India, to analyze the listing day performance of book-built and fixed-price IPOs separately, and to determine the post-listing aftermarket performance of

book-built and fixed-price IPOs separately. For the study, a sample of 464 initial public offerings (IPOs) (365 book-built IPOs and 99 fixed-price IPOs) that occurred during the financial years 2001 and 2011 was chosen. The 15-year study period ran from the fiscal year 2001 to 2015. The sample was limited to initial public offerings (IPOs) that were required to list on the Bombay Stock Exchange (BSE). Daily share prices were obtained from CMIE-company Prowess's database. The study looked at the performance of book-built and fixed-price IPOs on the listing day as well as their post-listing aftermarket performance in the Indian stock market. The study looked at 464 Indian IPOs that went public between 2001 and 2011 (365 book-built IPOs and 99 fixed-price IPOs), looking at pricing as well as long-term performance. The study spans a period of 15 years, from 2001 to 2015. The results of the analysis show that book-built IPOs were underpriced less significantly than fixed-price IPOs. Also, book-built IPOs had negative cumulative average abnormal returns (CAARS) up to five years and beyond, while fixed-price IPOs' negative CAARS changed to positive after one and a half years and stayed that way moving forward.

Pradhan et al. (2016) examined "The performance of the initial public offering (IPO) in the Nepalese stock market." The performance and influencing factors of IPOs in the Nepalese stock market are examined in this study. The parameters chosen for the IPO include the subscription rate, issue size, firm size, issue manager's repute, and market conditions, which are taken as independent variables. An important variable is the initial return. The performance of initial public offerings on the Nepalese stock market is evaluated using secondary sources of data. Based on 61 businesses over the years 2005–2011, the study To determine the significance and importance of the initial return in the Nepalese stock market, regression models are estimated to be used. The outcome demonstrated that the first return is positively impacted by IPO characteristics, including firm size, issue management reputation, subscription rate, and market conditions. It suggests that the initial return would be higher the larger the firm. Similar to this, the first return would be higher the more reputable the issue manager. Similar to how higher subscription rates result in better initial returns. The outcome shows that the first return would be higher the more favorable the market conditions. The study also suggested that there is a negative correlation between issue size and initial return, suggesting that the initial return would be lower the larger the issue size. In contrast, the beta coefficient is negative and significant for issue size and initial return. The beta coefficient is

positive and significant for firm size, reputation of the issue management, subscription rate, market condition, and initial return.

Pandey (2015) studied "public response to primary issue of shares in Nepal" with the following goals in mind: identifying the issues with the primary share issue market, gauging the market's growth, examining the public's response pattern, and determining the causes of variation. Because there were few chances for investment in other industries, Researcher expressed his conclusion as follows: "Public response in the primary market was high." No accurate investment analysis was conducted. Despite this, people were more drawn to shares than other industries, mostly because they would grow the value of their investments, whether it be through dividend capital gains or bonus shares. It was observed that the public's response to important issues in the manufacturing and service sectors was typically higher than that of the banking and financial sectors. Interest rates were higher than dividend yields between 2005 and 2008, public firms underperformed, and a lack of awareness of the value of investing in shares was one of the main causes of the poor response. Now that consumers were informed and more money was moving through the market, they could see that most companies were paying dividends, share prices were rising for most companies, and there weren't any better investment options. The reaction was quite favorable. Since average interest rates have decreased, investing in stocks can now yield higher returns.

Nagtilak and Kulkarni (2015) evaluated 'A Study on Investors Perception towards Initial Public Offerings in Mumbai'. The main objective of this research was to study investors' perceptions towards initial public offerings in Mumbai. Whether an IPO is a risky investment or not A researcher claimed that the most amazing thing that can happen to a company is its initial public offering. "Being public" is just as significant for any firm as "going public." Typically, small and new businesses that need money to grow their operations issue initial public offerings (IPOs), but occasionally large businesses will also do so for the purpose of going public. For any business, going public is a highly important choice. It fundamentally alters how the corporation conducts business. Compared to a private corporation, a public company has access to more financing sources. However, offering an IPO or going public is an extremely laborious and time-consuming procedure for any company. A company always goes to the bank first if it needs money. However, there are situations when banks may not be

able to lend large sums of money for an extended period of time. The best option to raise money in this situation is through a share offering. It is a company's initial public offering of stock or securities. The result of this research was that IPOs are no longer risky investments, as SEBI is playing a very important role in regulating the risk and financial aspects of investors. As per our findings, IPOs give returns of up to 10% to 20% to 88 percent of total investors; hence, IPOs can be considered a good investment option.

Karki (2011) examined "Raising Funds Through Initial Public Offerings in Nepal". The main objective of this research was to assess the growth of IPOs, analyze the procedure and mechanism of IPOs, and explore the pattern of public response to IPOs. Descriptive statistics and a correlational research design have been used to find out the objective of this research. This research demonstrated that the capital market in Nepal is still in its infancy. Since the majority of Nepal's population lacks enough knowledge of the primary market but still wants to invest their money there, most securities are issued in excess of demand. It is a promising omen for the primary market's expansion. As a result, the majority of businesses only issue common stock; bonds, preferred shares, and convertibles are infrequently used, while options and warrants are still uncommon. This demonstrates how common stock dominates the securities market.

Kutsuna et al. (2009) evaluated "Public information, IPO price formation, and long-run returns: Japanese evidence". The objective of this study was to evaluate public information and IPO price formation. In this research, researchers looked at the pricing of 487 book-built JASDAQ IPOs and studied how prices are formed, going all the way back to preliminary pricing, which takes place after the beauty pageant but before the roadshow. The information enables researchers to investigate elements of the price formation process that are not visible when solely considering US offers. The researcher investigated the factors that influence price changes from the original price to the filing range and from the filing range to the offer price, as well as the connections between initial returns, long-term returns, and price changes. Researchers discovered that IPO prices are under-adjusted in comparison to information that was made available to the public at least four months prior to the sale. The IPOs with the largest initial returns had the lowest JASDAQ-adjusted returns during the following year, after accounting for other factors. The research suggested that earlier tacit agreements among

the pertinent participants in the offering, including the issuer, the underwriter, and the investors, limit price adjustments.

Vaidya (2010) conducted a study on "stock market movements and behavior" finding that profitability, dividends, bonuses, and right share declarations by listed companies played a significant role in the overall NEPSE index movement. Investors were showing dividends behind the NEPSE movement, but the amount of the dividend was too small vis-à-vis the market price of shares from the primary data analysis. The national political situation had been the major factor in the market movement in The study found the mid-July effect under the month-of-the-year effect in the Nepalese stock market. Similarly, he discovered that due to the day-of-the-week effect, Tuesday was always the bearish day for the Nepalese stock market. Finally, he concluded that Nepalese investors' behavior toward the stock market had been labeled "irrational exuberance."

Edelen and Kadlec (2005) examined "Issuer surplus and the partial adjustment of IPO prices to public information". This paper provided and evaluated a theoretical justification for the well-established observation that waiting-period market returns only partially affect IPO price revisions. A researcher claimed that by balancing the offer proceeds conditional on deal success against the likelihood of deal success, rational issuers optimize the projected surplus from going public. The issuer seeks a higher success chance when market valuations increase while the transaction is waiting. By merely partially changing the offer price, this is accomplished. Numerous predictions of the model are confirmed by fresh empirical studies, in addition to describing other stylized occurrences such as unconditional underpricing and hot-button markets. For instance, sample truncation bias occurs in empirical evaluations of IPO pricing due to the projected relationship between withdrawal likelihood and waiting-period market returns. The frequently noted asymmetry in offer prices' reactions to positive and negative market returns vanishes when that bias is taken into consideration.

Rajan and Servaes (1995) assessed "the effect of market conditions on initial public offerings". The objective of this research was to evaluate the effect of market conditions on initial public offerings. In the study, a straightforward model is built that depicts the evolution of two market conditions over time: investor sentiment, or demand that is not price-sensitive, and feedback trader risk, or the propensity of investors to follow trends. The

model demonstrated that these circumstances partially account for the three IPO market anomalies of underpricing, windows of opportunity for new offerings, and long-term underperformance. A sample of firm commitment IPOs from the years 1975 to 1987 is used to test the model. The research revealed that the predictions of the model are largely borne out in the data.

Table 1
Summary of Empirical Review

S.N.	Researcher	Article/ Thesis	Objective	Methodology	Finding
1	Karki et al. (2024)	Investment Decisions in Initial Public Offerings and Over-Subscription Perceptions Among Investors	To examine the dynamics of IPO investment decisions and over-subscription perceptions among Nepalese investors	Quantitative research design using a questionnaire administered to 150 respondents	Factors like corporate profile, financial position, IPO size, short-term returns, market rumors, goodwill, and sector performance significantly influenced IPO investment decisions.
2	Bukalska et al. (2023)	Institutional Investors' Response to Earnings Management Before Initial Public Offering in Poland	To analyse the association between the use of accrual-based and real earnings management practices before the company goes public and the decision of institutional investors on buying or refraining from buying shares offered in initial public offering (IPO).	Descriptive statistics and Multiple regression	The presence of institutional investors in the IPO is related to earnings inflation (selling, general and administrative expenses). Our study contributes to the debate on the role of institutional ownership in the IPO process in Central and Eastern Europe.
3	Duong et al. (2022)	Democracy and the Pricing of Initial Public Offerings Around the World	To analyze relationship between democracy and IPO underpricing	Univariate analysis and Regression analysis	There is importance of democracy in reducing IPO underpricing around the world.
4	Tamang (2022)	Investment Decision Behaviour of	To explore the investment decision behaviour of Nepalese	Interpretative phenomenological analysis	Investors are not influenced by psychological biases since they do not 'crowd' on

S.N.	Researcher	Article/ Thesis	Objective	Methodology	Finding
5	Gnawali (2020)	Nepalese Investors in Initial Public Offerings Perception Of Investors Towards Initial Public Offering (Ipo) In Nepal: With Reference To Kathmandu District	investors in Initial Public Offerings (IPOs). To examine perception of investor towards IPO, to analyze the relationship between different factors (Quality management, Company Goodwill, Company performance, Company sector and Market information) and investment decision and to examine the impact of such factors on investment decision in IPO.	Descriptive statistics and correlational research design	the information. Quality management, Company goodwill, Company performance, Company sector and Market information are the highly considerable factors before making investment decision in IPO.
6	Ruby & Narsis (2020)	Investors attitude towards insurance – evidence from visakhapatnam	To understand that the insurance industry has both economic and social purpose and relevance. It provides social security and individual welfare.	Chi-Square Test	Individual investor behavior are attracted Indian capital market.
7	Gurung (2020)	Initial Public Offering investment: The general investors' perspective	To investigate general investors' perspectives on their IPO investments in the primary market	Descriptive Research Design	size of the company issuing IPOs, followed by government policy pronouncements, are the main factors influencing IPO return and risk among investors.
8	Bhatta (2019)	Perception of Investors towards Initial Public Offering (IPO) in Nepal	To examine perception of investor towards IPO, to analyze the relationship between different factors	Correlational research design	Quality management, Company goodwill, Company performance, Company sector and Market information are the highly considerable factors before making investment decision in IPO.

S.N.	Researcher	Article/ Thesis	Objective	Methodology	Finding
9	Yalcin & Ünlü (2018)	A multi-criteria performance analysis of Initial Public Offering (IPO) firms using CRITIC and VIKOR methods	To evaluate performance of IPOs using multiple measures including accounting-based performance (ABP), value-based performance (VBP) and overall performance (OP) in the pre-and post-IPO periods.	Mix of a compromise MCDM method-VIKOR	The compromise solution results obtained by VIKOR-CRITIC may be a guideline for investors in making more profitable investment decisions before leaping into any investment decision.
10	Lowry et al. (2017)	Initial public offerings: A synthesis of the literature and directions for future research	To provide an overview of the IPO literature since 2000.	Explanatory Research Design	Newly public companies have distinctive traits, and a better knowledge of these problems can help the public markets run smoothly and the entrepreneurial sector expand. Book-built IPOs were underpriced less significantly than fixed-price IPOs. Also, book-built IPOs had negative cumulative average abnormal returns (CAARS) up to five years and beyond, while fixed-price IPOs' negative CAARS changed to positive after one and a half years and stayed that way moving forward.
11	Thonse et al. (2017)	Pricing and performance of IPOs: evidence from the Indian stock market.	To analyze both the initial pricing and long-term performance of IPOs.	Quantitative Research Design	Book-built IPOs were underpriced less significantly than fixed-price IPOs. Also, book-built IPOs had negative cumulative average abnormal returns (CAARS) up to five years and beyond, while fixed-price IPOs' negative CAARS changed to positive after one and a half years and stayed that way moving forward.
12	Pradhan et al. (2016)	Performance of the initial public offering (IPO) in the Nepalese Stock Market	To examine the performance and determining variables of IPOs of Nepalese stock market.		There is a positive impact of IPO factors (firm size, reputation of issue manager, subscription rate and market condition) on initial return.

S.N.	Researcher	Article/ Thesis	Objective	Methodology	Finding
13	Pandey (2015)	Public response to primary issue of shares in Nepal	To identify the issues with the primary share issue market, gauging the market's growth, examining the public's response pattern, and determining the causes of variation.	Descriptive statistics	Public's response to important issues in the manufacturing and service sectors was typically higher than that of the banking and financial sectors.
14	Nagtilak & Kulkarni (2015)	A Study on Investors perception towards initial public offering in Mumbai	To Study on Investors perception towards initial public offering in Mumbai Whether IPO is risky investment or not	Descriptive Research Design	IPO is no more risky investment as SEBI is playing very important role in regulating the risk and financial aspects of the investors. As per our finding IPOs gives returns up to 10% to 20% to 88 of total investors hence IPO can be consider good option for investment.
15	Karki (2011)	Raising Fund through Initial Public Offering in Nepal	To assess the growth of IPOs, analyze the procedure and mechanism of IPOs, and explore the pattern of public response to IPOs.	Descriptive statistics and correlational research design	The majority of Nepal's population lacks enough knowledge of the primary market but still wants to invest their money there, most securities are issued in excess of demand.
16	Kutsuna et al. (2009)	Public information, IPO price formation, and long- run returns: Japanese evidence	To evaluate the public information, ipo price formation	Descriptive Statistics, Z test	IPO prices are under-adjusted relative to public information that extends back at least four months before the offer. Controlling for other factors, the IPOs with the highest initial returns have the lowest JASDAQ-adjusted returns over the year after the IPO. Profitability, dividends, bonuses, and right share declarations by listed companies played a significant role in the overall NEPSE index movement.
17	Vaidya (2009)	Stock Market in Nepal: Movements & Behaviors	To analyze the stock market movements and behavior	Descriptive statistics and correlational research design	

S.N.	Researcher	Article/ Thesis	Objective	Methodology	Finding
18	Edelen & Kadlec (2005)	Issuer surplus and the partial adjustment of IPO prices to public information	To evaluate a theoretical justification for the well-established observation that waiting-period market returns only partially affect IPO price revisions.	Heckman Two-Step Selection Correction Estimation	Sample truncation bias occurs in empirical evaluations of IPO pricing due to the projected relationship between withdrawal likelihood and waiting-period market returns. There clearly is enormous scope for improvement -- in examining the robustness of the kinds of proxies used, in refining the institutional details of the model, in providing more detailed evidence (and perhaps more rational explanations) of this kind of irrational behavior, and in explaining why this behavior varies with time.
19	Rajan & Servaes (1995)	The effect of market conditions on initial public offerings	To evaluate the effect of market conditions on initial public offerings	Explanatory Research Design	

2.4 Research Gap

Gurung (2020) examined the influence of company size and government policy on IPO returns and risk. This study highlighted the significance of company size and government policy as factors influencing IPOs. While this research sheds light on IPO returns and risk, there's a research gap related to the specific variables that underlie public perception and investment behavior. Bhatta (2019) explored the perception of investors toward IPOs in Nepal. By considering quality management, company goodwill, performance, company sector, and market intelligence, this study emphasized the importance of these factors. It aligns with the focus of the current study but falls short of addressing the most recent perceptions and utilizing a combination of research methods. Pradhan et al. (2016) delved into IPO performance and the influencing factors in the Nepalese stock market, including subscription rate, issue size, firm size, issue manager's repute, and market conditions. This study provides insight into the performance aspect of IPOs but does not directly address the latest perceptions or explore the public's decision-making process

Hawaldar et al. (2017) investigated both initial pricing and long-term performance of IPOs and compared book-built IPOs to fixed-price IPOs. This research provides insights into pricing and performance but doesn't delve into factors affecting public perception and

decision-making regarding IPO investments. Lowry et al. (2017) offered a synthesis of the literature and directions for future IPO research, highlighting concerns in the academic and regulatory communities. This study emphasizes the need for ongoing research to address the evolving landscape of IPOs, supporting the time gap identified in the current study. Yalcin and Ünlü (2018) discussed the importance of IPOs in a company's financial strategy, emphasizing their pivotal role. However, this study doesn't delve into the factors shaping IPO perception and investment behavior.

Dhakal (2021), one of the few recent studies, supported the positive relationships between quality management and public perception and affirmed the significance of quality management. However, the context gap remains, as it primarily focuses on the Nepalese stock market, and it doesn't explore a combination of variables or research methods. Poudel (2021) contributed to the understanding of the public's perception of IPOs by emphasizing the role of quality management. Still, there's a need for more recent research to provide the latest insights into investor behavior and perceptions regarding IPOs. Gnawali (2020) examined the perception of investors towards IPOs in Nepal, similar to Bhatta (2019). However, it also falls short of addressing the identified research gaps.

The comprehensive review of existing literature reveals several notable gaps in previous research on Initial Public Offerings (IPOs) in Nepal. These gaps encompass time, context, variables, and methodologies, collectively suggesting the need for a fresh examination of the subject. This present study endeavors to address these identified research gaps by providing the most up-to-date insights, capturing the public's perceptions up to 2023. Furthermore, it hones in on specific variables, quality management, company goodwill, company performance, company sector, and market information, that have not been comprehensively studied in the context of the Kathmandu Valley. This study encompasses a sample size of 385 respondents and employs a research design that combines descriptive statistics and causal comparative methods, offering a robust framework for exploring the multifaceted dynamics of IPO investments. As such, this study stands as a noteworthy contribution to the literature by bridging these research gaps, expanding the understanding of IPO investments in Nepal, and fostering a more informed investor landscape.

CHAPTER III

RESEARCH METHODOLOGY

In order to achieve the objectives of the study, a specific method of research has to be used. This chapter is, therefore, committed to describe the methods used for carrying out the research. It covers the research design used, the population and sample, the sampling process, data sources, data collection procedures, and the analytical tools used to analyze the data and develop the relationship between the different variables involved.

3.1 Research Design

A research design is the arrangement of conditions for collection and analysis of data in such a manner that tries to combine relevance to the research purpose with ease and economy in procedure. Research design is the conceptual framework through which the research is conducted. Research design is the blueprint or road map for data collection, measurement, and analysis. It is the heart of any study.

A descriptive research design will be used in this research, which is also called statistical research. The goal of descriptive research is to accurately and thoroughly describe a population, situation, or phenomenon. In this study, the researcher used a descriptive research design to determine the status of public perception towards IPOs and factors that might affect investors' decisions regarding investing in an initial public offering.

In addition to the descriptive research design, the researcher used causal comparative research design to find out the relationship. Causal comparative research, is a type of research that evaluates and determines whether different factors have certain level of relationship and impact. Since many alternative factors can contribute to relationships, researchers design experiments to collect statistical evidence of the connection between the situations. Hence, Researchers used causal comparative research to find out the impact of independent variables on independent variables.

3.2 Population and Sample, and Sampling Design

The total population of the Kathmandu Valley, as of the latest data from the Central Bureau of Statistics (CBS, 2024), stands at 1,571,000 individuals. From this considerable population, a carefully chosen sample size of 385 was selected for this study. The method employed for

this selection is convenience sampling, where each sample was chosen based on the researcher's discretion for ease of access and data collection. The sample encompassed both the general public and professional researchers, drawing from a wide spectrum of individuals working in government offices, households, private organizations, students, self-employed individuals, and daily laborers. This diverse selection strategy aimed to capture all dimensions and characteristics of the population. Consequently, a total of 385 respondents, all of whom are engaged in investing in Initial Public Offerings (IPOs), were included in this study, covering the entirety of the Kathmandu Valley's demographic landscape.

3.2.1 Sample Size Determination

The target population of this study is very large and unknown, for a large and unknown population, Cochran (1963:75) developed following equation that yields a representative sample for proportions.

$$n_0 = \frac{z^2 pq}{e^2}$$

Where, n_0 is Sample size, z^2 is the abscissa of the normal curve, p is proportion of success, q is proportion of failure ($q=1-p$) and e^2 is the margin of error which is taken as 5%. The Cochran formula yielded a sample size of 384.16, thus the researcher decided to use a total of 385 samples for this study.

3.3 Nature and Sources of Data, and the Instrument of Data Collection

The data used in this study has a quantitative nature, and primary sources of data have been employed. The primary data collection method relied on a structured questionnaire survey. Prior to data collection, the questionnaire underwent a rigorous review by research supervisors, specialists, professionals, and individuals experienced in similar research. This step aimed to refine and ensure the clarity, accuracy, and appropriateness of the questions, ultimately reducing the risk of misinterpretation. The questionnaire has employed a Likert-based format with closed-ended questions that has been adopted from Paudel (2021). It has been administered to the sampled respondents, totaling 385 individuals. The survey method has involved personal visits and online distribution through channels like email and social media. The respondents have been informed of the voluntary and non-obligatory nature of their participation. The data collection process has been efficient, with some respondents

completing the questionnaire on the spot, while others have returned it within two to four days of distribution.

The questionnaire has been divided into two distinct parts. The first segment has captured the demographic profiles of the respondents, encompassing information such as gender, age group, academic qualifications, and their history of investment in IPOs. The second part has comprised 30 questions designed to assess the status of both independent and dependent variables. These questions have featured closed-ended formats with responses measured on a five-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5). The questionnaire's design has prioritized brevity, ensuring that respondents could complete it in under 15 minutes. Upon completion, the data has been analyzed item by item or through the summation of item responses when necessary. This approach has allowed for easy coding, data treatment, and interpretation of the collected data, contributing to the research's efficiency and reliability.

Table 2

List of Questionnaire

Category	List of Questions
Demographic Profile of Respondents	6
Quality Management (QM)	7
Company Goodwill (CG)	7
Company Performance (CP)	7
Company Sector (CS)	7
Market Information (MI)	7
Public Response on Investment in IPO (PR)	7

3.4 Method of Analysis

After the completion of the data collection, the collected information was edited, coded, categorized, and properly recorded in Microsoft Excel 2019 and SPSS Version 25. The data was processed in a manner so that it was accurate and consistent with the intent information obtained. The main purpose of data analysis in this study was to know the people's perception towards initial public offering in Nepalese market and its relationship with independent variables. Therefore, this section deals with statistical models to be used for the

purpose of analysis of primary data, including statistical tests such as, mean, standard deviation, correlation and regression.

Following were the different methods of data analysis that have been used in the study.

1. Descriptive statistics: The demographic characteristics of the respondents were explained using descriptive statistics. The status of public response towards IPO and factors that affect the investing in IPO is determined with the help of descriptive analysis such as mean, standard deviation, minimum, and maximum.
2. Correlation: Karl Pearson Correlation Coefficient has been used to find out the relationship between dependent and independent variables.
3. Regression analysis: Regression analysis is the collection of statistical procedures used to identify the impact of independent variables on dependent variables. The regression model used in the study is given as

$$PR = \alpha + \beta_1 QM + \beta_2 CG + \beta_3 CP + \beta_4 CS + \beta_5 MI + E \dots \dots \dots \text{Eq1}$$

Where,

PR= Public Response on Investment in Initial Public Offering

QM = Quality Management

CG= Company Goodwill

CP = Company Performance

CS = Company Sector

MI = Market Information

E = Error Term

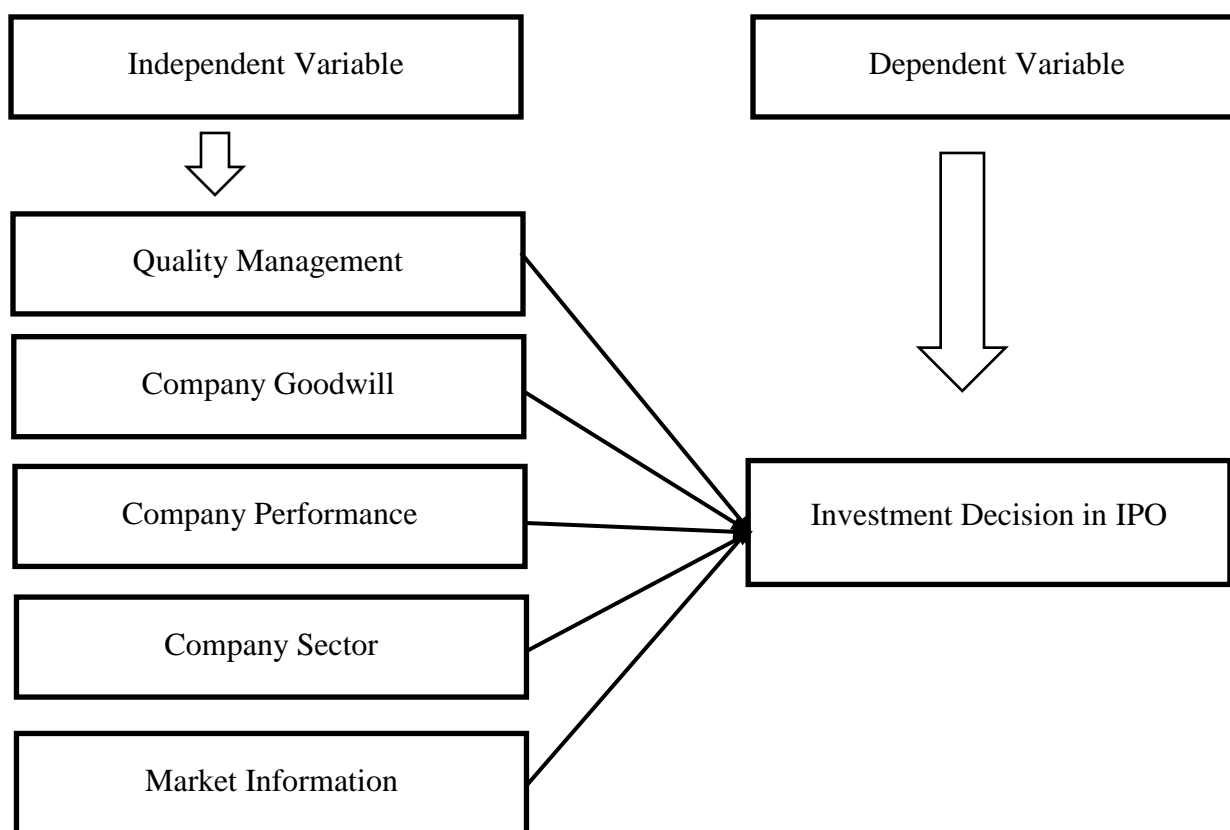
α = Intercept term

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Coefficients

3.5 Research Framework and Definition of Variables

A research framework is an analytical tool that comes in a variety of aspects and contexts. It primarily explains the research process and grounds. The conceptual framework's overarching goal is to make research findings more meaningful, acceptable to theoretical constructs in the research field, and generalizable. In this study, the researchers included five independent variables and one dependent variable. Independent variables taken for the study

are quality management, company goodwill, company performance, company sector, and market information, while the dependent variable includes public perception.



Source: Gnawali (2020)

Figure 1. Conceptual Framework of Study

Operational definition of variables are as follows.

Quality Management:

Quality Management is a business concept that promotes the notion that a company's long-term success is derived from customer pleasure and loyalty. Quality management mandates that all business stakeholders collaborate to enhance procedures, goods, services, and corporate culture (Gnawali, 2020).

Company Goodwill

Goodwill is an intangible asset connected to the acquisition of one business by another. In situations where the purchase price exceeds the total of the fair values of all tangible and

intangible assets acquired in the acquisition as well as the liabilities taken on during the process, goodwill is specifically recognized. Examples of goodwill include the value of a business's brand name, dependable clientele, positive consumer and staff feedback, and any patents or proprietary technology (Gnawali, 2020).

Company Performance

The financial and non-financial parts of an organization are combined to generate company performance. These elements can be examined to find areas for improvement and determine how successfully a company is carrying out its business strategy. The first stage in turning your company into an efficient machine is measuring company performance, which is why it is crucial. In spite of this, performance and success metrics are generally poorly understood across industries. Companies can acquire blind spots by focusing just on surface-level data, which can often be counterproductive to their own goals and prevent them from having the foresight needed to take the appropriate action (Gnawali, 2020).

Company Sector

The company sector includes manufacturing, commercial, or service enterprises that have the same main business (in respect to the classification of economic activities considered). The activity of a sector is therefore not homogeneous and includes secondary productions or services that would come under other items of the classification than that of the sector considered (Gnawali, 2020). In contrast, a branch includes homogeneous production units. In Nepal, the company sectors segregated by the Nepal Stock Exchange (NEPSE) are manufacturing, banking, hydropower, life insurance, non-life insurance, microfinance, Finance companies' mutual funds, hotels, etc.

Market Information

Marketing information includes all data (whether or not it is documented in documentary form or on computer disk or tape) pertaining to the profit or revenue, earning per share, and financial performance of any past, present, or future good or service of the company or any group company, including, without limitation, sales targets and statistics, market share and pricing statistics, marketing surveys and plans, market research reports, sales techniques, price lists, discount structures, advertising, and promotional materials. In a nutshell, market

information is information about a company's financial and non-financial performance that is floating on the market (Gnawali, 2020).

Investment Decision in IPO

Investment decision towards IPO means the sentiment and action and activities of all the public towards that subject matter. It includes financial aspects and nonfinancial aspects of organization. Public perception is a social phenomenon that can be seen as the distinction between an objective truth based on facts and a fictitious truth influenced by public opinion, media coverage, and/or reputation (Gnawali, 2020). The public's perception of the industry as a whole can make it much harder to put the right things into action, even while individual enterprises may endeavor to do the right things for the right reasons. In this study public perception is response and understanding of public towards initial public offering (IPO) investment.

CHAPTER IV

RESULTS AND DISCUSSION

In this chapter, the results of the research are presented and discussed. The findings of this study are outlined, and a comprehensive discussion is conducted, which involves comparing the results of this research with those of prior studies. This comparative analysis provides a valuable context for understanding the implications and significance of the current research outcomes within the broader academic landscape.

4.1 Results

In this section, the study presents a comprehensive analysis of its results, offering insights into how the public perceives investment decisions in Initial Public Offerings (IPOs). It begins by unveiling the demographic profile of the respondents, providing a foundational understanding of the characteristics that shape their investment perspectives. Moreover, the study delves into correlation analysis, uncovering relationships between various variables that shed light on how these factors intertwine and potentially impact investment choices. The application of regression analysis goes a step further in examining the predictive capabilities of these variables concerning IPO investment decisions, allowing for a more nuanced understanding of their influence.

Through this multifaceted analytical approach, the research not only elucidates the quantitative aspects of public perception but also unveils the intricate web of relationships and factors that underlie their investment choices. This section is instrumental in providing a holistic view of the study's findings and contributes to our understanding of how the public perceives investment decisions in the context of IPOs.

4.1.1 Demographic Profile of Respondents

The demographic profile of the respondents in this study provides a snapshot of the diverse characteristics that shape their investment decisions. It encompasses key factors such as gender, marital status, age group, education level, occupation, and the size of their investments in IPOs. This comprehensive profile not only aids in understanding the study's participants but also serves as a foundation for examining how these demographic variables may influence their investment choices. By delving into these demographics, the research

gains valuable insights into the multifaceted nature of investor behavior and the impact of these characteristics on their investment decisions.

Table 3

Demographic Profile of Respondents

Variables		Frequency	Percent
Gender	Male	214	55.58
	Female	171	44.42
	Total	385	100.00
Marital Status	Single	140	36.36
	Married	245	63.64
	Total	385	100.00
Age Group (in years)	Below 25	65	16.88
	25 to 40	199	51.69
	41 to 55	84	21.82
	Above 55	37	9.61
	Total	385	100.00
Education Level	SLC/SEE	22	5.71
	10+2	37	9.61
	Bachelors	199	51.69
	Masters or above	127	32.99
	Total	385	100.00
Occupation	Business	122	31.69
	Investor	74	19.22
	Farmer	32	8.31
	Service	79	20.52
	Students	78	20.26
Investment in IPO	Total	385	100.00
	Less than Rs. 10,000	71	18.44
	Rs. 10,000 to 20,000	72	18.70
	Rs. 25,000 to Rs. 50,000	79	20.52
	Rs. 50,000 to Rs. 100,000	87	22.60
	More than Rs. 100,000	76	19.74
Total	385	100.00	

Source: SPSS Output

The demographic profile of the study's respondents, as presented in Table 3, offers valuable insights into the characteristics of the surveyed individuals.

In terms of gender, the study encompassed 214 male respondents, constituting 55.58% of the total, and 171 female respondents, making up 44.42% of the total population of 385. In examining marital status, 140 respondents were identified as single, representing 36.36% of the total, while 245 respondents were married, accounting for 63.64% of the sample. Regarding age groups, the distribution was as follows: 65 respondents were below 25 years (16.88%), 199 respondents fell in the 25 to 40 years category (51.69%), 84 respondents were aged 41 to 55 years (21.82%), and 37 respondents were above 55 years (9.61%). In terms of education level, the participants were diverse, with 22 respondents having completed SLC/SEE (5.71%), 37 respondents holding a 10+2 qualification (9.61%), 199 respondents having a bachelor's degree (51.69%), and 127 respondents possessing a master's degree or higher (32.99%).

When considering occupation, the study encompassed various categories, with 122 respondents engaged in business (31.69%), 74 identifying as investors (19.22%), 32 being farmers (8.31%), 79 involved in service professions (20.52%), and 78 classified as students (20.26%). Finally, in terms of investment in IPO, 71 respondents indicated investments less than Rs. 10,000 (18.44%), 72 respondents fell in the Rs. 10,000 to Rs. 20,000 range (18.70%), 79 respondents invested between Rs. 25,000 to Rs. 50,000 (20.52%), 87 respondents invested between Rs. 50,000 to Rs. 100,000 (22.60%), and 76 respondents invested more than Rs. 100,000 (19.74%). These demographic insights provide a comprehensive understanding of the respondent population, which is essential for interpreting and contextualizing the study's findings.

4.1.2 Reliability Test

Cronbach's Alpha is a statistical measure employed to assess the internal consistency and reliability of a set of related items or questions, gauging how effectively these items measure the same underlying concept. A higher Cronbach's Alpha value signifies greater reliability, with values approaching 1.0 being more desirable.

Table 4
Reliability Test

Variables	Cronbach's Alpha	N of Items
QM	0.759	7
CG	0.752	7
CP	0.762	7
CS	0.749	7
MI	0.785	7
PR	0.780	7

The data in Table 4 presents the results of a reliability test, using Cronbach's Alpha, for several variables within the study.

In case of Quality Management (QM), the Cronbach's Alpha registers at 0.759, indicating a reasonably high level of internal consistency. This suggests that the items used to measure Quality Management are reasonably reliable. Company Goodwill (CG has Cronbach's Alpha value which stands at 0.752, which reflects a fairly high level of internal consistency. The items associated with Company Goodwill are deemed reasonably reliable. Company Performance (CP) has a Cronbach's Alpha of 0.762 is observed for Company Performance, which is relatively high. This implies good internal consistency and reliability among the items used to assess this variable. In case of Company Sector (CS), the Cronbach's Alpha value is 0.749, signifying a reasonably good level of internal consistency for the items pertaining to Company Sector. For, Market Information (MI), the Cronbach's Alpha value is 0.785, indicating a high level of internal consistency and reliability among the items measuring Market Information. On Public Response on Investment in IPO (PR) the Cronbach's Alpha value is 0.780 for Public Response on Investment in Initial Public Offerings, reflecting a high level of internal consistency and reliability for the items related to this variable.

Overall, these Cronbach's Alpha values, ranging from 0.749 to 0.780, are considered quite good. They suggest that the data collected for each variable demonstrates internal consistency, and the items used to assess each construct are reliable. This reliability is vital for ensuring that the data accurately represents the concepts under study, enhancing the credibility of the findings and conclusions drawn from the analysis.

4.1.3 Descriptive Statistics

Descriptive statistics were employed in this study to evaluate the public perception of various factors, including Quality Management, Company Goodwill, Company Performance, Company Sector, and Market Information, with regard to their impact on Public Response to Investment in Initial Public Offerings (IPO) in the Kathmandu Valley. These statistics provided valuable insights into the public's viewpoints, allowing for a comprehensive understanding of how these factors influence investment decisions in the IPO market within the specific geographical context of the Kathmandu Valley. The analysis encompassed means, standard deviations, and correlations, unveiling the varying levels of positivity and variability in these perceptions, which are crucial for both businesses and researchers seeking to comprehend and respond to the dynamics of IPO investment behavior in this region.

4.1.3.1 Summary of Descriptive Statistics

In this study, overall summary of descriptive statistics of public response towards IPO investment has been examined.

Table 5

Summary of Descriptive Statistics

Variables	N	Mean	S.D.
QM	385	3.53	0.709
CG	385	3.59	0.717
CP	385	3.63	0.721
CS	385	3.64	0.681
MI	385	3.56	0.753
PR	385	3.63	0.741

Source: SPSS Output

Table 5 provide more elaboration on each variable's descriptive statistics and what they reveal about the public's perception of the impact of Quality Management (QM), Company Goodwill (CG), Company Performance (CP), Company Sector (CS), Market Information (MI), and Public Response on Investment in Initial Public Offerings (IPO) (PR).

The data for Quality Management indicates that, out of 385 observations, the public's average perception of the quality management aspect concerning IPOs is moderately positive, with a

mean score of 3.53. The standard deviation of 0.709 suggests that there is a moderate degree of variability in the responses. This indicates that while the public generally views quality management favorably, there are varying opinions, contributing to the dispersion in the data.

Company Goodwill, with a mean score of 3.59 and a standard deviation of 0.717 based on 385 observations, indicates that the public's perception of a company's goodwill in the context of IPOs is slightly more positive than their perception of quality management. The standard deviation suggests that there is moderate variability in how different individuals view company goodwill, with some expressing more positive sentiments than others.

Descriptive statistics for Company Performance show a mean score of 3.63 and a standard deviation of 0.721. This indicates that the public's perception of a company's performance in the context of IPOs is generally positive. The standard deviation suggests moderate variability, which implies that while there's an overall favorable view of company performance, there are varying opinions among respondents.

Company Sector's descriptive statistics reveal a mean score of 3.64 and a standard deviation of 0.681. The public views the sector in which a company operates quite favorably in the context of IPOs. The lower standard deviation suggests that there is relatively low variability in the responses, indicating a more consistent perception among respondents regarding company sectors.

Market Information has a mean score of 3.56 and a standard deviation of 0.753. This suggests that the public's perception of the quality and availability of market information concerning IPOs is moderately positive, but with a higher degree of variability in their opinions. The larger standard deviation points to a wider range of views regarding market information.

Lastly, for Public Response on Investment in IPO, the mean score is 3.63, and the standard deviation is 0.741. This implies that the public's overall response to IPO investments is positive, and the standard deviation indicates a level of variation similar to that seen in Quality Management and Company Goodwill. It suggests that while the general sentiment is positive, there is still a range of views and responses among the public.

4.1.3.2 Descriptive Study of Quality Management

This chapter of the study has conducted a descriptive analysis to examine the public perception of Quality Management in the context of IPO investments. The analysis focused on assessing how the quality of management practices influences public responses to IPO investment decisions.

Table 6

Descriptive Study of Quality Management

Statements	N	Mean	S.D.
Legitimacy of the company affects my IPO investment.	385	3.31	1.105
Corporate Governance affects my IPO investment.	385	3.53	1.152
Human Resource Value affects my IPO investment.	385	3.61	0.984
Founder CEO affects my IPO investment.	385	3.48	1.212
Key shareholder/promoter affects my IPO investment.	385	3.54	1.101
The company's social responsibility influences my IPO investment.	385	3.63	1.089
Ethical business practices impact my decision to invest in IPO.	385	3.59	1.110

Source: SPSS Output

Table 6 has examined the impact of Quality Management on individuals' decisions to invest in Initial Public Offerings (IPO).

Legitimacy of the company affects my IPO investment statement received 385 responses. The mean score of 3.31 suggests that, on average, respondents consider the legitimacy of a company as moderately important when making IPO investment decisions. However, the relatively high standard deviation (1.105) indicates that there is a considerable range of opinions among respondents. While some investors may place strong emphasis on a company's legitimacy, others might not consider it as crucial.

In case of Corporate Governance affects my IPO investment, with a mean score of 3.53 indicates that corporate governance has a moderately positive influence on IPO investment decisions. The standard deviation of 1.152 implies that while many respondents view this factor as significant, there is still a degree of variation in how different individuals perceive its impact.

The data for this statement 'Human Resource Value affects my IPO investment' is based on the mean score of 3.61 reflects a generally positive perception of the influence of human resource value on IPO investment choices. The lower standard deviation (0.984) suggests that, while many respondents consider this factor important, there is relatively less variability in their views.

Founder CEO affects my IPO investment, this statement received the mean score of 3.48 indicates a moderately positive perception of the impact of having a founder CEO on IPO investment decisions. However, the higher standard deviation (1.212) highlights a significant variation in opinions among respondents. While some may place a strong emphasis on the presence of a founder CEO, others may not find it as influential.

In case of the statement, Key shareholder/promoter affects my IPO investment, with a mean score of 3.54 suggests that key shareholders or promoters have a moderately positive impact on IPO investments. The standard deviation of 1.101 indicates that there is a range of opinions among respondents. Some may attach significant importance to key shareholders or promoters, while others may not consider them as influential.

The company's social responsibility influences my IPO investment, this statement, reveals a mean score of 3.63, indicating that the public generally views a company's social responsibility as a positive influence on IPO investment decisions. The standard deviation of 1.089 suggests that while most respondents consider this factor important, there is still a degree of variation in their opinions.

The statement, Ethical business practices impact my decision to invest in IPO, has the mean score for this statement is 3.59, indicating a moderately positive perception of the impact of ethical business practices on IPO investment choices. The standard deviation of 1.110 highlights that, although most respondents view this factor as influential, there is still a range of opinions.

In summary, these descriptive statistics offer insights into how various aspects of Quality Management impact individuals' decisions to invest in IPOs. While the general sentiment is moderately positive for most statements, the variations in standard deviations underscore that respondents hold differing views on the importance of these factors when making investment

choices in the IPO market. This diversity of opinions can be crucial for businesses seeking to understand investor sentiment and tailor their strategies accordingly.

4.1.3.3 Descriptive Study of Company Goodwill

This chapter of the study has conducted a descriptive analysis to examine the public perception of Company Goodwill in the context of IPO investments. The analysis focused on assessing how the quality of goodwill of company influences public responses to IPO investment decisions.

Table 7

Descriptive Study of Company Goodwill

Statements	N	Mean	S.D.
Corporate profile affects my IPO investment.	385	3.71	1.059
Historical Background affects my IPO investment.	385	3.54	1.150
Age of the company affects my IPO investment.	385	3.58	1.141
Prestige of Board member affects my IPO investment.	385	3.65	1.134
Current financial position affects my IPO investment.	385	3.55	1.108
Positive media coverage enhances my confidence in IPO investment.	385	3.51	1.162
Environmental sustainability practices of the company influence my investment choice in IPO.	385	3.60	1.166

Source: SPSS Output

Table 7 has explored the impact of Company Goodwill on individuals' decisions to invest in Initial Public Offerings (IPO). The statement, corporate profile affects my IPO investment, exhibits a mean score of 3.71. The mean score indicates that, on average, the corporate profile significantly influences the IPO investment choices of respondents, as it is moderately positive. The standard deviation (S.D.) of 1.059 suggests that while there's a consensus regarding its importance, there's still a moderate degree of variation in the level of emphasis placed on a company's corporate profile.

The statement, Historical Background affects my IPO investment, with a mean score of 3.54 suggests that the historical background of a company moderately influences IPO investment decisions. The standard deviation of 1.150 implies that, while generally perceived as important, there is a notable range of opinions among respondents.

The statement, Age of the company affects my IPO investment, reveals a mean score of 3.58. This suggests that, on average, the age of a company is a moderately influential factor in IPO investment choices. The standard deviation (S.D.) of 1.141 indicates that, while generally important, there is still a degree of variability in opinions.

The statement, Prestige of Board member affects my IPO investment, the mean score for this statement is 3.65, indicating that the prestige of board members has a moderately positive impact on IPO investment choices. The standard deviation of 1.134 suggests that, while generally significant, there is a range of views among respondents regarding the influence of board members' prestige.

The statement, Current financial position affects my IPO investment, with a mean score of 3.55, derived from 385 responses, this statement signifies that the current financial position of a company moderately affects IPO investment decisions. The standard deviation of 1.108 suggests that, while generally considered important, there is variability in the emphasis placed on this factor.

The statement, Positive media coverage enhances my confidence in IPO investment, this statement, has a mean score of 3.51. The mean score suggests that, on average, positive media coverage moderately enhances respondents' confidence in IPO investments. The standard deviation (S.D.) of 1.162 indicates that while it is generally impactful, there is variation in how different individuals perceive media coverage's influence.

The statement, Environmental sustainability practices of the company influence my investment choice in IPO, the mean score for this statement is 3.60. This indicates that, on average, respondents view a company's environmental sustainability practices as moderately influential in their IPO investment choices. The standard deviation of 1.166 suggests that while it is generally regarded as significant, there is a range of opinions among respondents regarding the impact of sustainability practices.

In summary, these descriptive statistics provide insights into how various aspects of Company Goodwill impact individuals' decisions to invest in IPOs. While the general sentiment is moderately positive for most statements, the variations in standard deviations emphasize that respondents hold differing views on the importance of these factors in IPO

investment choices. This diversity of opinions can be crucial for businesses aiming to understand investor sentiment and tailor their strategies accordingly.

4.1.3.4 Descriptive Study of Company Performance

This chapter of the study has conducted a descriptive analysis to examine the public perception of Company Performance in the context of IPO investments. The analysis focused on assessing how the performance of company influences public responses to IPO investment decisions.

Table 8

Descriptive Study of Company Performance

Statements	N	Mean	S.D.
ROI makes me invest in IPO.	385	3.55	1.187
ROE makes me invest in IPO.	385	3.67	1.096
Percentage price premium makes me invest in IPO/FPO.	385	3.60	1.109
Earnings Per Share makes me invest in IPO.	385	3.68	1.104
Dividend Premium matters more for my investment in IPO.	385	3.64	1.137
Consistent revenue growth encourages my IPO investment.	385	3.66	1.105
Research and development investments by the company influence my IPO investment decision.	385	3.65	1.122

Source: SPSS Output

Table 8 has examined the impact of Company Performance on individuals' decisions to invest in Initial Public Offerings (IPO).

In ROI makes me invest in IPO statement, with a mean score of 3.55 based on 385 responses, suggests that, on average, Return on Investment (ROI) moderately influences respondents' decisions to invest in IPOs. The standard deviation (S.D.) of 1.187 indicates a notable variation in the emphasis placed on ROI. Some investors may prioritize ROI more than others, potentially due to varying risk appetites and investment strategies.

The statement, ROE makes me invest in IPO, with a mean score of 3.67, based on 385 responses, this statement implies that Return on Equity (ROE) has a moderately positive impact on IPO investment decisions. The standard deviation of 1.096 indicates that, while generally viewed as significant, there is still a degree of variation in how different individuals perceive the importance of ROE.

The statement, Percentage price premium makes me invest in IPO/FPO, the mean score of 3.60 suggests that, on average, the percentage price premium moderately influences respondents' decisions to invest in IPOs or Follow-on Public Offerings (FPO). The standard deviation (S.D.) of 1.109 indicates that there is a range of opinions among respondents, with some giving more weight to this factor than others.

The statement, Earnings Per Share makes me invest in IPO, With a mean score of 3.68, based on 385 responses, this statement indicates that Earnings Per Share (EPS) has a moderately positive influence on IPO investment decisions. The standard deviation of 1.104 highlights that while generally important, there is still some variability in the degree of emphasis placed on EPS.

The statement, Dividend Premium matters more for my investment in IPO, the mean score of 3.64 suggests that, on average, a dividend premium moderately influences respondents' decisions to invest in IPOs. The standard deviation of 1.137 indicates that, while generally significant, there is a variation in the degree of importance attributed to dividend premiums among respondents.

The statement, Consistent revenue growth encourages my IPO investment, has a mean score of 3.66. The mean score suggests that, on average, consistent revenue growth moderately encourages respondents' decisions to invest in IPOs. The standard deviation (S.D.) of 1.105 indicates that while generally impactful, there is some variation in the degree of emphasis placed on this factor.

The statement, Research and development investments by the company influence my IPO investment decision, with a mean score of 3.65, this statement indicates that, on average, respondents view the company's research and development (R&D) investments as moderately influential in their IPO investment decisions. The standard deviation of 1.122 suggests that while generally important, there is a range of opinions among respondents regarding the impact of R&D investments.

In summary, these descriptive statistics offer insights into how various aspects of Company Performance impact individuals' decisions to invest in IPOs. While the general sentiment is moderately positive for most statements, the variations in standard deviations emphasize that respondents hold differing views on the importance of these factors in IPO investment

choices. These variations can be essential for businesses and investors looking to understand investor sentiment and adapt their strategies accordingly.

4.1.3.5 Descriptive Study of Company Sector

This chapter of the study has conducted a descriptive analysis to examine the public perception of Company Sector in the context of IPO investments. The analysis focused on assessing how the company sector influences public responses to IPO investment decisions.

Table 9

Descriptive Study of Company Sector

Statements	N	Mean	S.D.
Investment in the banking sector of IPO is better.	385	3.66	1.090
Investment in an Insurance Company of IPO is better.	385	3.62	1.056
Investment in a Microfinance company of IPO is better.	385	3.71	1.073
Investment in a Hydropower company of IPO is better.	385	3.61	1.087
Investment in hotels of IPO is better.	385	3.62	1.066
Technology-focused IPOs have higher investment potential.	385	3.61	1.068
IPOs in emerging markets are more attractive for investment.	385	3.62	1.109

Source: SPSS Output

Table 9 has examined the impact of Company Sector on individuals' investment preferences in Initial Public Offerings (IPO).

Investment in the banking sector of IPO is better, this statement, with a mean score of 3.66 based on 385 responses, suggests that, on average, respondents consider investment in the banking sector of IPOs as moderately favorable. The standard deviation (S.D.) of 1.090 indicates that there is some variability in opinions, but the overall sentiment leans toward banking sector investments being a good choice.

The statement, Investment in an Insurance Company of IPO is better, with a mean score of 3.62, based on 385 responses, this statement indicates that investment in an insurance company's IPO is also viewed as moderately favorable by respondents. The standard deviation of 1.056 suggests that, while generally considered a good choice, there is a degree of variation in opinions.

The statement, Investment in a Microfinance company of IPO is better, the mean score of 3.71 from 385 responses suggests that, on average, investment in a microfinance company's IPO is considered to be a slightly more favorable option. The standard deviation (S.D.) of 1.073 indicates that there is some variability in the perceived attractiveness of microfinance sector investments.

The statement, Investment in a Hydropower company of IPO is better, with a mean score of 3.61, based on 385 responses, this statement suggests that investment in a hydropower company's IPO is viewed as moderately favorable. The standard deviation of 1.087 implies that, while generally a good choice, there is some variation in opinions regarding hydropower sector investments.

The statement, Investment in hotels of IPO is better, the mean score of 3.62 indicates that, on average, investment in hotel sector IPOs is considered moderately favorable. The standard deviation of 1.066 suggests that while it is generally viewed as a good choice, there is still some variation in opinions among respondents.

The statement, Technology-focused IPOs have higher investment potential, the mean score for this statement is 3.61, indicating that, on average, respondents consider technology-focused IPOs to have moderately higher investment potential. The standard deviation of 1.068 suggests that while generally seen as having potential, there is a range of opinions about the attractiveness of technology-focused IPOs.

IPOs in emerging markets are more attractive for investment, this statement, assessed by 385 respondents, has a mean score of 3.62. The mean score suggests that, on average, respondents find IPOs in emerging markets to be moderately more attractive for investment. The standard deviation (S.D.) of 1.109 indicates that while they are generally attractive, there is a degree of variation in opinions about the appeal of emerging market IPOs.

In summary, these descriptive statistics offer insights into how various aspects of Company Sector influence individuals' investment preferences in IPOs. While the general sentiment is moderately positive for most statements, the variations in standard deviations underscore that respondents hold differing views on the attractiveness of investments in various sectors and markets. These variations can be important for businesses and investors seeking to understand investor sentiment and make informed investment decisions.

4.1.3.6 Descriptive Study of Market Information

This chapter of the study has conducted a descriptive analysis to examine the public perception of Market Information in the context of IPO investments. The analysis focused on assessing how the information of market influences public responses to IPO investment decisions.

Table 10

Descriptive Study of Market Information

Statements	N	Mean	S.D.
Comment on Media affects my Investment in IPO.	385	3.53	1.134
Future Prediction and Forecast affects my Investment in IPO.	385	3.58	1.106
New project risk and prospects affect my investment in IPO.	385	3.67	1.106
Market share will affect my investment in the IPO.	385	3.50	1.146
The past trend of IPO affects my investment in the IPO.	385	3.48	1.231
Recommendations from financial advisors impact my IPO investment.	385	3.62	1.086
Regulatory stability in the IPO market influences my investment decisions.	385	3.55	1.165

Source: SPSS Output

Table 10 examines the impact of Market Information on individuals' investment decisions in Initial Public Offerings (IPO).

The statement, Comment on Media affects my Investment in IPO, with a mean score of 3.53 based on 385 responses, this statement suggests that media commentary moderately influences respondents' investment decisions in IPOs. The standard deviation (S.D.) of 1.134 indicates a notable variation in the extent to which media comments affect investment choices. While some respondents may rely heavily on media commentary, others might consider it less crucial.

The statement, Future Prediction and Forecast affects my Investment in IPO, exhibits a mean score of 3.58, indicating that future predictions and forecasts moderately influence respondents' investment decisions in IPOs. The standard deviation of 1.106 suggests that, while generally important, there is some variation in the degree to which future predictions and forecasts are considered.

The statement, New project risk and prospects affect my investment in IPO, the mean score of 3.67 suggests that assessments of new project risks and prospects moderately influence respondents' investment choices in IPOs. The standard deviation (S.D.) of 1.106 indicates that while generally impactful, there is some variability in the extent to which these factors are considered. Investors' risk tolerance and perceptions of project prospects may vary.

The statement, Market share will affect my investment in the IPO, with a mean score of 3.50 based on 385 responses, this statement indicates that market share moderately influences respondents' investment decisions in IPOs. The standard deviation of 1.146 implies that, while generally significant, there is variation in the emphasis placed on market share as an investment factor.

The statement, The past trend of IPO affects my investment in the IPO, the mean score of 3.48 suggests that, on average, the past trends of IPOs moderately influence respondents' investment decisions in IPOs. The relatively high standard deviation of 1.231 indicates a notable range of opinions regarding the impact of past trends. Some investors may consider past trends critical, while others may not place as much weight on them.

The statement, Recommendations from financial advisors impact my IPO investment, with a mean score of 3.62, based on 385 responses, this statement suggests that recommendations from financial advisors moderately impact respondents' investment decisions in IPOs. The standard deviation of 1.086 indicates that while generally significant, there is some variation in the extent to which recommendations from financial advisors are considered.

The statement, Regulatory stability in the IPO market influences my investment decisions, this statement, assessed by 385 respondents, has a mean score of 3.55. The mean score suggests that, on average, respondents view regulatory stability in the IPO market as having a moderate influence on their investment decisions. The standard deviation (S.D.) of 1.165 indicates that while it is generally impactful, there is a degree of variation in the extent to which regulatory stability is considered. Investors' confidence in the regulatory environment may differ.

Overall, these descriptive statistics provide insights into how various aspects of Market Information impact individuals' investment decisions in IPOs. While the general sentiment is moderately positive for most statements, the variations in standard deviations underscore that

respondents hold differing views on the importance of these factors in their investment choices. This diversity of opinions can be crucial for businesses and investors seeking to understand investor sentiment and tailor their strategies accordingly.

4.1.3.7 Descriptive Study of Public Response on Investment in IPO

This chapter of the study has conducted a descriptive analysis to examine the public perception towards IPO investments. The analysis focused on assessing how public responses towards to IPO investment decisions.

Table 11

Descriptive Study of Public Response on Investment in IPO

Statements	N	Mean	S.D.
Buying/selling of IPO affects my investment decision.	385	3.56	1.167
Individual investors have more risk in IPO Investment.	385	3.64	1.144
IPOs are a risk-free form of investment.	385	3.69	1.171
IPOs are a guaranteed way of making money.	385	3.71	1.089
IPO investment is better than investment in the secondary Market?	385	3.68	1.127
Recommendations from friends and family influence my IPO investment.	385	3.64	1.105
Personal financial goals play a significant role in my IPO investment choices.	385	3.49	1.097

Source: SPSS Output

Table 101 has examined the Public Response on Investment in IPO and the factors influencing investment decisions.

The statement, Buying/selling of IPO affects my investment decision, with a mean score of 3.56 based on 385 responses, this statement suggests that, on average, the buying and selling of IPO shares moderately influence respondents' investment decisions. The standard deviation (S.D.) of 1.167 indicates a notable variation in the extent to which respondents consider the activity of buying and selling IPO shares in their investment choices. Some investors may be particularly sensitive to market dynamics, while others may prioritize other factors.

The statement, Individual investors have more risk in IPO Investment, exhibits a mean score of 3.64, indicating that, on average, respondents believe that individual investors face a

moderate level of risk in IPO investment. The standard deviation of 1.144 suggests that while respondents generally perceive risk, there is some variation in their assessment of the level of risk involved.

The statement, IPOs are a risk-free form of investment, the mean score of 3.69 from 385 responses suggests that, on average, respondents do not consider IPOs as risk-free investments. The standard deviation (S.D.) of 1.171 indicates a notable variation in perceptions. Most respondents acknowledge that IPOs carry some level of risk.

The statement, IPOs are a guaranteed way of making money, with a mean score of 3.71, based on 385 responses, this statement implies that, on average, respondents do not view IPOs as a guaranteed means of making money. The relatively low standard deviation of 1.089 suggests that there is a fairly consistent view among respondents that IPOs do not guarantee profits.

The statement, IPO investment is better than investment in the secondary Market, the mean score of 3.68 indicates that, on average, respondents view IPO investment as moderately favorable compared to investments in the secondary market. The standard deviation of 1.127 suggests that while generally viewed as better, there is some variation in the extent to which respondents consider IPO investment superior to secondary market investment.

The statement, Recommendations from friends and family influence my IPO investment, the mean score for this statement is 3.64, suggesting that, on average, recommendations from friends and family moderately influence respondents' IPO investment decisions. The standard deviation of 1.105 indicates that while generally impactful, there is some variation in the extent to which these recommendations are considered.

The statement, Personal financial goals play a significant role in my IPO investment choices, with a mean score of 3.49, this statement suggests that, on average, personal financial goals play a moderately significant role in respondents' IPO investment choices. The standard deviation of 1.097 implies that while generally important, there is some variation in the degree to which personal financial goals are factored into investment decisions.

In summary, these descriptive statistics offer insights into the Public Response on Investment in IPO and the factors that influence investment decisions. The general sentiment reflects a

recognition of risk in IPO investments and a nuanced view of the factors affecting investment choices. The variations in standard deviations highlight the diversity of opinions among respondents, which is valuable for businesses and investors aiming to understand the dynamics of IPO investment decisions.

4.1.4 Correlation Analysis

Correlation analysis has been applied in this study to investigate the associations among multiple factors, encompassing Quality Management (QM), Company Goodwill (CG), Company Performance (CP), Company Sector (CS), and Market Information (MI), in relation to the public response to investments in Initial Public Offerings (IPO). By employing this analytical method, researchers aimed to uncover the strength and nature of the relationships between these variables and their influence on how the public reacts to IPO investments. This analysis is intended to provide valuable insights into the interplay of these factors and their impact on investment decisions within the IPO market.

Table 12

Correlation Matrix

Variables	QM	CG	CP	CS	MI	PR
QM	1					
CG	.683	1				
CP	.618	.586	1			
CS	.579	.616	.625	1		
MI	.602	.592	.657	.638	1	
PR	.628	.620	.610	.578	.707	1

Source: SPSS Output

Table 12 presents the correlation matrix of this study. The correlation analysis between Quality Management (QM) and the public response towards investment in Initial Public Offerings (IPO), represented by PR, reveals a significant positive relationship. The Pearson correlation coefficient of .628 indicates a strong and positive association. This suggests that as the quality of management in a company improves, there is a notable increase in the public's positive response to IPO investments. The p-value of 0.000 further confirms the

significance of this relationship, underlining its importance in understanding the factors influencing IPO investment decisions.

The correlation analysis also demonstrates a substantial positive relationship between Company Goodwill (CG) and the public response (PR) to IPOs. The Pearson correlation coefficient of .620 signifies a strong positive correlation. In practical terms, this means that as a company's goodwill increases, there is a significant rise in the public's positive response to IPO investments. The low p-value of 0.000 emphasizes the statistical significance of this correlation, highlighting the influence of company goodwill on IPO investment decisions.

Similarly, the correlation between Company Performance (CP) and the public response (PR) to IPOs is highly positive and statistically significant. The Pearson correlation coefficient of .610 denotes a strong positive association. In essence, as a company's performance improves, the public's response to IPO investments becomes more favorable. The p-value of 0.000 underscores the importance of this relationship in the context of IPO decision-making.

The analysis also reveals a significant positive correlation between Company Sector (CS) and the public response (PR) to IPOs. The Pearson correlation coefficient of .578 indicates a robust positive relationship. This suggests that the sector in which a company operates has a considerable impact on the public's response to IPO investments. A lower p-value of 0.000 reinforces the statistical significance of this correlation, emphasizing its relevance in understanding IPO investment behavior.

Market Information (MI) exhibits a remarkably strong and positive correlation with the public response (PR) to IPOs. The Pearson correlation coefficient of .707 highlights a substantial association, indicating that as the availability and quality of market information increase, the public's response to IPO investments becomes more positive. The p-value of 0.000 solidifies the statistical significance of this relationship, underscoring the pivotal role of market information in influencing IPO investment decisions.

Overall, these correlations provide valuable insights into the relationships between the analyzed factors and the public's response to IPO investments. They underscore the significance of Quality Management, Company Goodwill, Company Performance, Company Sector, and Market Information in shaping investment behavior within the IPO market, making these findings highly relevant for investors and businesses alike.

4.1.5 Regression Analysis

Regression analysis was employed in this study to assess the influence of several factors, including Quality Management (QM), Company Goodwill (CG), Company Performance (CP), Company Sector (CS), and Market Information (MI), on the public response toward investment in Initial Public Offerings (IPO). This analytical approach allowed researchers to delve into the relationships and interactions between these variables and how they impact public reactions to IPO investments. By exploring these relationships, the study aimed to provide insights into the various factors affecting the decision-making process of potential investors in the IPO market, ultimately contributing to a better understanding of investment behavior in this context.

4.1.5.1. Multicollinearity Test

In order to assess the risk of multicollinearity, a significant concern in multiple regression analysis, an examination was conducted to analyze the relationships among predictor variables. Multicollinearity occurs when two or more predictor variables exhibit substantial correlations, which can potentially result in inaccuracies and complications in interpreting regression coefficients. The objective of this test was to ensure that the predictor variables utilized in the analysis did not display excessively high correlations with one another. This approach was taken to preserve the dependability and significance of the regression results.

Table 13

Multicollinearity Test

Variables	Collinearity Statistics	
	Tolerance	VIF
QM	0.43901	2.28
CG	0.441	2.266
CP	0.450	2.221
CS	0.466	2.144
MI	0.447	2.236

Source: SPSS Output

Within the provided table 13, each predictor variable is accompanied by a VIF (Variance Inflation Factor) value, which serves as a crucial measure to assess multicollinearity. The VIF values for these variables are as follows: Quality Management (QM) with a VIF of 2.28,

Company Goodwill (CG) at 2.266, Company Performance (CP) registering a VIF of 2.221, Company Sector (CS) displaying a VIF of 2.144, and Market Information (MI) with a VIF of 2.236. The noteworthy observation here is that all of these VIF values are less than 10, indicating an absence of significant multicollinearity. This is a promising outcome as it assures that the data is devoid of substantial multicollinearity issues, thereby enhancing the dependability and accuracy of forthcoming regression analyses.

4.1.5.2 Multiple Regression Analysis

In this study multiple regression analysis has been used to analyze the impact of factors (quality management, company goodwill, company performance, company sectors and market information) on the investment decision towards IPO.

Table 14

Model Summary of Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.769	0.592	0.586	0.47665	2.034

Source: SPSS Output

Table 14 presents the Model Summary of a regression analysis. In this analysis, several statistics are provided to evaluate the model's performance. The R-Square value, which is 0.592, indicates that approximately 59.2% of the variability in the public response to investment in IPO can be explained by the independent variables included in the model. The Adjusted R-Square, at 0.586, takes into account the number of predictors and provides a more conservative estimate of the model's goodness of fit. The Standard Error of the Estimate, denoted as 0.47665, represents the average prediction error. A lower value indicates a better fit of the model. Finally, the Durbin-Watson statistic is presented with a value of 2.034. This statistic assesses the presence of autocorrelation in the residuals, with values around 2 suggesting no significant autocorrelation. Overall, the model appears to have a moderate level of explanatory power, explaining a substantial portion of the variability in the dependent variable while displaying relatively low prediction errors and no significant autocorrelation in the residuals.

Table 15

ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	124.760	5	24.952	109.828	.000
Residual	86.106	379	0.227		
Total	210.865	384			

Source: SPSS Output

Table 15 presents the Analysis of Variance (ANOVA) table for the regression analysis. The ANOVA table is a critical component in assessing the overall statistical significance of the regression model. In this context, the table is divided into three main components: Regression, Residual, and Total. The Regression section shows that the sum of squares attributed to the model is 124.760, with 5 degrees of freedom, resulting in a mean square of 24.952. The F-statistic of 109.828 is indicative of the overall significance of the model, and the p-value (Sig.) of .000 (b) suggests that the model is statistically significant. The Residual section represents the sum of squares for the error term, with 379 degrees of freedom and a mean square of 0.227. The Total section provides the total sum of squares. In summary, the ANOVA table indicates that the regression model is statistically significant, as the F-statistic is high and the associated p-value is very low ($p < 0.001$), suggesting that the model explains a significant portion of the variance in the dependent variable.

Table 16

Beta Coefficient of Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.355	0.150		2.378	0.018
1 QM	0.184	0.052	0.176	3.550	0.000
CG	0.177	0.051	0.171	3.465	0.001
CP	0.113	0.050	0.110	2.240	0.026
CS	0.054	0.052	0.050	1.040	0.299
MI	0.389	0.048	0.395	8.054	0.000

Source: SPSS Output

Table 16 has provided crucial Beta Coefficients as derived from the regression analysis, unveiling the impacts of various independent variables on the dependent variable, which ostensibly represents public responses to investment in Initial Public Offerings (IPO).

For Quality Management (QM), a Beta coefficient of 0.176 has been observed, signifying a substantial and statistically significant positive impact on public responses to IPO investment (PR). The low p-value of 0 has reinforced a robust relationship between the quality management variable and PR, suggesting that as quality management practices have improved, public responses to IPO investment have become more favorable.

Company Goodwill (CG) has exhibited a Beta coefficient of 0.171, denoting a meaningful and statistically significant positive influence on PR. The associated p-value of 0.001 has further underscored the significance of this relationship, indicating that an enhancement in the perception of a company's goodwill has had a positive impact on public responses to IPO investment.

Company Performance (CP) has been represented by a Beta coefficient of 0.11, highlighting a moderate positive impact on PR. The p-value of 0.026 has emphasized the significance of this relationship, although the effect is somewhat less pronounced when compared to Quality Management and Company Goodwill.

Company Sector (CS) has exhibited a Beta coefficient of 0.05. However, the relatively high p-value of 0.299 has suggested that this variable has not had a statistically significant impact on PR. In other words, the sector to which a company belongs has not significantly affected public responses to IPO investments.

Market Information (MI) has stood out with a substantial Beta coefficient of 0.395, underscoring its highly significant and positive impact on PR. The p-value of 0 has further affirmed the strength of this relationship, emphasizing the pivotal role of market information in shaping public responses to IPO investments.

In summary, the analysis has unveiled that Quality Management, Company Goodwill, and Market Information have had statistically significant and positive impacts on public responses to IPO investments, with Market Information emerging as the most influential factor. Company Performance has exerted a moderate impact, while Company Sector has not

significantly affected PR. These coefficients have provided valuable insights into the nature and significance of these relationships within the regression model.

4.2 Discussion

The primary objective of this study was to explore the current public perception of Initial Public Offerings (IPOs) and delve into how individuals make investment decisions in the context of Nepal. The research focused on an array of factors that impact the way the public perceives and engages with IPOs, such as quality management, company goodwill, company performance, company sector, and market information. By treating these factors as independent variables and public perception as the dependent variable, the study sought to unveil the influence of these factors on public perception and behavior in the realm of IPO investments. Through rigorous empirical analysis and regression modeling, the study not only confirmed but also enhanced our understanding of these influential factors. By corroborating previous findings and adding empirical evidence from Nepal, this study contributes significantly to the knowledge surrounding IPO investments, shedding light on the elements that shape public perception and behavior in IPO markets.

The study by Gurung (2020) revealed that the size of the company issuing IPOs and government policy pronouncements are pivotal factors impacting IPO return and risk for investors, aligning with the findings of the current study. Similarly, Bhatta (2019) emphasized the significance of quality management, company goodwill, company performance, company sector, and market intelligence as key considerations for investment decisions in IPOs, which closely corresponds with the results of the current study. These studies collectively underscore the importance of these factors in influencing IPO investments and highlight their relevance in both past and current research.

Various studies have shed light on the significance of Initial Public Offerings (IPOs) and the concerns surrounding this pivotal phase in a company's financial strategy. Yalcin and Ünlü (2018) underscored the transformative nature of IPOs in a company's financial strategy. Lowry et al. (2017) highlighted the growing concerns within both academic and regulatory circles regarding the IPO process, particularly concerning the declining number of companies going public in recent years. Hawaldar et al. (2017) provided insights into the pricing dynamics of IPOs, noting that book-built IPOs tend to be underpriced to a lesser extent than

fixed-price IPOs. Additionally, Pradhan et al. (2016) emphasized the positive impact of IPO characteristics, including factors like firm size, issue management reputation, subscription rate, and market conditions, on IPO returns. These findings are consistent with the results of the current study, collectively contributing to a broader understanding of the dynamics and implications of IPOs.

The study's findings validate previous research and emphasize the significant role of quality management, company goodwill, company performance, and market information in shaping public perception and behavior regarding Initial Public Offerings (IPOs). These consistent results, in alignment with studies by Poudel (2021) and Dhakal (2021), underscore the positive impact of quality management and company goodwill on public perception, the importance of favorable company performance, and the value of accessible market information in influencing the public's view of IPOs. Despite a discrepancy regarding the relationship between quality management and public perception noted by Dhakal (2021), the overall consensus strengthens the case for considering these factors when evaluating IPOs and making informed investment decisions.

CHAPTER V

SUMMARY AND CONCLUSION

This chapter of the study have presented a comprehensive summary of the research findings, highlighting the main determinants of investment decisions in Initial Public Offerings (IPOs) within Kathmandu Valley. The conclusion underscores the significance of independent variables such as Quality Management, Company Goodwill, Company Performance, Company Sector, and Market Information in shaping public responses to IPO investments. Furthermore, the study discusses the implications of these findings, including their relevance to management strategies and the opportunities they present for future researchers to delve deeper into this dynamic field of study. These insights serve to enhance the understanding of IPO investment behavior and contribute to informed decision-making in the financial markets.

5.1 Summary

In today's age of wealth maximization and amidst the challenges of inflation and the time value of money, individuals are increasingly turning to investment opportunities in the securities market to secure their financial futures. Among these opportunities, investing in Initial Public Offerings (IPOs) emerges as a profitable and long-term option. The significance of finance in establishing and sustaining business organizations cannot be overstated, as it brings together the factors of production within an industrial unit. In this globalized world, the efficiency of fund transfer from savers to entities in need of capital is crucial for a healthy economy. The evolving capital market in Nepal has drawn significant attention, especially in the context of IPO investments through platforms like Meroshare, which have made the application process more accessible and efficient. This trend, however, needs to be complemented by investor education to ensure a thriving and informed IPO market.

The IPO scene in Nepal has evolved with the digitization of the application process, enabling more individuals to participate in IPOs. With the central role of the Securities Board of Nepal (SEBON) and regulatory changes, the capital market in Nepal is expanding. The study highlights the impact of individual investor behavior and preferences in the context of IPOs.

While IPO investments present opportunities, they also reveal the challenges of herding behavior, lack of market knowledge, and the need for investor education. The growth of IPO participation, with over 4 million Demat accounts and the prevalence of Meroshare, signifies the potential for further market development. Nevertheless, a balanced approach is essential, combining accessibility with investor awareness to ensure a thriving IPO market in Nepal.

The primary objective of this study is to delve into the investor's response concerning the Initial Public Offering (IPO) of shares within the context of Nepal. To accomplish this overarching goal, several specific objectives have been laid out. Firstly, the study aims to evaluate the various factors that play a role in shaping the investment decisions related to IPOs. Secondly, it seeks to scrutinize the relationships that exist between these factors, which include quality management, company goodwill, company performance, company sectors, and market information, and the decisions made by investors regarding IPO investments. Lastly, the study endeavors to comprehensively analyze the impact of these factors on the choices investors make when it comes to investing in IPOs, shedding light on the intricate dynamics within the IPO market in Nepal.

The literature review in this chapter is structured into four distinct parts, each contributing essential insights to the research. The conceptual review lays the foundation by providing a comprehensive understanding of core concepts, encompassing financial markets, money markets, capital markets, primary markets, public offerings, and pricing. This conceptual framework forms the backdrop against which the subsequent sections are developed. The theoretical review embarks on a journey into the theories related to Initial Public Offerings (IPOs), shedding light on the theoretical underpinnings that inform IPO behavior. Notable theories such as the Theory of Planned Behavior, the Cascading Hypothesis, and the Winner's Curse Hypothesis are explored, adding theoretical depth to the study. Within the empirical review, an extensive examination of previous journals, articles, dissertations, and books is conducted. This comprehensive survey of existing literature forms a critical part of the research, serving to consolidate and build upon the empirical foundation that precedes the current study. Moreover, it is within this section that the identified research gap is substantiated. The gaps within the existing literature act as a catalyst, shaping the current study to address these voids, thereby contributing novel insights to the field of IPO

investment behavior. In essence, this chapter's literature review is a structured exploration that begins with fundamental conceptual knowledge, advances through theoretical foundations, and culminates in an exhaustive review of empirical studies. This comprehensive approach positions the current study as a valuable addition to the field by addressing specific research gaps identified in the literature.

In the research methodology of this study, a combination of descriptive statistics and a causal-comparative research design has been employed. The study encompasses the entire population of the Kathmandu Valley, and a sample size of 385 was selected using a convenience sampling method. Data collection primarily involves quantitative data, and the primary sources of data are harnessed through a structured survey questionnaire. The questionnaire is designed with a five-point Likert scale to gather responses, making it the instrumental tool for data collection in this research. This approach allows for a comprehensive analysis of the factors influencing investment decisions in Initial Public Offerings (IPOs) within the context of the Kathmandu Valley.

The data analysis process for this study was efficiently conducted with the aid of Microsoft Excel and SPSS software, allowing for a comprehensive exploration of the research framework. Various statistical techniques, including the calculation of means, standard deviations, correlations, and regression analyses, were applied to examine the relationships and impact of specific variables. The study considered the following variables as independent: Quality Management (QM), Company Goodwill (CG), Company Performance (CP), Company Sector (CS), and Market Information (MI). These factors were systematically assessed to understand their influence on the dependent variable, Public Response on Investment in Initial Public Offering (PR). This analytical approach provided valuable insights into the determinants of investment behavior in the context of the Kathmandu Valley.

The data analysis yielded valuable insights into the public's response to factors influencing their investment decisions in Initial Public Offerings (IPOs). Qualitatively, it became evident that the public generally holds positive perceptions of these factors, which are pivotal in their investment choices. Quality Management was favorably regarded, indicating a strong preference for companies with robust quality management practices. Likewise, the positive

perception of Company Goodwill highlighted the importance of a company's reputation. Company Performance and the sector of operation were also positively perceived, underlining their significance in investment decisions. Market Information was recognized as a valuable resource, aiding informed investment choices. Overall, the positive Public Response to IPO investments showed a readiness among the public to engage in IPOs. While variations in these perceptions exist, their collective emphasis underscores the importance of these factors in shaping investment decisions and suggests a thriving IPO market potential in Kathmandu Valley.

In conclusion, the study found consistently positive and highly significant correlations between the factors affecting investment decisions in Initial Public Offerings (IPOs) and the resulting investment behavior. This suggests that as these factors' values increase, the public responds more favorably to IPO investments. Quality Management (QM), Company Goodwill (CG), Company Performance (CP), Company Sector (CS), and Market Information (MI) all play crucial roles in shaping investment behavior within the IPO market. Quality Management demonstrated a robust and statistically significant positive correlation with investment behavior. Similarly, Company Goodwill displayed a strong and significant positive correlation. Company Performance exhibited a highly positive and significant correlation, while Company Sector demonstrated a positive and statistically significant relationship. Market Information showed a substantial and significant positive correlation with investment behavior. These findings underscore the vital influence of these factors in IPO investment decisions, highlighting their importance in investment strategies.

The regression analysis revealed that Quality Management (QM) has a substantial and statistically significant positive impact on public responses to investment in Initial Public Offerings (IPO). Company Goodwill (CG) also significantly influences public responses in a positive manner. Company Performance (CP) exerts a moderate impact, though it is less pronounced than Quality Management and Company Goodwill. Company Sector (CS) appears to have an insignificant effect on public responses, implying that it does not significantly influence IPO investment behavior. Market Information (MI) emerges as a highly influential factor with a significant and positive impact on public responses. These

qualitative insights highlight the importance of these factors in shaping public responses to IPO investments without specifying numerical values.

This research holds implications for businesses and investors in the context of Kathmandu Valley. It emphasizes the significance of factors such as Quality Management, Company Goodwill, Company Performance, and Market Information in influencing public responses to Initial Public Offerings (IPOs). These insights can guide businesses in enhancing their quality management practices, improving their goodwill, and providing transparent market information to attract potential investors. For investors, understanding the positive impact of these factors on IPOs can help them make informed investment decisions. Additionally, it highlights the need for businesses to prioritize quality management and reputation-building.

5.2 Conclusion

Firstly, the descriptive statistics provided valuable insights into the public's response to factors that influence their investment decisions towards Initial Public Offerings (IPOs). Qualitatively, it is evident that the public generally holds positive perceptions of these factors, which play a pivotal role in their investment choices. Quality Management is viewed favorably, indicating that the public values companies with strong quality management practices. Similarly, the positive perception of Company Goodwill underscores the significance of a company's reputation and goodwill. Company Performance and the sector in which a company operates are also perceived positively, suggesting that these factors are considered essential in investment decisions. Market Information is recognized as a valuable resource, contributing to informed investment choices. The overall positive Public Response on Investment in IPOs reveals a willingness among the public to engage in IPO investments. While there is variation in these perceptions, they collectively emphasize the importance of these factors in shaping investment decisions and signify the potential for a thriving IPO market in the context of Kathmandu Valley.

Additionally, it was concluded that the correlations between the factors influencing investment decisions in Initial Public Offerings (IPOs) and the resulting investment behavior are consistently positive and highly significant. This indicates that as the values of these factors increase, there is a corresponding increase in investment behavior, with the public responding more favorably to IPO investments. These positive correlations signify that the

quality of management (QM), company goodwill (CG), company performance (CP), company sector (CS), and market information (MI) all play crucial roles in shaping the investment behavior within the IPO market. Notably, Quality Management (QM) demonstrates a robust positive correlation with investment behavior, which is statistically significant. Similarly, Company Goodwill (CG) displays a strong and positive correlation with investment behavior, with a significant statistical relationship. Company Performance (CP) exhibits a highly positive and significant correlation with investment behavior. Furthermore, Company Sector (CS) displays a positive and statistically significant correlation, while Market Information (MI) presents a substantial and significant positive correlation with investment behavior. These findings highlight the critical influence of these factors on IPO investment decisions and emphasize the importance of considering them in investment strategies.

Finally, the regression analysis has provided impact of various independent variables on public responses to investment in Initial Public Offerings (IPO). Quality Management (QM) has a substantial and statistically significant positive impact on public responses to IPO investment (PR). The perception of a company's goodwill (CG) also significantly influences PR in a positive manner. Company Performance (CP) exerts a moderate impact, although it is less pronounced than Quality Management and Company Goodwill. Company Sector (CS) appears to have an insignificant effect on public responses, suggesting that it does not significantly influence IPO investment behavior. Market Information (MI) emerges as a highly influential factor with a significant and positive impact on PR. These qualitative insights emphasize the importance of these factors in shaping public responses to IPO investments, without delving into specific numerical values.

Overall, this research concluded that the determinants of investment decisions in Initial Public Offerings (IPOs) in the context of Kathmandu Valley. The study reveals that Quality Management, Company Goodwill, Company Performance, Company Sector, and Market Information are the primary drivers shaping public responses to IPO investments. Qualitatively, it is evident that the public holds positive perceptions of these factors, underlining their pivotal role in investment choices. Additionally, the consistently positive and highly significant correlations between these factors and investment behavior indicate

that as these variables increase in value, the public responds more favorably to IPO investments. The regression analysis further confirms the significant impact of Quality Management and Company Goodwill on public responses. These findings collectively underscore the critical role of these independent variables as the main determinants of investment decisions in IPOs within Kathmandu Valley, emphasizing their importance in shaping the thriving IPO market in the region.

5.3 Implications

Research implications encompass the impact of the study on subsequent research, policy formulation, or the relevant field of study. These implications stem from the conclusions drawn by the researcher from the findings, outlining how the results could influence theory, practice, or policy. In light of the study's outcomes and deductions, the following implications emerge.

5.3.1 Implication to Management

- Management should prioritize and invest in improving the quality of their practices as it significantly impacts the public's positive response to IPO investments.
- Recognizing the substantial influence of Company Goodwill on public responses to IPOs, businesses should work to enhance their reputation and goodwill among the public.
- Given the pivotal role of Market Information, organizations should focus on providing high-quality and accessible information to boost investor confidence and interest in IPOs.
- While Company Performance has a positive impact, its influence is moderate. Companies should aim to maintain good performance but also focus on other crucial factors.
- Recognizing the limited impact of Company Sector, businesses may tailor their strategies to target specific sectors, emphasizing factors with stronger impacts.

5.3.2 Implications to Future Researcher

- Future researchers can investigate whether regional differences in Nepal influence public perceptions of IPO investments, providing a more comprehensive understanding of geographic factors.
- Further studies can delve into sector-specific dynamics to determine which sectors are most influenced by the factors examined, allowing for more targeted investment strategies.
- Conducting longitudinal research can reveal how public perceptions evolve over time and whether factors like Quality Management and Market Information gain or lose significance.
- Complementing quantitative data with qualitative insights can provide a deeper understanding of the nuanced factors that shape public responses to IPOs.
- Future researchers should explore external factors, such as economic conditions or regulatory changes, to assess their impact on IPO investment decisions, contributing to a more holistic view of the market.

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APPENDICES

Appendix 1 Questionnaire

Dear Sir/Mam,

You have been chosen as one of a large number of respondents to this study of the "**Public Response to Initial Public Offering in Nepalese Market**" as a part of my dissertation for the completion of my Master's degree in Finance at the Shanker Dev Campus, Tribhuvan University.

The purpose of this survey is to find out more about the public response towards initial public offering and effects of quality management, company goodwill, company performance, company sectors, and market information on public response.

Your participation is entirely voluntary, and you are not required to respond to all of the questions if you choose not to. However, it would be greatly appreciated if you could be as honest and forthcoming as possible with your responses so that my research is as thorough as possible. You can be completely honest in your comments because they will always be treated in confidence.

Completing the survey should not take more than 15 minutes at most. The instructions are included in each part of the survey.

Thank you for your cooperation!

Yours sincerely,

Kopila Thapa Magar

Shanker Dev Campus,

Tribhuvan University

Part I Profile of Respondents

Please put a tick mark (✓) in the box in an appropriate option for each of the following.

- 1 Gender Male
 Female
- 2 Marital Status Single
 Married
- 3 Age (in Years) Below 25
 25 to 40
 41 to 55
 Above 55
- 4 Education Level SLC/SEE
 10+2
 Bachelors
 Masters
- 5 Occupation Business
 Investor
 Farmer
 Service
 Students
- 6 Investment in IPO (Rs.) Less than Rs.10,000
 Rs.10,000-25,000
 Rs.25,000-50,000
 More than Rs.50,000

Part II Core Questions of IPO Investment (Source: Paudel, 2021)

Please put a tick mark (✓) in the box in an appropriate option for each of the following.

S.N.	Quality Management	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
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1	Legitimacy of the company affects my IPO investment.					
2	Corporate Governance affects my IPO investment.					
3	Human Resource Value affects my IPO investment.					
4	Founder CEO affects my IPO investment.					
5	Key shareholder/promoter affects my IPO investment.					
6	The company's social responsibility influences my IPO investment.					
7	Ethical business practices impact my decision to invest in IPO.					
S.N.	Company Goodwill	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Corporate profile affects my IPO investment.					
2	Historical Background affects my IPO investment.					
3	Age of the company affects my IPO investment.					
4	Prestige of Board member affects my IPO investment.					
5	Current financial position affects my IPO investment.					
6	Positive media coverage enhances my confidence in IPO investment.					
7	Environmental sustainability practices of the company influence my investment choice in IPO.					
S.N.	Company Performance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	ROI makes me invest in IPO.					
2	ROE makes me invest in IPO.					
3	Percentage price premium makes me invest in IPO/FPO.					
4	Earning Per Share makes me invest in IPO.					

5	Dividend Premium matters more for my investment in IPO.					
6	Consistent revenue growth encourages my IPO investment.					
7	Research and development investments by the company influence my IPO investment decision.					
S.N.	Company Sector	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Investment in the banking sector of IPO is better.					
2	Investment in an Insurance Company of IPO is better.					
3	Investment in a Microfinance company of IPO is better.					
4	Investment in a Hydropower company of IPO is better.					
5	Investment in hotels of IPO is better.					
6	Technology-focused IPOs have higher investment potential.					
7	IPOs in emerging markets are more attractive for investment.					
S.N.	Market Information	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Comment on Media affects my Investment in IPO.					
2	Future Prediction and Forecast affects my Investment in IPO.					
3	New project risk and prospects affect my investment in IPO.					
4	Market share will affect my investment in the IPO.					
5	The past trend of IPO affects my investment in the IPO.					
6	Recommendations from financial advisors impact my IPO investment.					
7	Regulatory stability in the IPO market influences my investment decisions.					

S.N.	Investment Decision	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Buying/selling of IPO affects my investment decision.					
2	Individual investors have more risk in IPO Investment.					
3	IPOs are a risk-free form of investment.					
4	IPOs are a guaranteed way of making money.					
5	IPO investment is better than investment in the secondary Market?					
6	Recommendations from friends and family influence my IPO investment.					
7	Personal financial goals play a significant role in my IPO investment choices.					

Appendix 2 SPSS Results

Appendix 2.1 Frequency Table

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	214	55.6	55.6	55.6
	Female	171	44.4	44.4	100.0
	Total	385	100.0	100.0	

		Marital Status			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	140	36.4	36.4	36.4
	Married	245	63.6	63.6	100.0
	Total	385	100.0	100.0	

		Age Group (in years)			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25	65	16.9	16.9	16.9
	25 to 40	199	51.7	51.7	68.6
	41 to 55	84	21.8	21.8	90.4
	Above 55	37	9.6	9.6	100.0
	Total	385	100.0	100.0	

		Education Level			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SLC/SEE	22	5.7	5.7	5.7
	10+2	37	9.6	9.6	15.3
	Bachelors	199	51.7	51.7	67.0
	Masters or Above	127	33.0	33.0	100.0
	Total	385	100.0	100.0	

Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business	122	31.7	31.7	31.7
	Investor	74	19.2	19.2	50.9
	Farmer	32	8.3	8.3	59.2
	Service	79	20.5	20.5	79.7
	Students	78	20.3	20.3	100.0
	Total	385	100.0	100.0	

Investment in IPO

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than Rs. 10,000	71	18.4	18.4	18.4
	Rs. 10,000 to 20,000	72	18.7	18.7	37.1
	Rs. 25,000 to Rs. 50,000	79	20.5	20.5	57.7
	Rs. 50,000 to Rs. 100,000	87	22.6	22.6	80.3
	More than Rs. 100,000	76	19.7	19.7	100.0
	Total	385	100.0	100.0	

Appendix 2.2 Reliability Analysis

Reliability Statistics	
Cronbach's Alpha	N of Items
0.759	7

Reliability Statistics	
Cronbach's Alpha	N of Items
0.752	7

Reliability Statistics	
Cronbach's Alpha	N of Items
0.762	7

Reliability Statistics	
Cronbach's Alpha	N of Items
0.749	7

Reliability Statistics	
Cronbach's Alpha	N of Items
0.785	7

Reliability Statistics	
Cronbach's Alpha	N of Items
0.780	7

Appendix 2.3 Descriptive Statistics

Descriptive Statistics

	N	Mean	Std. Deviation
Legitimacy of the company affects my IPO investment.	385	3.31	1.105
Corporate Governance affects my IPO investment.	385	3.53	1.152
Human Resource Value affects my IPO investment.	385	3.61	0.984
Founder CEO affects my IPO investment.	385	3.48	1.212
Key shareholder/promoter affects my IPO investment.	385	3.54	1.101
The company's social responsibility influences my IPO investment.	385	3.63	1.089
Ethical business practices impact my decision to invest in IPO.	385	3.59	1.110
Corporate profile affects my IPO investment.	385	3.71	1.059
Historical Background affects my IPO investment.	385	3.54	1.150
Age of the company affects my IPO investment.	385	3.58	1.141
Prestige of Board member affects my IPO investment.	385	3.65	1.134
Current financial position affects my IPO investment.	385	3.55	1.108
Positive media coverage enhances my confidence in IPO investment.	385	3.51	1.162
Environmental sustainability practices of the company influence my investment choice in IPO.	385	3.60	1.166
ROI makes me invest in IPO.	385	3.55	1.187
ROE makes me invest in IPO.	385	3.67	1.096
Percentage price premium makes me invest in IPO/FPO.	385	3.60	1.109
Earnings Per Share makes me invest in IPO.	385	3.68	1.104
Dividend Premium matters more for my investment in IPO.	385	3.64	1.137
Consistent revenue growth encourages my IPO investment.	385	3.66	1.105
Research and development investments by the company influence my IPO investment decision.	385	3.65	1.122
Investment in the banking sector of IPO is better.	385	3.66	1.090
Investment in an Insurance Company of IPO is better.	385	3.62	1.056
Investment in a Microfinance company of IPO is better.	385	3.71	1.073
Investment in a Hydropower company of IPO is better.	385	3.61	1.087
Investment in hotels of IPO is better.	385	3.62	1.066
Technology-focused IPOs have higher investment potential.	385	3.61	1.068
IPOs in emerging markets are more attractive for investment.	385	3.62	1.109
Comment on Media affects my Investment in IPO.	385	3.53	1.134
Future Prediction and Forecast affects my Investment in IPO.	385	3.58	1.106
New project risk and prospects affect my investment in IPO.	385	3.67	1.106

Market share will affect my investment in the IPO.	385	3.50	1.146
The past trend of IPO affects my investment in the IPO.	385	3.48	1.231
Recommendations from financial advisors impact my IPO investment.	385	3.62	1.086
Regulatory stability in the IPO market influences my investment decisions.	385	3.55	1.165
Buying/selling of IPO affects my investment decision.	385	3.56	1.167
Individual investors have more risk in IPO Investment.	385	3.64	1.144
IPOs are a risk-free form of investment.	385	3.69	1.171
IPOs are a guaranteed way of making money.	385	3.71	1.089
IPO investment is better than investment in the secondary Market?	385	3.68	1.127
Recommendations from friends and family influence my IPO investment.	385	3.64	1.105
Personal financial goals play a significant role in my IPO investment choices.	385	3.49	1.097
QM	385	3.5270	0.70900
CG	385	3.5920	0.71700
CP	385	3.6340	0.72100
CS	385	3.6360	0.68100
MI	385	3.5600	0.75300
PR	385	3.6300	0.74100
Valid N (listwise)	385		

Appendix 2.4 Correlation Matrix

		Correlations					
		QM	CG	CP	CS	MI	PR
QM	Pearson Correlation	1	.683	.618	.579	.602	.628
	Sig. (2-tailed)		0.000	0.000	0.000	0.000	0.000
	N	385	385	385	385	385	385
CG	Pearson Correlation	.683	1	.586	.616	.592	.620
	Sig. (2-tailed)	0.000		0.000	0.000	0.000	0.000
	N	385	385	385	385	385	385
CP	Pearson Correlation	.618	.586	1	.625	.657	.610
	Sig. (2-tailed)	0.000	0.000		0.000	0.000	0.000
	N	385	385	385	385	385	385
CS	Pearson Correlation	.579	.616	.625	1	.638	.578
	Sig. (2-tailed)	0.000	0.000	0.000		0.000	0.000
	N	385	385	385	385	385	385
MI	Pearson Correlation	.602	.592	.657	.638	1	.707
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		0.000
	N	385	385	385	385	385	385
PR	Pearson Correlation	.628	.620	.610	.578	.707	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	
	N	385	385	385	385	385	385

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

Appendix 2.5 Regression Analysis

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.769 ^a	0.592	0.586	0.47665	2.034

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

b. Dependent Variable: PR

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	124.760	5	24.952	109.828	.000 ^b
	Residual	86.106	379	0.227		
	Total	210.865	384			

a. Dependent Variable: PR

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

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.355	0.150		2.378	0.018		
	QM	0.184	0.052	0.176	3.550	0.000	0.439	2.278
	CG	0.177	0.051	0.171	3.465	0.001	0.441	2.266
	CP	0.113	0.050	0.110	2.240	0.026	0.450	2.221
	CS	0.054	0.052	0.050	1.040	0.299	0.466	2.144
	MI	0.389	0.048	0.395	8.054	0.000	0.447	2.236

a. Dependent Variable: PR

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ABSTRACT In the current age of wealth maximization and amidst economic challenges such as inflation and the time value of money, individuals are increasingly turning to investment opportunities in the securities market to secure their financial futures. This study primary objective is to evaluate the factors that shape investment decisions related to IPO. The research methodology employed a combination of descriptive statistics and a causal- comparative research design, encompassing the entire population of the Kathmandu Valley. A sample size of 385 was selected using convenience sampling, with quantitative data collected through structured survey questionnaires using a five-point Likert scale. Data analysis was facilitated through Microsoft Excel and SPSS software, employing various statistical techniques such as means, standard