STOCK PRICE BEHAVIOR OF HOTEL AND TOURISM COMPANIES IN NEPAL

A Dissertation submitted to the Office of the Dean, Faculty of Management, in partial fulfillment of the requirements for the Degree of Master of Business Studies (M.B.S.)

By

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **STOCK PRICE BEHAVIOR OF HOTEL AND TOURISM COMPANIES IN NEPAL.** The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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Bhimshankar Kumar Deo

February, 2026

REPORT OF RESEARCH COMMITTEE

Mr. Bhimshankar Kumar Deo has defended research proposal entitled **STOCK PRICE BEHAVIOR OF HOTEL AND TOURISM COMPANIES IN NEPAL** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dr. Dinesh Banet and submit the thesis for evaluation and viva voce examination.

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ABBREVATION

AD	:	Anno Domini
BS	:	Bikram Sambat
CGH	:	Chandragiri Hills
CHL	:	City Hotel Limited
CRR	:	Cash Reserve Ratio
CV	:	Coefficient of Variation
D/Y	:	Dividend yield
DPS	:	Dividend per share
EPS	:	Earnings Per Share
FY	:	Fiscal Year
i.e.	:	That is
KDL	:	Kalinchowk Darshan Limited
LM	:	Loan Management
Ltd.	:	Limited
MBS	:	Master of Business Studies
MPS	:	Market price per share
NEPSE	:	Nepal Stock Exchange
OHL	:	Oriental Hotel Limited
P/E	:	Price-to-earnings
r	:	Coefficient of correlation
r^2	:	Coefficient of determination
ROA	:	Return on Assets
SD	:	Standard Deviation
SHL	:	Soaltee Hotel Limited (SHL**)**
TA	:	Total Assets
TRH	:	Taragaon Regency Hotel

ABSTRACTS

The objective behind conducting this study is to analyze the impact of dividend policy on Market Price per Share (MPS) to selected Nepalese Tourism Industry Hotels. The present study considered eight Hotels. The data was collected from the annual reports of the selected Hotels from 2014/015 to 2023/024. The analysis of data is done using descriptive statistics methods like correlation, regression, ANOVA tests. The present research concluded that RDS Hotel performed better than other Hotels in terms of MPS, EPS, DPS, DYR, PER. KDL Hotel performed better in terms of average dividend yield. The correlation test was conducted to see the relationship between variables. The present study found that MPS is positively correlated with EPS, DYR, and PER. The regression test was conducted to check which variables significantly impact MPS. The research found that the impact of EPS, DPS, and PER is significant on MPS while impact is limited in terms of other variables. The study reveals that "dividend policy is a more important determinant of stock prices in Nepalese hotel industries," which proves the importance of dividend policy in Nepalese hotel industries. The conclusions drawn by this study are that among the Nepalese hotel companies in the tourism industry, RDS hotel has the highest performance in terms of market price per share, earnings per share, dividend per share, dividend yield ratio, and price earning ratio, while KDL hotel has the highest dividend yield ratio compared to all other hotel companies in Nepal. Correlation analysis reveals that market price per share is positively correlated with earnings per share, dividend yield ratio, and price earning ratio, while regression analysis reveals that earnings per share, dividend per share, and price earning ratio have a significant positive impact on market price per share, while other variables like ROE and BVPS have little impact on the stock prices.

Keywords: Dividend Policy, Market Price per Share (MPS), Earning per Share (EPS), Dividend Yield Ratio (DYR), Price Earning Ratio (PER).

CHAPTER I
INTRODUCTION

1.1 Background of the Study

Stock price volatility can be described as ups and downs in the prices of stocks within a given period of time. It is very normal in the stock market and reflects unplanned changes within the prices of stocks. Liu et al. (2025) argues that volatility in stock prices functions as an indicator of the speed with which new information is being reflected in stock prices.

It is the volatility in the prices which attracts the careful attention of investors, brokers, dealers, researchers, and regulators in the stock market. It reflects the degree of risk involved in the value of the firms. The changes in the stock prices reflect valuable information about the performance of the firms. Ojha (2025) opines that the volatility of the stock price signals the systemic risks involved in the stocks of common shareholders. Since the majority of the shareholders are risk-averse, it is important to observe the changes in the prices of stocks. The reaction of the market to unforeseen announcements of dividends depends on the preferences of the marginal shareholders, keeping other factors constant (Dang et al., 2024).

Common stocks offer ownership claims mainly on real or productive assets. When a firm performs well, stockholders reap the maximum benefits, and when it performs poorly, they suffer the losses. Dividends are periodic cash distributions made by the board of directors and can vary from zero to any amount that the firm can pay (Hunjara & Muhammad, 2024). Stock prices are major indicators of market returns and are governed by the law of demand and supply, which is affected by firm-specific characteristics and macroeconomic factors. Stock price changes can be affected by internal factors such as earnings per share, size, and book-to-market equity (Poudel, 2024).

Various studies on empirical research on asset pricing have identified different variables that explain cross-sectional differences in stock returns apart from general market risk factors. These factors are firm sizes (Poudel, 2024; Conlon & Corbet, 2023; Carrillo-Hidalgo et al., 2023), price-earnings ratio (PER), cash flow to stock price ratio, and book to market equity (K.C., 2023). Shrestha (2023) also clarifies that the book to market equity ratio is an efficient factor in the explanation of variations in

stock returns in the cross-section. The factors leading to variations in the stock returns in the cross-section are the earning yield, firm sizes, book to market equity, and cash flow yield; among these factors, book to market equity and cash flow yield are significant factors (Rahman & Siddikee, 2021). Stock prices are the significant factors for the decision of investment; hence, stock price research is significant (Francis, 2020).

Price-Earnings Ratio (PER) is related to the expected growth of the firm, which is included in the price that shareholders are willing to pay for each unit of the firm's earnings. Higher PER is associated with better growth prospects, for which shareholders are willing to pay more for each unit of earnings (Sapkota, 2019).

Pradhan (2019) stated that payment of dividends has an impact on common stock prices, and the factors that affect corporate policy on payment of dividends are earning, cash, payment of previous dividends, and maintaining stock prices. Stock prices are observed to have some patterns, and by analyzing them, the predictors for future stock price performance can be derived.

The contribution of the financial sector of Nepal is significant, as the scattered savings are a major requirement for capital formation. The stock market is the dominant market through which the scattered savings are utilized for productive investments, which are extremely necessary for sustainability. The Nepalese securities market is still at the developmental stage, making it a necessity to further develop the market. The shares of tourism companies are a major aspect of the Nepalese market, affecting the NEPSE accordingly (Biniya, 2018).

The tourism industry was greatly impacted by the government regulations put in place to help curtail the spread of the COVID-19 pandemic. These regulations included social distancing measures, restrictions on movement, cancellation of events, and lockdowns. As much as the measures put in place by the government helped to curtail the spread of the COVID-19 virus, the negative effects on the tourism industry have been far-reaching. On the 11th of March, 2020, the WHO declared that the COVID-19 virus had become a worldwide pandemic. As of August 2, 2022, there have been over 575 million confirmed cases, with over 6.3 million deaths recorded globally (WHO, 2022). The COVID-19 virus has brought unprecedented challenges to all industries across the globe. The tourism industry was greatly impacted by the COVID

virus, being amongst the industries that have been impacted the most (Yarovaya et al., 2021).

The tourism industry is one of the major sectors of the Nepalese economy. It creates jobs, generates foreign exchange, and stimulates local development. But because of the restrictions caused by the pandemic, the industry faced consequences such as a drop in occupancy rates, a dip in hotel, restaurant, and agency revenues, and the closure of various hotels, restaurants, and travel agencies (Chen et al., 2020). The Nepalese tourism industry has often been vulnerable to unfavorable factors like politics, natural calamities, and global crises (Barbhuiya & Chatterjee, 2020). But the severity of the COVID-19 pandemic was more alarming than the impacts of the above-mentioned crises (Ding et al., 2021). Studies conducted concerning the global market of the hospitality industry indicated a dramatic fall in the market capitalization of the industry as some organizations are experiencing a loss of 70% of their shares (Mazur et al., 2021).

Similarly, the impact of the pandemic has been felt in the tourism industry and on the hotel stock prices in Nepal as well. The focus of the paper would be on the impact of the COVID-19 pandemic on the stock prices of hotel and tourism industry-related companies. It will take into account the prevailing market trends, government policies, and country-wise factors. It offers an overall understanding of the impact of the pandemic on the stock market, which could be beneficial in the future.

Hotels and tourism-related companies that are traded at the NEPSE are at risk due to external factors. Such factors include the effect of tourism arrivals, political instability in the country, and tourism patterns globally. Soaltee Hotel Limited, Taragaon Regency Hotels, Oriental Hotel, etc., are subject to the challenges of maintaining a consistent hotel occupancy level due to the seasonal nature of such business and lower international tourism revenue due to the pandemic.

Infrastructure-intensive companies like Kalinchowk Darshan Limited and Chandragiri Hills Limited always require additional investment and maintenance. Hence, their stocks may be sensitive toward business risk factors like weather, safety issues, and infrastructural upgradations. City Hotel Limited's Hyatt Centric hotel has to manage its high operating costs and compete with other five-star hotels in Kathmandu.

Generally, the tourism sector is facing issues like increased operation costs, currency fluctuations, and innovation with better guest experiences. The Nepalese market is a small market, more sensitive to news and information. Therefore, these aspects are remarkably influencing hotel and tourism sector stocks.

Therefore, although the sector of tourism has huge growth prospects, its stocks become more volatile and fluctuate easily due to both internal company and external reasons.

1.2 Problem Statement

The hotel and tourism industry is one of the most promising industries for Nepal, contributing to Nepal's income, employment creation, and foreign exchange earnings (K.C., 2023). Due to the natural beauty and cultural diversity of Nepal, industries like Soaltee Hotel Ltd, Taragaon Regency Hotels Ltd, Oriental Hotels, City Hotel Ltd, Chandragiri Hills Ltd, and Kalinchowk Darshan Ltd are trading in Nepal's stock exchange named NEPSE. However, their share prices are highly volatile and not understood well (Poudel, 2024).

The stock prices are influenced by various factors, namely, tourism arrival numbers, worldwide traveling habits, economic, as well as political conditions, seasonality, operational risks, and organizational performance (Carrillo-Hidalgo et al., 2023; Conlon & Corbet, 2023). Contrary to many industries that are benefitting from stable stock performance, the hotel industry faces unforeseen crises such as natural calamities, geopolitical tensions, pandemics, and an economic crunch, which would disrupt their stock performance by diminishing their financial inflows significantly (Ojha, 2025).

However, due to the limited literature on tourism stocks traded on Nepalese exchanges, investors have only considered the Sentiment indicator as an indicator for investing in tourism stocks. The low trading volumes make investors more prone to speculation about stock performance (Shrestha, 2023; Bhattarai, 2022). The hotel business faces problems that affect stock performance, for instance, property maintenance, improving service standards, and maintaining a reputation as an international hotel (G.C., 2022; Pradhan, 2019). The market size of NEPSE has made it difficult for investors to analyze market trends as market news, politics, or financial updates have a significant impact on stock performance (Sapkota, 2019).

The COVID-19 pandemic resulted in unprecedented disruption to the hotel and tourism sector, incorporating effects on arrival figures, hotel occupancy, and revenue generation, along with concomitant stock prices. Lockdowns, social distancing, and travel restrictions have directly affected hotel and tourism operations. While the sector contributes significantly to the economy, limited studies have explored the impact of COVID-19 on the stock prices of the hotel and tourism sector of Nepal (Poudel, 2024).

There are basically two problems: one related to an inadequate amount of data on the impact of COVID-19-related shocks on volatility in stock prices within Nepal's hotel and tourism sector. Secondly, there are internal issues related to operation and external factors related to COVID-19 that have made stock prices extremely unpredictable in Nepal's hotel and tourism sector. These factors are affecting not only investment decisions but also planning in this sector. Moreover, they are affecting our understanding of the real growth potential of this sector. Therefore, in order to gain valuable insights for investors and policymakers in Nepal, as well as stakeholders in the hotel and tourism sector in Nepal, it is crucial that the impact of COVID-19 on stock prices of hotel and tourism companies in Nepal be studied systematically, keeping in view internal financial indicators as well as external factors (Shrestha, 2023).

Although there is research regarding the financial performance of the tourism and hotel sector in Nepal, there is no research regarding the companies listed in the Nepal Stock Exchange. The main purpose of this research is to analyze the financial position of the hotel and tourism companies in Nepal. The research will address the following issues:

i. What is the current status of the stock price behavior, and how is the COVID-19 pandemic affecting hotel and tourism companies in Nepal?
ii. Is there any relationship between market price per share (MPS), earnings per share (EPS), price/earnings ratio (PER), dividend yield ratio (DYR), return on equity (ROE), and book value per share (BVPS) for hotel and tourism companies in Nepal?
iii. How do EPS, PER, DYR, ROE, and BVPS affect the market price per share of hotel and tourism companies in Nepal?

1.3 Objectives of the Study

The major objective of the present study is to assess the impact on the stock price behavior of hotel and tourism companies listed in the NEPSE in Nepal. The specific objectives of the present study are as follows:

i. To assess the present status of stock price behavior and the impact of COVID-19 on hotel and tourism companies in Nepal.

ii. To investigate the relationship between the market price per share (MPS), earnings per share (EPS), price-earnings ratio (PER), dividend yield ratio (DYR), return on equity (ROE), and book value per share (BVPS) of hotel and tourism companies in Nepal.

iii. To analyze the influence of EPS, PER, DYR, ROE, and BVPS on the market price per share of hotel and tourism companies in Nepal.

1.4 Rationale of the Study

Though many researchers have analyzed the performance of tourism companies, there are limited studies about the behavior of stock prices in Nepal. This paper focuses on the analysis of the stock price behavior of hotel and tourism companies in Nepal. This paper will give insights into the trends in the security market, and investors can gain knowledge about the behavior of the market and its impact on their investments and returns. This paper will also be beneficial in reforming the financial policies of the government. This paper will provide valuable insights for many people, especially in the banking and financial sectors, like students in academic institutions, employees in banks, trainees, investors, and many more.

1.5 Limitations of the Study

No research is free from limitations, and this research also has some limitations. The major limitations are the reliability of the statistical methods employed, lack of research experience, and the selection of only three tourism companies and three hotel companies for the analysis. Other limitations are as follows:

i. The research examines data from the last ten years, from 2014/015 to 2023/024.

ii. Though the research uses both primary and secondary data, it mostly depends on secondary sources such as the annual reports of companies, official websites, and financial journals, and thus the validity of the findings depends on the authenticity

of the sources.

iii. There are many financial ratios such as earnings per share (EPS), price-earnings ratio (PER), dividend yield ratio (DYR), return on equity (ROE), book value per share (BVPS), and market price per share (MPS), which might restrict the scope of the research.

iv. The research examines the past and present stock performance of tourism and hotel companies in Nepal and does not try to forecast anything about the future.

CHAPTER-II
REVIEW OFLITERATURE

The review of literature is an important part of the thesis, as it gives a comprehensive idea of the existing literature related to the topic of the research. In this chapter, relevant previous theses, books, journal articles, and research studies are reviewed. In particular, the chapter attempts to explore the theories of stock prices, including fundamental analysis, technical analysis, and efficient market hypothesis. Moreover, the concepts of financial institutions and markets, capital markets, economic liberalization, capital market development, along with an empirical study of the important research works done in the relevant fields, are also discussed.

2.1 Theoretical Review

In recent years, many developing countries have increased the growth of their economies by developing the investment sector. Stock prices are affected by the interaction of demand and supply in the stock market; stock prices are expected to increase when demand exceeds supply and vice versa. Business cycle theories imply that studying changes in key economic variables helps in explaining and forecasting economic expansion and contraction. Stock prices are primarily explained by two approaches: the classical approach and the efficient market approach. The classical or traditional approach includes fundamental analysis and technical analysis and is based on the assumption that markets are not completely efficient. On the other hand, the efficient market theory assumes that stock prices reflect all available information. The efficient market hypothesis can be divided into three forms. Prior to the development of efficient market theory, stock investors were primarily divided into two categories: fundamental analysts and technical analysts (Arkan, 2018).

2.1.1 Convention or Classical Approach

The conventional or classical approach to the analysis of stock prices is largely rooted in fundamental analysis and technical analysis. Financial analysts can be broadly classified into two categories, namely fundamental analysts, whose approach is rooted in the examination of various factors related to the stocks, and technical analysts, whose approach is rooted in the examination of historical price movements of stocks (Arkan, 2018).

Fundamental Analysis

According to the fundamental approach, investors and security analysts are interested in assessing the macroeconomic environment, industry performance, and various aspects of firms, which may include product demand, earnings, dividend policy, and managerial efficiency, in order to determine the intrinsic value of a firm's securities. Fundamental analysis is based on the assumption that the value of a financial security is equal to the present value of its expected future cash flows. In this method, investors attempt to forecast their future cash flows and then compute their present values using an appropriate discount rate, typically factoring in debt risk (Francis, 2020).

From a fundamentalist's viewpoint, stock valuation is conducted based on a risk-return approach that takes into account a firm's potential earnings and the prevailing economic conditions. Share value depends upon the expected future returns and the capitalization rate, which represents a risk-adjusted cost of equity. Therefore, it follows that the value of a share will be determined as the present value of expected future income, discounted at a rate that takes into consideration various forms of risk. This method heavily depends on the availability of accurate, timely, and comprehensive financial as well as economic information. In the absence of information disclosure, it would be hard to ascertain the actual market value of a share. Since stock prices represent investors' expectations, changes in stock prices occur as a result of changes in information that affect these expectations. In conclusion, it follows that the market price of a share has a close relationship with its intrinsic value, which represents the discounted form of all future income expected by a shareholder (Rahman & Siddikee, 2021).

Technical Analysis

Technical analysis is an explanation of share prices based on historical data to predict future share prices. It is an analysis of historical share prices and information to identify trends and patterns. It compares historical share prices with recent share prices to identify emerging trends similar to those observed in the past. The assumption of this analysis is based on historical trends and patterns, which repeat themselves in the market. Technical analysis is a specialized form of analysis in which analysts predict future share prices based on observed trends in the market,

similar to identifying an invisible pattern based on an observed part of the pattern (Hunjara & Muhammad, 2024).

2.1.2 Efficient Market Theory

An efficient market is distinguished by the correct pricing of securities, whereby stock prices are a reflection of their true value, and whereby investors are unable to generate excess returns on a consistent basis except by luck. In an efficient market, the current stock price embodies all publicly known information. In a competitive economic environment, markets are essential for allocating scarce resources to their best alternative uses, thereby ensuring maximum productivity. If resources are allocated to those who are willing to pay the highest prices, then markets are said to be allocatively efficient. Similarly, capital and securities markets seek to allocate investable funds efficiently among firms and projects. An efficient market can thus be described as one in which security prices react quickly and accurately to all information (Johns, 1992).

For the market to be efficient, a number of conditions need to be satisfied. First, the market needs a large number of informed profit-maximizing investors who should be actively involved in the analysis, valuation, and trading of securities. However, no single investor should be in a position to affect the market prices. Moreover, the information should be readily available to all the participants in the market at almost the same time and at a low cost. It is presumed that the information available in the market occurs randomly. This suggests that the new information being acquired by the market occurs independently. It is presumed that the transaction costs, which involve the brokerage fees, are low. It is presumed that the market participants tend to respond accurately to the new information. Additionally, it is presumed that the individuals in the market are rational. This suggests that the individuals in the market would be investing in the securities that can help them achieve higher returns in comparison to the risks. This would ensure that funds are being utilized in the areas where they can be most productive (Liu et al., 2025).

2.1.3 Random Walk Efficient Market Theory

According to the random walk theory, the future return from the investment in equities is independent of the past prices. Hence, the past prices of the stocks cannot be a basis for predicting the prices of the stocks in the future. According to the

random walk theory, the changes in the prices of the stocks in the market are independent of one another. With the passage of time, the changes in the prices of the stocks represent the real value of the security. Hence, the prices of the stocks cannot be predicted on the basis of the past prices of the stocks. (Liu et al., 2025)

In a situation where the stock prices diverge from the actual value of the security due to the divergence in the expectation of the performance of the firms, it is expected that the informed investors, such as the knowledgeable individual investors, will recognize and utilize the divergence in the stock prices. The informed investors will buy and sell the stocks, thereby bringing the prices to equilibrium. The random movement in the prices of the stocks does not reflect the irrationality of the market.

On the contrary, the price formation mechanism is the result of the interaction between demand and supply, which operates within the framework of a competitive market. In an efficient market, the price reacts instantly to any new piece of information, thereby allowing any divergence in the stock price and the intrinsic value to correct itself spontaneously (Dang et al., 2024).

It is, therefore, postulated that the actual stock price fluctuates randomly around the intrinsic value, reflecting all the available information within the market. Despite the extensive research interest in the concept of market efficiency, the efficient market hypothesis has been subject to intense criticism. This is not mainly attributed to the fact that the stock markets are not perfectly competitive, nor are they efficient, possibly due to some structural and behavioral factors (Poudel, 2024).

2.1.4 Conceptual Review

It is important to have an understanding of the basic concepts regarding shares and other related issues, as well as the general background regarding the banks chosen for the study, before going into the actual issue regarding the share price (Poudel, 2024).

Stock Price Behavior

It can be of great significance that the stock market represents an indicator of the financial position of a particular country, as it is considered to influence significantly the process of economic development through fostering capital accumulation. Apart from being an outlet for stock trading, it has been considered an intermediary that links savers and investors and mobilizes, manages, and transfers wealth, thus playing

an important role in fostering economic development through mobilizing financial resources to the most valuable investment opportunities (Ojha, 2025).

The growth of industries and commerce is also linked to the behavior of the stock market, which consequently influences the economy. Therefore, the governments, companies, industries, and organizations are watching the activities of the stock market with keen interest. The stock market is an opportunity to raise pooled small savings to invest in productive business activities, while at the same time creating liquidity, safety, and marketability for the investors. Well-structured and organized capital markets are beneficial to economic growth as they provide funds to raise financial assets. Thus, the governments are always willing to introduce legislative measures to promote the development of the capital market (Conlon & Corbet, 2023).

This section is the start of the literature review that will discuss theoretical points of view from textbooks, reference books, and practical experiences dealing with dividend policy and its impact on stock prices. Corporate finance involves three major choices: investment, financing, and dividend decisions. All these options are interconnected and should be oriented toward the ultimate goal of maximization, since the best mix maximizes shareholder value (Carrillo-Hidalgo et al., 2023).

Dividend means the distribution of a portion of the profits of a company to investors, representing a return on investment. This means that the shareholders of a business receive some of the profits of the company on a periodic basis as an incentive for risking their money with this particular business. It should be noted that one of the most important aspects of a company's dividend policy is to determine the proportion of profits of the company that should be distributed among shareholders as dividends. This is one of the most significant sources of financing for a company's future requirements, along with the fact that shareholders seek dividends as this gives them a chance to influence their wealth directly. Dividend policy can be discussed from two different aspects. Firstly, if the question of the dividend policy of a firm is considered from a financing point of view, dividends are declared after profitable investment opportunities are exploited. Alternatively, in that investors are willing to pay more for dividends than future capital gains due to imperfections and uncertainties, dividend policies have significant impacts on stock prices were higher dividend payments are correspondingly higher stock values and lower stock values correspondingly lower dividend payments. In order to obtain maximized shareholder wealth under conditions

of uncertainty, companies should employ a balancing approach between paying dividends and shareholder expectations (Bhattarai, 2022; Shrestha, 2023; K.C., 2023).

Generally, stock prices are not constant but change from time to time, though the extent of change may vary over different periods. The focus of understanding the underlying factors for these dynamic changes has always remained a big issue for all stakeholders operating in the stock market domain. The occurrence of big stock market crises over the past several decades has become a challenge for different economic and statistical theories, leading to the formulation of modern theories that focus on capturing big movements in stock markets (Rahman & Siddikee, 2021).

The stock market continues to attract a lot of interest from the public and the media due to the perceived wealth generation opportunities. However, the stock market investments remain most vulnerable to a variety of economic and stock market factors, whereby the chances of loss creeping in are inevitable if not analyzed properly. Henceforth, the main intention of the study is to convince the investors to invest by taking a conscious decision based on fundamental factors rather than speculation, rumors, and intuition. By emphasizing the fundamental factors responsible for share price movement, the study aims to assist investors in framing a better investment portfolio (Arkan, 2018).

Given the rising role of investors and the volatility of the stock exchange, it is now very important to secure the investments made. While there have been numerous studies done about the various determinants that affect the stock prices, many researchers have chosen to concentrate their research on very few sectors. It is of particular note that the current research will incorporate various sectors of the Nepalese economy, including commercial banks, development banks, microfinance institutions, hydropower companies, and hotels. This particular study will seek to ascertain whether there is significant correlation between dividend per share, earnings per share, price-earnings ratio, book value, market value, and stock prices. The overall objective of this particular study will be to "examine the impact of earnings, dividend policy, valuation ratios, leverage variables, and book values on stock prices" (Martikainen, 2018).

An unforeseen and irrational rise in the stock exchange indices may also put an investor in a state of concern, as such increases are not always sustainable in the

absence of proper underlying fundamentals. Also, according to the random walk hypothesis, prices in the past cannot be used to predict future price movements, as stock prices vary randomly, and any stock price will eventually reveal its true intrinsic value (Fischer & Jordan, 2000).

Random walk properties of stock returns are also important in the construction of rational expectations models and tests of weak-form market efficiency. In an efficient market, stock prices will reflect all available information, and stock returns will be unpredictable. The efficiency of stock markets in attracting foreign capital, promoting savings, and enhancing capital allocation is dependent on their ability to reflect information and maintain investor confidence (Sharpe, 1998).

Finally, when a corporation is formed, the founders are granted a legal charter, common stock is issued, and these common stocks are sold to investors to raise initial capital. Common stock is thus the first and most basic security issued by any corporation and symbolizes ownership of the corporation (Francis, 1983).

Common Stocks Values

a) Par Value

Par value is the nominal or face value assigned to a share at the time of its initial issuance. In the past, it was meant to ensure that a company received a minimum acceptable amount for the ownership interest represented by each share. It also helped in preventing preferential treatment, whereby shares could be sold to associates or insiders at discounted prices while other investors paid higher amounts, which would lead to unfair price discrimination (Martikainen, 2018).

The par value of a share, once assigned at the time of issuance, generally remains the same unless changed by corporate actions such as stock splits or decisions by the board of directors (Cheney & Mosses, 1995). In Nepal, the par value of newly issued shares is generally set at Rs. 100 as per the provisions of the Company Act of 1993.

b) Book Value

Book Value per share can be calculated by adding the common stock‘s total value (or par value plus paid-in surplus plus retained-earnings accounts) in the net worth section of the balance sheet and then dividing by the number of shares of common stock outstanding. Book value gives a picture of the assets of the corporation, but it has

no real relation to stock prices. Companies sometimes find their common stock selling for prices far different from book value (Carrillo-Hidalgo et al., 2023).

c) Market Value

Market value in the secondary markets is determined by the demand and supplies factors, and reflects the consensus opinion of investors and traders concerning the value of the stock. The market value is influenced by many factors including economic and industry conditions, expected earnings and dividends, and market and company risk considerations (Martikainen, 2018).

Classifications of Common Stock based on Their Features

Blue Chip Stock, stocks of very large, well-established corporation has been dominant positions; strong balance sheets and size are called blue-chip stocks. Growth Stocks, whose price grows with the growth of corporation‘s earnings and dividend with a comparatively higher growth than the average price appreciation. Income stocks having stable cash dividends record are often called as income stocks. Cyclical and Defensive Stocks, which are influenced by economic and industrial cycles, are called cyclical stocks whereas stocks which are less susceptible to economic cycles, a recalled defensive stocks. Speculative stocks, which are viewed by investors with some speculative motives, are called speculative stocks. Small stocks, depending upon the capitalization norms are generally known as small or even blue chip stocks (Conlon & Corbet, 2023).

Characteristics of Common Stocks

a) Voting Rights or Control

Common Stock is voting stock. The power to vote for the board of directors and for or against major issues (such as mergers or an expansion into new product lines) belongs to the common shareholders because they are the owners of the corporation (Conlon & Corbet, 2023).

b) Preemptive Rights

The preemptive right allows stockholders to subscribe to any new issue of stock so that they can maintain their previous fraction of the total number of shares sold (usually called the outstanding shares. Some states automatically make the preemptive right a part of every corporate charter: in others, its inclusion as part of the charter is

optional to grant the preemptive right is to recognize that stockholders are part owners of corporations and as such should have an interest in earnings and assets and a voice in management proportionate to the fraction of voting shares they own. The preemptive right, if exercised, prevents the dilution of ownership control inherent in additional stock shares. Thus, the preemptive right, if exercised, guarantees the investor‘s undiluted maintenance of voting control, share in earnings, and share in assets (Dang et al., 2024).

C) Right to Income and Distribution of Other Shares

In fact, shareholders have no right to receive income distribution from the corporation. As practice prevails, BOD declares cash dividends if enough financial resources are available. The dividends can be cash dividends, stock dividends, property dividends, etc (Poudel, 2024).

2.2 Empirical Review

Liu et al. (2025) explored the short-term effects of COVID-19 on China's stock market. They found that Chinese and Asian stock markets declined after the outbreak of COVID-19. Furthermore, banking, insurance sectors documented negative abnormal returns for event of COVID 19. He investigated the stock returns of sharia-compliant firms from different industries and found that the banking sector performed worst comparatively. He explored the short term effect of seven COVID-19 related events on the stock returns of the Saudi financial market. They found that the banking sector is among the most affected sector in this respect. He showed the effect of COVID-19 on the stock performances of the different sectors from the Indonesian Stock Exchange. Their results showed that the banking sector documented abnormal returns. He explored the short term effect of different WHO announcements regarding COVID-19 on the stock performances of nine different indices (world, developed and developing) from all over the world. They found that the effect of COVID-19 varies across the indices from developed and developing countries. In short, the first type of studies investigated the industry-specific stock performances, including the airlines and transportation sector from different countries.

Ojha (2025) studied on Financial Performance and Common Stock Pricing. The main objectives were study and examine the difference of financial performance and stock price behavior, the relationship of dividends and stock price and explore the signaling

effects in stock price. The major findings were Nepalese Stock Market was in growing stage. Dominance of banking sector was prevalent in the market. Due to this the stock price of other industries, including finance companies, insurance and manufacturing was not encouraging. Moreover, corporate firms having longer history of establishment had relatively stable profitability parameters then those firms established after the economic liberalization. Dividend Per share (DPS) of the firms was relatively more stable then the dividend payout ratio. That is why payout ratio and dividend yields were highly fluctuating during the research period. Due to lack of proper investment opportunities most of investors had directed their saving towards the secondary stock markets. There was significant positive correlation between the dividends paid and stock price of banking and manufacturing industries.

Dang et al. (2024) examined on the behavioural pricing effects in tourism: A review of the empirical evidence and its managerial implications. Over the past decades, behavioural pricing has emerged as a significant area of research, focusing on how individuals perceive, interpret, and respond to price information. However, the application of this knowledge is still fragmented, and its findings and implications are not yet fully specific to certain sectors. This article presents an integrative overview on the effects in the tourism industry in relation to the Behavioural Pricing Effects. As such, in our application-oriented publication, a framework is presented that highlights four prominent factors in the perception of price with the following elements: display of price, composition of choice set, communication of price, and the structure for the payment options. By using this framework, we conduct a synthesis of the empirical findings of 100 studies published between 1995 and 2022 that focused on the application of behavioural pricing in tourism and travel-related settings. The results of this review are expected to contribute to a better understanding of how the application of behavioural pricing principles can be effectively implemented in tourism management. Furthermore, the review provides insights into the open questions and a future research agenda for the advancement of empirical research on the application of behavioural pricing in tourism.

Hunjara and Muhammad (2024) conducted on Stock dividend and fluctuation in its stock prices. The main objective of this study is to find the factors which cause fluctuation in stock prices and different results have been found. The methodology adopted in this study is ordinary least square regression model has

been applied. The results indicated that dividend yield and dividend payout ratio which are both measures of dividend policy have significant impact on stock price. Dividend yield is negatively related with stock price and dividend payout ratio is positively related with stock price which means that these results are against dividend irrelevance theory.

Poudel (2024) identified the share price movement of joint venture tourism companies in Nepal has dealt with the influence of publicly available information on share price movements. The main objectives examine how risky are the investments on commercial bank along with other objectives. Examine the forms of EMH (Efficient market hypothesis) that Nepal stock exchange market comprised. The major findings were financial indicators and ratio analysis techniques to evaluate the overall financial position of sample companies. In addition to this, he had adopt statistical tools like lest square equation. Market Value per share (MVPS) as independent variable and Book Value per share (BVPS) as dependent variable. The MVPS dose accommodates all the available historical information. The study is revealed that the publicly available information does not fully support the share price movement. Another issue in these regards is the transparency of data reflected in the financial return. In this regards, rightly conduct this financial statement prepared by Nepalese commercial bank is yet be meet the international according standard.

Conlon and Corbet (2023) examined on the inflation affect tourism and hospitality stock prices: A time-frequency analysis. After years of relatively low inflation, rising price levels have again become a concern for firms and investors in the tourism and hospitality sectors. These industries, which require substantial capital investment, incur high labor costs, and rely heavily on raw materials, may be particularly sensitive to inflationary pressures. This study investigates the relationship between inflation shocks and the stock returns of tourism- and hospitality-focused companies. The results reveal a short-term and generally negative association between inflation shocks and sector returns, which is mostly concentrated at shorter investment horizons. However, once the impact of the total market is included, the effect of inflation on the stocks is reduced, implying that the impact is limited. Further, the subsector analysis implies that the impact of inflation shocks is more significant and sustained on the stocks of the casino and gambling sector.

Carrillo-Hidalgo et al. (2023) analyzed on the impact of the COVID-19 pandemic has shown that the pandemic has had a significant impact on the global tourism industry, and the country of Spain has been particularly affected due to its early exposure to the pandemic and its status as a major international tourist destination. Understanding this relationship enables better forecasting of how the pandemic influences tourism sector stocks, which can help improve strategic responses during crises. In this study, a predictive model was developed to examine the behavior of Spanish tourism sector stocks in response to the medium-term evolution of COVID-19. The findings indicate that both the number of confirmed cases and fatalities serve as reliable predictors of abnormal stock price movements in the tourism industry.

K.C. (2023) studied on Efficient Market Hypotheses and Behavior of the Share Prices in Nepal. The main objectives were comprehensive investigation of weak and other form of efficient market hypotheses. The findings were different statistical tools were uses in the study serial correlation, the run test, weighted mean, median, chi-square test, and spear's rank correlation. Twenty- three equity shares listed and activity traded in the Nepal stock exchange ltd. The study concluded that Nepalese stock market might not be termed historical information was reflecting in security price.The main factors affecting share prices perceived by the respondents were dividends, retained earnings, bond share, and right issue. The study also found more volatile than expected dividends. The study also found that the shareholders in high bracket did not prefer retained earning instead of dividend.

Shrestha (2023) studied on Stock Investment Behavior in Nepal. the article stated that problems at the NEPSE are twofold. The first is that it is basically an extension of the casino, with the people speculating rather than investing wisely. The other is that the volume of stock is too low. Globally, the development of stock markets has only worked well when guided by instructional investors rather than individuals. In Nepal, we have individual investors, led by some insiders, who have turned it into a punters den. The stock exchange has been relegated to a resource, with being dependent on the alcohol content in one's blood rather than rational thinking by one's brain. It also states that the NRB should regulate the market and the financial sectors an ongoing exercise, not just a reaction to the latest problem. It is vital that the financial sector is seen to be stable if the country is build credibility as the place to invest in. The business sectors also need to pull up it stocks. Corporate governance should be a way

of life if Nepali companies are to compete in the global arena. Relaying on insider trading or dodgy legislation will not work in the end. Looking ahead, the stock exchange must provide the necessary avenues to assist in finding Nepal's economic growth, but this must be based on sound international practices.

Bhattarai (2022) published that the Effect in the Nepali Capital Market, Calendar effect, day effect, weekend effect and seasonal effect are common in the international stock market. Various researches have proved that there is variation in return and volatility among the days in a weak and seasons. A similar research conducted by Securities Research Center and services (SRCS) Pvt. Ltd has found that Nepali stock market too has been following similar trend. The volatility in index return is the highest on Sunday and lowest on Tuesday, a similar result has been found in the volatility on the dally change in NEPSE index. This is the highest on Sunday and the lowest on Tuesday.

G.C. (2022) identified that Stock Market Behavior in Nepal gives some important insight into the Nepalese stock market. The main objectives were recognizing the affect of factors of macro environment (cultural and political) upon stock market with the degree and significance. The ratio of market capitalization to GDP very low for the periods, stock market size is not yet sufficient to show its impact on nation's economy. On the other, trend of turnover ratio and value of share traded to GDP ratio show that stock market in Nepal is very small relative to its economy, and stock market in Nepal is yet to make its presence felt in the national economy. Nepalese stock market is highly dominated by the largest companies in terms of turnover, as the concentration ratio is very high. Stock volatility as measured by twelve-month rolling standard deviation and stock volatility ratio give the basis to conclude the inability of Nepalese stock market to handle risk relatively to volume of stock in Nepal. It is interesting to note that none of these indicators viz.

Kunwar (2021) identified on financial performance indicators and stock price behaviour of listed companies in NEPSE. The Main Financial indicators showed that the Nepalese stock market was still in infant stage and the financial indicators were not much stable. Potential investors were highly attracted towards the shares of banking sector, which showed the dominance of banking sector in the stock market. It also concluded that limited bulk investors, VIP shareholders, brokers, underwriters and the firms were dominating the whole stock market and the investors of the stock

market were not showing rationale behavior It is examine the relationship between the financial performance (Profitability, Dividends and Net Worth) and common stock price (MVPS). The research was optional overall restructuring of NEPSE because of the huge gap between the generalized theory of stock price and the practice prevailing in reality. Most of the studies on share price behavior are conducted by different scholars in the context of Nepal at the secondary market through different point of view. They organized the study using different approaches and tools to analyze the behavior of stock price more realistically at the specific point of time.

Niroula (2021) investigated on the factors influencing stock price behavior of commercial banks in Nepal. The research considers market price per share (MPS) as the dependent variable, while earnings per share (EPS), price-to-earnings (PE) ratio, dividend yield (DY) ratio, bank size, return on equity (ROE), book value per share (BVPS), and return on assets (ROA) serve as independent variables. Secondary data were collected from the annual reports of commercial banks covering a five-year period from 2015/16 to 2019/20. A descriptive and analytical research design was used, and the analysis of the data was done using SPSS version 23. The target population of the study comprised 18 commercial banks selected from a total population of 27 using the convenience sampling method. Multiple linear regression analysis was employed to analyze how independent variables influence MPS. From the analysis of the data, it is evident that there is a positive and significant influence of EPS, PE, and bank size on MPS, while all the other variables have a minimum influence on stock prices. These findings provide insights for investors, policymakers, and bank managers in understanding factors that drive stock performance in Nepal's banking sector.

Rahman and Siddikee (2021) studied on declaration effect of cash and stock dividends on share price, an empirical study on Dhaka Stock Exchange. The study aimed to identify whether stock dividends has more impacts on the share prices than that of the cash dividends using the data of a promising emerging market-DSE. This study found that there is no evidence of abnormal returns on the declaration day for both stock and cash dividends. The finding of the study proposes an interesting policy to the investors who are willing to invest with the companies listed under the DSE. It suggests that the investors should hold their shares after the announcement when the companies declare stock dividends and

sell them on 12th working day for maximizing their abnormal returns and if the companies declare cash dividends the investors would not earn any abnormal returns from their investment.

Francis (2020) assessed on semi-strong form of efficiency, in the semi-strong form of efficiency; the security prices reflect all publicly available information. This implies that no investors could earn excess return using publicly available resources such as corporate annual reports, stock market price information or all publicly available data such as earnings, dividends, stock split announcements, new products development, financing difficulties, accounting changes, or financial dailies/magazines (e.g. The Economic Times). In fact, such publicly available information is already impounded in the current security prices. If the semi-strong hypothesis is true, then only a few than what could be earned by using a native buy and hold strategy.

Pradhan (2019) analyzed on stock market of small capital market in Nepalese context helps to provide at least some insight into stock market behavior in Nepalese context by concerning listed and traded shares in secondary market. To find out the above objective, this study is based on cross sectional analysis of 55 observations and the study period of 1986 to 1990. According to him, this paper is based pooled cross section analysis of 55 observations. The purpose of this study is to address the stock market equity, market value to book value, price earnings and dividends with liquidity, leverage profitability assets turnover and interest coverage. Data could not be obtained on contacting the individual enterprise as they traded them confidential.

Sapkota (2019) identified stock price behavior of listed finance companies in Nepal. The main objectives analyze the stock price and volume of stock traded in secondary market, relationship between BVPS and MVPS of finance companies analyze the risk and return associated in the common stock investment of selected finance companies. Among the various groups of industries Tourism Companies and manufacturing and processing groups were in dominant position in terms of volume and traded amount. The beta coefficient, which measures the risk of industrial security in relative terms, suggested that none of share of sample financial companies were at high risk. The share of finance companies were less risky than those average stocks traded in stock exchange due to good track record of their financial position, market penetration and continues declaration of dividends.

Arkan (2018) studied on the importance of financial ratios in predicting stock price trends, a case study in emerging markets. The objectives of the study are to investigate the importance of financial ratios derived from financial statements to predict stock price trends in emerging markets. The results showed that some ratios could give strong positive and significant relationships to stock price behaviour and trends, the most effective ratios on the stock price for the industrial sector are ROA, ROE and net profit ratio. Also the most effective ratio on the stock price for the service sector was the ROA, ROE, P/E and EPS ratio and the same for the investment sector. This study concluded that it could rely on a set of financial ratios for each sector to predict stock price, the decision maker of such investors can rely on the financial analysis presented by the financial ratios when making financial and operational decisions. The stock market of Nepal has been less subjected to investment research than their counterparts elsewhere. In Nepalese context, there is little study available about stock market behavior in small capital markets. Some of the available relevant studies are reviewed below. Even though these studies were carried out few years back, it can provide intellectual ground in our domestic stock market and its dimension in the present context also.

Martikainen (2018) researched on modeling stock price behaviour by financial ratios. The objectives of the study are to find out the economic dimensions of the firm are reflected in stock price behaviour in the Finnish stock market. When studying the intra-year explanatory power of financial ratios. It is reported that the explanatory power of financial ratios tends to increase when the reporting day approaches, and starts to decrease after that releasing day of financial statement numbers. Empirical evidence strongly indicates that financial ratios represent pricing relationships in a substantive manner.

Biniya (2018) studied on share price behavior of tourism companies and effect of microeconomic variables in Nepalese stock market. The objectives of the study were study and analyze stock price trend and behavior of the selected commercial bank, draw the main influencing factors of share price and examine the impacts of GDP, rate of interest and rate of inflation on NEPSE Index. The graphical analysis and volatility test showed that stock price behavior of sample Tourism Companies was not even some showed fluctuating trend where as other showed moderate trend. The results of run test showed market price of selected Tourism Companies were not

random which indicated that market overreacted to the available information. There was no significant relationship between GDP and NEPSE, which indicate that higher annual NEPSE index did not have positive relationship with GDP.

Table 1

Summary of Empirical Review

Authors (Date)	**Objectives**	**Methodology**	**Findings**
Liu et al. (2025)	To examine short-term effects of COVID-19 on stock markets and different industries	Event study on stock returns across China, Asia, Saudi Arabia, Indonesia, and global indices	Stock markets declined after COVID-19 outbreak; banking sector most affected; effects vary across countries and indices.
Ojha (2025)	To study financial performance, stock price behavior, dividend impact, and signaling effect in Nepal.	Analysis of stock price and financial data of Nepalese companies	Banking sector dominates; older firms more stable; dividends positively correlated with stock prices in banking and manufacturing.
Dang et al. (2024)	To examine the behavioural pricing in tourism and provide managerial insights	Integrative review of 100 studies (1995–2022) on behavioural pricing in tourism and travel	Price perceptions are influenced by price presentation, choice set, communication, and payment design; practical strategies for tourism managers identified; unresolved research questions highlighted
Hunjara and Muhammad (2024)	To investigate the impact of dividend policy on stock price fluctuations	Ordinary least squares regression	Dividend yield negatively affects stock price, dividend payout ratio positively affects stock price; contradicts dividend irrelevance theory
Poudel (2024)	To examine share price movement in joint venture tourism companies and efficient market hypothesis in Nepal	Ratio analysis and least square regression using MVPS and BVPS	Publicly available information does not fully explain share price movements; financial data transparency issues in Nepalese banks
Carrillo-Hidalgo et al. (2023)	Examine how COVID-19 affected stock market behavior in Spain's tourism sector	Developed a predictive model analyzing the medium-term effect of COVID-19 cases and deaths on tourism sector stocks	Both the number of cases and deaths are strong predictors of abnormal stock price movements in tourism companies
Conlon and Corbet (2023)	Investigate the effect of inflation shocks on tourism and hospitality stock returns	Time-frequency analysis of sector-specific stock returns in response to inflation shocks	Inflation shocks show a short-term negative effect on tourism and hospitality stocks; effects diminish when controlling for overall market; more persistent impact on casinos/ gambling stocks
K.C. (2023)	To study weak and other forms of efficient market	Serial correlation, run test, weighted mean, median, chi-square, Spearman rank	Nepalese stock market may not fully reflect historical information; dividends,

	hypothesis in Nepal	correlation	retained earnings, and rights issues influence share prices
Shrestha (2023)	To analyze stock investment behavior in Nepal	Qualitative analysis and observation of investor behavior	Market dominated by speculators; low stock volume; need for stronger regulation and corporate governance to attract rational investors
Bhattarai (2022)	To study calendar, day, weekend, and seasonal effects in Nepalese stock market	Volatility analysis using NEPSE index data	Return and volatility vary across days and seasons; highest volatility on Sunday, lowest on Tuesday
G.C. (2022)	To study stock market behavior and macroeconomic factors in Nepal	Ratio and volatility analysis	Nepalese stock market is small relative to GDP; dominated by few large companies; limited capacity to handle risk
Kunwar (2021)	To study financial performance indicators and stock price behavior of listed companies	Financial performance and MVPS analysis	Banking sector dominates; investors behave irrationally; financial indicators unstable; need for NEPSE restructuring
Niroula (2021)	To examine factors affecting stock price behavior of commercial banks in Nepal	Secondary data from 18 banks over 2015/16–2019/20; multiple linear regression using SPSS 23	EPS, PE ratio, and bank size positively and significantly influence stock prices; other variables have minimal effect
Rahman and Siddikee (2021)	To examine effects of cash and stock dividends on share price	Empirical study on Dhaka Stock Exchange data	No abnormal returns on declaration day; investors benefit by timing sales after stock dividend announcements.
Francis (2020)	To assess semi-strong form of market efficiency	Analysis of publicly available information and stock prices	Prices reflect publicly available information; few can earn excess returns using public data
Pradhan (2019)	To study stock market behavior in small capital market of Nepal	Cross-sectional analysis of 55 observations	Examined relationship between stock price and financial indicators; limited data availability
Sapkota (2019)	To analyze stock price behavior of finance companies in Nepal	Relationship analysis between BVPS, MVPS, risk-return evaluation	Finance companies less risky; tourism and manufacturing companies dominate volume; financial stability impacts stock price
Arkan (2018)	To study importance of financial ratios in predicting stock prices in emerging markets	Ratio analysis on industrial, service, and investment sectors	ROA, ROE, net profit ratio, P/E, and EPS significantly predict stock prices in respective sectors
Martikainen (2018)	To model stock price behavior using financial ratios	Intra-year analysis of Finnish stock market	Financial ratios explain stock price movement better near reporting dates; effectiveness declines after reporting
Biniya (2018)	To study stock price behavior of	Graphical and run test analysis	Stock prices show fluctuating trends; market overreacted to

	tourism companies in Nepal	information; no strong link between GDP and NEPSE index

2.3 Research Gap

The research gap is the difference between the earlier research and the current research. As the world is growing faster, the rapid changes and new developments may not be adequate to explain the current phenomena. Most of the customers, they are attractive towards such banks; who provides well and efficient service. Similarly, investor invest their money those banks, who provide high dividend, high profit as well as high amount, customer needs pre-information about the ability of payment whereas they needed. If banks need to survive in competitive market for a long run, it should be consider; liquidity position, profitability position, market position as well as other positions. Therefore, this study depends upon the financial position of Hotels sector, which are operating in Nepal. There are various studies on the tourism sector's financial performance in Nepal, but no broad studies have been done about tourism companies which are listed in security board of Nepal. This study was concern to analyze the financial position of six tourism and hotel sector which are operated in Nepal. Though many affiliated researches have been conducted in this area but there are very significant number of research has been done on the topic "A study on stock price behaviors' of Hotels sector. There must be comparative study among the different banks. If it is remaining indifferent towards the other banks relevant information, in long run it will give negative impact. This research is based on 10 years data and analyzed by statistical tools such as regression, correlation analyses.

CHAPTER III
RESEARCH METHODOLOGY

This chapter deals with some methods that are used in the period of research and also brief introduction to financial parameters used in this study. Research design, sources and nature of data, sampling method, and statistical and financial tools for data analysis are explained in this chapter.

3.1 Research Design

The research design includes specification of the method of the proposed study and detailed plan for carrying out the study with various empirical data for the analysis of the problem. A descriptive and causal comparative research design has been used to make the analysis more conclusive. The diagnostic analysis mainly highlights to find out the actual position of the companies using different statistical and financial tools. This study covers the census data from fiscal year 2014/015 to 2023/024. Due to the unavailability of past data only ten years period is covered in this study.

3.2 Population Sample and Sampling Design

There are various sectors in the stock market such as commercial banks, insurance, finance, hotels, trading, manufacturing and processing and others. This study includes only the tourism and hotel sectors. The data used for the purpose of the study are based on the banks that are listed in the stock market. The connivance sampling method has been applied for selection the sample company. There are listed sample companies, but 6 companies are taken as sample to represent the performance of the capital market. The sampling design method used is convenience sampling method.

The sample Companies are as follows:

i. Soaltee Hotel Limited (SHL)
ii. Kalinchowk Darshan Limited
iii. City Hotel Limited
iv. Oriental Hotel Limited
v. Taragaon Regency Hotel
vi. Chandragiri Hills

3.3 Nature and Sources of Data Collection

The necessary information and data are collected from different sources. This study is based on the secondary data. The data are taken from the annual report, trading report and official record of stock exchange and the annual reports of the specific companies as well as internet website (www.nepalstock.com). Other data pertaining to NRB, national and international journals, sample companies are reviewed through concerned website. The method of collecting data is secondary.

3.4 Instruments of Data Collection

Mere presentation of data is not enough to analyze stock price behavior unless it is further processed. Many mathematical and statistical tools have been developed to process relevant data to reach a conclusion. In this study, both statistical and financial tools have been used to analyze and interpret the relevant data so that meaningful conclusions can be drawn.

Financial tools

The financial tools help to measure the financial status of the organization. The tools are found from financial statement and financial disclosure. Some of the financial variables, stated below, have been employed to analyze market capitalization, market price of share, earnings price per share and dividend per share.

Statistical Tools

Statistical tools such as arithmetic mean, coefficient of correlation and probable error are the main tools applied in this study. Other statistical tools are also applied where necessary.

Mean

Mean or arithmetic average of a series is the figure obtained by dividing the total values of the various items by their number. In general if X_1X_2 ...Xn are the given 'N' observation then their mean, usually denoted by $\overline{X}$ is given by:

$$\overline{X} = \frac{\sum X}{N}$$

Standard Deviation

Dispersion is the degree of the variation of the individual items about a central value. The standard deviation measures the absolute dispersion. The greater the amount of dispersion greater the standard deviation. The small standard deviations mean a high degree of uniformity of the observation as well as homogeneity of a series and vice-versa. In this study, standard deviation calculated for earning per share, dividend per share, dividend payout ratio, retained earnings, market value per share, dividend yield ratio and price earnings ratio.

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

3.5 Method of Analysis

Data analysis is the process of collecting, modeling, and analyzing data to extract insights that support decision-making. There are several methods and techniques to perform analysis depending on the industry and the aim of the analysis. The method of analysis used correlation analysis and regression analysis.

Correlation Analysis

Correlation analysis is the statistical tools that can be used to describe the degree which one variable is nearly related to another. In the present study simple correlation has been used. Correlation co-efficient between the following financial variables has been Calculated and presented in matrix form and thereby interpreted thoroughly.

Correlation analysis establishes the closeness of relationship between the two and more variables. It measures the degree of relationship or association between variables. Karl Person's Coefficient of correlation is used to measure the degree of association among the variables. The formula used to calculate the coefficient of correlation is as:

$$r(X,Y) = \frac{\sum(X-\overline{X})(Y-\overline{Y})}{\sqrt{\sum(X-\overline{X})^2}\sqrt{\sum(Y-\overline{Y})^2}}$$

The value of correlation coefficient ranges between -1 and +1. Following rules are available in interpreting the value of correlation coefficient:

- When r = +1, it indicates there is perfect positive relationship between the variables.
- When r = -1, it means there is perfect negative correlation between the two variables.
- When r = 0, the variables are uncorrelated.
- When r falls between 0 to +1, two variables are increasing or decreasing to the same direction.
- When r falls between 0 to +1, two variables are increasing or decreasing to the same direction.
- When r ranges between 0 to -1, two variables are increasing or decreasing in the opposite direction.

Coefficient of Determination (r2)

The coefficient of determination is a measure of the degree of liner association or Correlation between two variable one of which happens to be independent and other being dependent variable. In other word r measures the percentage total variation in dependent variables. The coefficient of determination value can have ranging from zero to one. A value or one can occur only if the unexpected variation is zero which simply means that all the data point in the scatters diagram fall exactly on the regression line.

Regression Analysis

Regression is the statistical tool, with the help of which we can predict the unknown value of one variable from known value of any other variable. Assuming that the two variables are closely related, we can estimate the value of one variable from the value of another. The variable, whose value is given, is called independent variable and the variable whose value is to be predicted is called “dependent variable”. Hence, regression determines the average probable change in one variable based on a certain amount of change in another. It is a statistical tool for determining relationship between the variables by the establishment of an approximate functional relationship between them. It is used to determine that whether the dependent variable is influenced by the given independent variable or not. Regression analysis is a branch of statistical theory that is widely used in almost all the scientific disciplines. One of

the most frequently used techniques in economics and Business research, to find a relation between two or more variables that are related casually is regression analysis.

The regression model was applied as follows:

$MPS = \beta_0+\beta_1*EPS+\beta_2*PER+\beta_3*DYR+\beta_4*ROE+\beta_5*BVPS+...e$

Assume that,

MPS= Market Price Per Share (MPS): Dependent Variable

EPS = Earning Per Share: Independent Variable

PER= Price Earning Ratio: Independent Variable

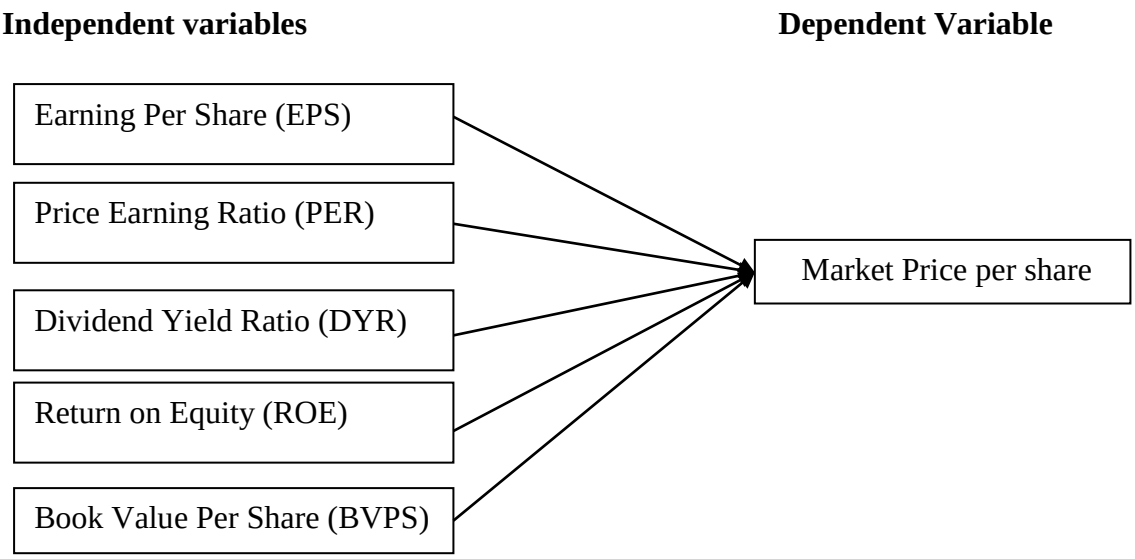
DYR= Dividend Yield Ratio: Independent Variable

ROE= Return on Equity: Independent Variable

BVPS= Book Value Per Share: Independent Variable

3.6 Research Framework and Definition of Variables

Based on the literature review, major factors affecting stock prices considered in this study are earning per share, price earning ratio, dividend yields ratio, return on equity, book value per share and market price per share etc. the schematic diagram of the relationship between stock price and these factors shown in figure 3.1.



(Source: Niroula, 2021)

Figure 3.1: Research framework of the study

Definition of the Studied Variables

Earnings Per share

Earnings Per Share (EPS) is a key profitability metric that represents a company's net income allocated to each outstanding share of common stock. It is calculated by dividing the net income by the weighted average number of outstanding shares, with preferred dividends subtracted from the net income before division. A higher EPS indicates greater profitability on a per-share basis, making a company more attractive to investors and allowing for potential dividend payouts.

Price-Earnings ratio

The price-to-Earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS). The price-to-earnings ratio is also sometimes known as the price multiple or the earnings multiple. P/E ratios are used by investors and analysts to determine the relative value of a company's shares in an apples-to-apples comparison. It can also be used to compare a company against its own historical record or to compare aggregate markets against one another or over time.

Dividend Yield ratio

Dividend yield is a ratio, and one of several measures that helps investors understand how much return they are getting on their investment. For companies that pay a dividend, you can calculate dividend yield by dividing the expected income (the dividend) by what you invest the price per share.

Return on Equity

Return on Equity (ROE) is a financial metric that measures a company's profitability by dividing its net income by its average shareholders' equity, expressed as a percentage. It shows how effectively a company generates profit from the money invested by its shareholders. A high ROE suggests that the company is more efficient in using its equity to generate profit, thus ROE is one of the key ratios for current or potential investors to evaluate the company's performance.

Book value per share

Book Value per Share (BVPS) is the value of a company's net assets on a per-share basis, calculated by dividing a company's total equity by its outstanding

shares. Investors use BVPS to determine if a stock is overvalued or undervalued by comparing it to the current market price; a BVPS higher than the market price suggests the stock is undervalued, while a BVPS lower than the market price suggests it's overvalued.

Market price per share

The market value per share, or equity value per share, is equal to the market capitalization divided by the total number of diluted shares outstanding. In short, the market value per share reflects the stock price of a company at present.

CHAPTER-IV
RESULTS AND DISCUSSION

The presentation and analysis of data is the core of this study, which consists comparative analysis of financial performance of the companies and analysis of market price of stock with respect to dividend and earning in the Nepal Stock Market.

4.1 Analysis of the Data

The performances of individual companies that are listed in the stock exchange have direct impact on capital market. A company having a good performance has highest market price, high volume of transaction, higher demand of stock, lower risk and low cost of capital. Various indicators are used to analyze the company performance. The used indicators are earning price per share, market price per share, dividend price per share, book value per share, price earning multiple, and dividend payout ratio, market price to book value ratio, dividend yield, earning yield, liquidity ratio, return on assets and return on equity.

4.1.1 Earning per Share (EPS)

Generally, the performance and achievements of business organization are measured in term of their capacity to generate earnings. Earnings per share refer the rupee amount earned per share of common stock outstanding. It measures the profitableness of the shareholder's investment. It measures the profitableness of the shareholders' investment on a per share basis. The higher earning indicates the better achievements of the profitability of the Hotel by mobilizing their funds and vice versa. The earnings per share of selected Tourism Hotel can be tabulated as follows:

Table 2

Earnings per Share

Year	SHL	KDL	CHL	OHL	TRH	CGH
2014/015	5.23	10.09	-60.63	25.12	15.12	16.21
2015/016	1.90	-3.09	-63.44	15	10.21	15.20
2016/017	3.51	160	-34.53	28	12.53	11.20
2017/018	4.19	150	41.87	30	14.9	8.25
2018/019	4.08	139	-35.43	29	18.72	14.20
2019/020	1.33	81	-63.60	6.05	8.98	19.30
2020/021	2.67	120	-44.7	18.05	1.86	18.20
2021/022	3.53	70	-35.34	2.84	10.1	16.20
2022/023	6.16	27	-63.11	5.63	15.2	15.20
2023/024	6.46	-27.89	-35.3	2.50	4.84	13.87

Source: Annual Reports of Sample Hotel

The table 2 shows the earnings per share (EPS) for eight Hotels in Nepal over a decade, providing insights into their financial performance. Soaltee Hotel Limited (SHL) exhibited a steady decline in EPS from NPR 5.23 in 2014/015 to NPR 3.53 in 2021/022, followed by a partial recovery to NPR 6.46 in 2023/024. Kalinchowk Hotel Limited (KDL) demonstrated moderate fluctuations, with its highest EPS of NPR 160 in 2016/017 and a decrease to NPR -3.09 in the final year2015/016. OHL Hotel Limited displayed relatively high EPS in earlier years, with its maximum of NPR 30 in 2017/018, but its earnings declined significantly before marginally improving to NPR 2.50 in 2023/024. Taragaon Regency Hotel (TRH) maintained a comparatively higher EPS across the years, reaching a peak of NPR 18.72 in 2018/019, though it declined to NPR 4.48 in 2023/024. Chandragiri Hills (CGH) displayed a mixed performance, with EPS peaking at NPR 19.30 in 2019/020 before fluctuating and settling at NPR 13.87 in the final year2023/024.

4.1.2 Price Earnings Ratio (PER)

The price earnings ratio is the ratio between market price per share and earnings per share. P/E ratio used to evaluate the performance of any organization by investor for security analysis point of view. It indicates investor's expectation toward firm's performance. Managerial level of firm's also watching this ratio for find out the

performance and find the causes if the P/E ratio declines. The price earnings ratio of selected Tourism Hotel can be tabulated as follows:

Table 3

Analysis of Price Earnings Ratio (In times)

Year	SHL	KDL	CHL	OHL	TRH	CGH
2014/015	81.34	36.12	35.12	83.68	56.12	37.11
2015/016	197.68	40.12	39.12	57.24	65.23	47.41
2016/017	150.71	28.47	36.45	59.32	58.36	35.98
2017/018	57.96	32.50	45.12	58.41	47.12	25.59
2018/019	59.79	28.12	41.23	49.51	56.12	28.31
2019/020	115.81	33.37	40.70	50.57	65.47	23.06
2020/021	98.14	43.03	30.90	36.16	57.38	16.62
2021/022	57.32	33.55	29.30	33.57	45.96	34.22
2022/023	77.32	35.15	29.30	18.64	35.49	31.89
2023/024	68.43	23.11	35.70	70.54	27.33	28.18

Source: Annual Reports of Sample Hotel

The table 3 shows the price-to-earnings (P/E) ratio of eight Nepali Hotel over ten years, which reflects how much investors are willing to pay for each unit of the Hotel' earnings.

4.1.3 Dividend Yield Ratio

Dividend yield shows the relationship between dividend per share and market price per share. The dividend yield is calculated by dividing the cash dividend per share by the market value per share. That is, Dividend yield shows the relationship between dividend per share and market price per share. The dividend yield is calculated by dividing the cash dividend per share by the market value per share. That is,

Table 4

Dividend Yield Ratio

Year	SHL	KDL	CHL	OHL	TRH	CGH
2014/015	86.04	36.12	35.12	83.68	56.12	37.11
2015/016	78.04	40.12	39.12	57.24	65.23	47.41
2016/017	65.97	28.47	36.45	59.32	58.36	35.98
2017/018	44.32	32.50	45.12	58.41	47.12	25.59
2018/019	32.78	28.12	41.23	49.51	56.12	28.31
2019/020	38.05	33.37	40.70	50.57	65.47	23.06
2020/021	29.71	43.03	30.90	36.16	57.38	16.62
2021/022	19.91	33.55	29.30	33.57	45.96	34.22
2022/023	26.3	35.15	29.30	18.64	35.49	31.89
2023/024	31.43	23.11	35.70	23.67	27.33	28.18

Table 4 show that the dividend yield is another major factor that affects the behaviour of stock price in market. A high and consistent yield generally increases the market price of stock. In this parameter, the SHL, KDL, CHL, OHL TRS and CGH respectively are the best among the selected Hotel. Its share is earning a good return in each of the year with steady rate. The yielding rates of all Hotels are variation on during study period. Increasing trend in yielding rate of stock always has the positive impact on the movement of stock price and vice versa. Its share is yielding only Dividend Yield Ratio On average and is the lowest among all Hotels. The average dividend yield can also be presented in graph as well. The standard deviation shows the volatility of the Dividend Yield Ratio Of sample Hotel. Above Chandragiri Hills Hotel has comparatively highest and Soaltee Hotel Limited Hotel has lowest SD, which are 1.19 and 0.47 respectively.

4.1.4 Return on Equity (ROE)

Return on equity (ROE) is a ratio that provides investors with insight into how efficiently a company (or more specifically, its management team) is handling the money that shareholders have contributed to it. In other words, return on equity measures the profitability of a corporation in relation to stockholders' equity. An increase in return on equity (ROE) implies that a company's efficiency in managing profits and growth from shareholders' equity is higher. The return on equity of the sampled hotels is as follows:

Table 5

Return on Equity

Year	SHL	KDL	CHL	OHL	TRH	CGL
2014/015	0.19	2.5	-0.25	-0.03	14.17	23.23
2015/016	0.09	3.8	-0.21	-0.01	17.14	25.20
2016/017	0.12	5.2	-0.015	-0.07	13.09	16.20
2017/018	0.19	3.6	-0.20	0.01	15.58	16.30
2018/019	0.18	4.25	-0.025	0.02	17.94	14.20
2019/020	0.07	3.5	0.16	0.26	18.28	25.20
2020/021	(0.16)	2.3	-0.17	-0.01	18.79	16.20
2021/022	0.17	3.7	-0.10	-0.20	19.27	15.20
2022/023	0.26	3.6	-1.38	-0.05	18.39	14.20
2023/024	0.25	3.8	-1.49	0.18	18.02	13.68

Source: Annual Reports of Sample Hotel

The Table 5 presents the Return on Equity (ROE) for ten major Tourism Hotels in Nepal over a ten-year period from 2014/015 to 2023/024. ROE indicates a Hotel's profitability by showing how effectively it uses shareholders' equity to generate net income. Overall, the graph indicates a fluctuating ROE in all Hotels, with some being constant while others experience high peaks and low points in some years.

In 2018/019, the highest ROE was reported by TRH with an ROE of 29.30%, followed by OHL with an ROE of 27.25%, and then CHL with an ROE of 24.21%. SHL and KDL reported moderate ROE results of 17.12% and 18.20%, respectively. CGH recorded the lowest ROE of 14.20% in 2018/19. As for 2022/023, the highest ROE was reported by TRH with an ROE of 25.20%, followed by a strong improvement by CHL to an ROE of -1.38%. SHL also reported a strong improvement to an ROE of -1.49%, while KDL dropped to 2.5%. Most of the other Hotel reported modest gains and slight improvements with their ROE. Moving to 2021/022, KDL reported a 3.7% improvement in ROE, while TRH reported consistent strong results with an ROE of 19.27%. CHL, OHL, and SHL were above 19%. OHL and TRH were consistently among the top performers. The performance of SHL and KDL was moderate and relatively stable. Mean while, the performance of CGH, as well as SHL, showed extreme peaks in ROE in the last two years, which is probably due to some special financial conditions rather than regular business operations. It may be stated

that the Hotel industry in general performed relatively well and was healthy, only some volatility in recent years was observed.

4.1.5 Book Value Per Share Ratio

The ratio used to express the relation that exists between the price of a share of a given company and its book value of shares is known as the market to book ratio or can be defined as the share value relative to its book value.

Table 6

Book Value per share

Year	SHL	KDL	CHL	OHL	TRH	CGH
2014/015	86.04	36.12	35.12	83.68	56.12	37.11
2015/016	78.04	40.12	39.12	57.24	65.23	47.41
2016/017	65.97	28.47	36.45	59.32	58.36	35.98
2017/018	44.32	32.50	45.12	58.41	47.12	25.59
2018/019	32.78	28.12	41.23	49.51	56.12	28.31
2019/020	38.05	33.37	40.70	50.57	65.47	23.06
2020/021	29.71	43.03	30.90	36.16	57.38	16.62
2021/022	19.91	33.55	29.30	33.57	45.96	34.22
2022/023	26.3	35.15	29.30	18.64	35.49	31.89
2023/024	31.43	23.11	35.70	23.67	27.33	956.02

Table 6 exemplifies the market value to book value ratio that is an important aspect affects stock prices. The market value to book value ratio has different trends from the fiscal year 2014/015 to 2023/024. The market value to book value ratio of SHL has reduced from 86.04 in 2014/015 to 31.43 in 2023/024. The market value to book value ratio of KDL has reduced from 36.12 to 23.11. The market value to book value ratio of CGH has increased from 37.11 in 2014/015 to 956.02 in 2023/024. The market value to book value ratio of TRH has reduced from 56.12 to 27.33. It is worth noting that a higher market value to book value ratio is more significant, although the differences between the sampled hotels are relatively low. The following figure illustrates the average market value to book value ratio of the sampled hotels.

4.1.6 Market Price per Share (MPS)

The market price of a share is defined as the amount of money that can be obtained by selling the shares held by the equity holders or the firm at large in the capital market.

It is determined purely on the basis of the market forces operating at a given time. The market price per share (MPS), as used for this analysis, is defined as the average of the highest and lowest prices achieved on the NEPSE Index.

Table 7

Market Price per Share

Year	SHL	KDL	CHL	OHL	TRH	CGH
2014/015	425	1352	470.20	704.10	409	851
2015/016	375	1452	474.21	570.10	547	870.10
2016/017	361	1620	671.23	652.10	687	985.10
2017/018	243	1520	875.20	875.23	987	1025.20
2018/019	244	1670	1420	365.47	487	956.14
2019/020	154	1599	1230.20	845.20	537	1220.30
2020/021	262	5512	895	785.20	816	785.2
2021/022	202	3410	797	805	737	562.20
2022/023	485	138	786	998.4	681	704.12
2023/024	442	786	786	470	720	880.45

Source: Annual Reports of Sample companies

The market price per share of eight prominent Hotels in Nepal for a period of ten years is given in the table 7, which indicates huge fluctuations in the market price affected by economic conditions and the Hotel's performance. Soltee Hotel Limited had the highest share price of NPR 375 in 2016/017, followed by a steady decline in the share price, reaching NPR 243 by 2017/018, and then a rise to NPR 442 by 2023/024. Kalinchowk Darshan Limited (KDL) had an increasing trend until it reached the highest share price of NPR 5512 by 2020/021, followed by a sharp decline in the share price, reaching NPR 786 by 2023/024. Chandragiri Hills City Hotel Limited CHL had an almost steady trend, with the highest share price reaching NPR 1230.20 by 2019/020, followed by the lowest share price of NPR 470.20 by 2023/024. Oriental Hotel Limited experienced its peak at NPR 998.4 in 2022/023, followed by a gradual decline to NPR 470 in 2023/024. Taragaon Regency Hotel consistently exhibiting the highest MPS among the Hotel reached NPR 720 in 2023/024. Chandragiri (CGH) showed impressive growth in later years, with its share price increasing to NPR 1220.30 in 2019/020 after fluctuating throughout the period.

4.2 Descriptive Statistics

Descriptive Statistics are small descriptive coefficients that provide a description of a specific data set, which can either be the representation of the entire population or just a sample of the population. An analysis of the descriptive statistics of the dependent and explanatory variables of the study is shown in the table below:

Table 8

Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
MPS	60	160	4150	1101.14	998.431
EPS	60	11.79	86.04	35.6525	16.26786
DYR	60	33.61	222.64	79.9101	27.04725
PER	60	12.48	296.60	66.0670	45.15387
ROE	60	1.26	8.01	3.7990	1.49267
BVPS	60	25.20	23.24	38.20	1.3201
Valid N(list wise)	60				

Source: SPSS output

The Table 8 presents the descriptive statistics for key tourism indicators of the Hotels analyzed over the study period. The market price per share (MPS) ranged from a minimum of 160 to a maximum of 4150, with an average value of 1101.14 and a standard deviation of 998.43, indicating significant variation in share prices among the Hotels.

The range of earnings per share varied from 11.79 to 86.04, with an average of 35.65 and a standard deviation of 16.27. These results indicate that the differences in profitability for each share of Hotels were moderate. Next, the range for the dividend yield ratio varied from 33.61 to 222.64, while it had an average of 79.91 and a standard deviation of 27.05. The findings revealed that the differences in strategies for paying the profits as a dividend were varied. Finally, moving forward, the range for the price earnings ratio varied from 12.48 to 296.60, while it had an average and a standard deviation of 66.07 and 45.15 respectively. The findings revealed that the differences in strategies for paying the profits as a dividend were varied. Furthermore, the range for the return of equity earnings yield varied from 1.26 to 8.01%, while it had an average and a standard deviation of 3.80% and 1.49% respectively. The

findings revealed that the differences in strategies for paying the profits as a dividend were varied. In summary, the findings revealed that BVPS variation in tourism performance and behavior was present at the Hotels.

4.3 Correlation Analysis

In this section, the results and discussion on the correlation analysis will be presented. In determining the measure of the relationship or the degree of association of two or more variables, correlation analysis is used. It not only reveals the degree to which the variables under consideration are associated with one another but also the direction of the relationship, whether positive or negative. The correlation coefficient ranges from -1, indicating a perfect negative relationship, to +1, indicating a perfect positive relationship. In addition, it helps in determining the significance of the relationship. In this study, correlation analysis was conducted to measure the relationship between market price per share (MPS), earnings per share (EPS), dividend yield ratio (DYR), price-earnings ratio (PER), return on equity (ROE), book value per share (BVPS) of the three selected hotels as shown in Table 9.

Table 9

Pearson's Correlation Matrix

Variables	MPS	DYR	ROE	BVPS	EPS	PER
MPS	1					
DYR	-.633*	1				
ROE	-.253	.205	1			
BVPS	.890**	-.479	-.041	1		
EPS	.771**	-.711*	-.454	.550	1	
PER	-.005	.285	.613	.022	-.347	1

Source: SPSS

Table 9 explored that the correlation Analysis of variables of Hotels shows that the relationships among the study variables depicted in the model have tested using correlation with PER and MPS separately, which is presented in the table. The results show that PER has negatively correlated with MPS 1 because sample Hotels heavy accumulated profit and optimal capital prescribed. The corresponding P value is 0.249; it is more than significance level i.e.0.05. Statistically, there is no significance relationship between PER and MPS respectively. In contrast, DYR -633 has

positively correlated with PER depicts that the sample Hotels could effectively manage as its quality of assets. Similarly, the corresponding P value is 0.014; it is more than significance level i.e. 0.05.

4.4 Regression Analysis

The regression analysis is performed to find out whether the dependent variable is influenced by the given independent variables or not. In the regression analysis, MPS is the dependent variable and MPS EPS, PER, DYR, ROE, and BVPS are the independent variables.

Multiple Regression Analysis

Multiple regression analysis is carried out to determine the relationship between, Where MPS is dependent variables and independent EPS, PER, DYR, ROE, and BCPS are independent variables.

Table 10

Significance of Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.851[a]	.725	.702	544.961

a. Predictors: (Constant), EPS,PER,DYR, ROE, and BVPS

Source: SPSS output

Table 10 below shows some of the important findings from the regression analysis. The R-value of 0.851 shows that there is a strong positive correlation between the independent variables, Earnings Yield, Earnings per Share (EPS), Dividend Yield Ratio (DYR), Return on Equity (ROE), and Dividend Yield, and the dependent variable.

This indicates that the variables are responsible for explaining a large portion of the variation in the dependent variable. The R^2-value of 0.725 shows that the variables are responsible for explaining 72.5% of the variation in the dependent variable. This is a strong indicator that the model fits the data well.

The Adjusted R^2 of 0.702, which takes into account the number of predictors, also shows that the model fits the data well. The Standard Error of Estimate is 544.961,

which shows the average difference between observed values and the predicted values.

Although this shows that there is some variation that is not explained by the model, the model is still a good explanation of the dependent variable.

The table 11 shows the Analysis of Variance (ANOVA)

Table 11

ANOVA Analysis

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	57072662.698	6	9512110.450	32.029	.000[b]
	Residual	21679686.790	53	296982.011		
	Total	78752349.488	59			

a. Dependent Variable: MPS

b. Predictors: (Constant), EPS, PER, DYR, ROE, and BVPS

Source: SPSS output

Table 11 shows the ANOVA table for the regression model, which indicates how much of the dependent variable's variation, i.e., Market Price per Share (MPS), is explained by the independent variables. The regression sum of squares for the model is 57,072,662.698. It represents the variation in the dependent variable that is explained by the independent variables. The model has 6 degrees of freedom; therefore, the mean square for the regression model is 9,512,110.450. The F-statistic for the model is 32.029. It represents the overall significance of the model. Since the p-value (Sig.) for the model is 0.000, which is less than 0.05, the model is statistically significant; i.e., the independent variables explain a significant amount of the dependent variable's variation. The sum of squares for the residual is 21,679,686.790, representing the unexplained variation in MPS, with 53 degrees of freedom. The mean square for the residual is 296,982.011.The total sum of squares is 78,752,349.488, representing the total variation in the dependent variable (MPS), combining both the explained and unexplained variations. Overall, the ANOVA results indicate that the regression model significantly explains the variation in MPS.

The regression results for independent effect of EPS, PER, DYR, ROE, and BVPS and MPS is shown in the table 12.

Table 12

Regression Analysis

	Variables	Unstandardized Coefficients		Standardized Coefficients	t-value	Sig.
		β	Std. Error	Beta		
1	(Constant)	-887.616	413.097		-2.149	.035
	EPS	51.745	6.116	.843	8.460	.000
	PE	8.769	2.466	.238	3.556	.001
	DYR	7.244	1.988	.328	3.645	.000
	BVPS	52.142	2.547	.236	4.215	.000
	ROE	-50.216	48.914	-.075	-1.027	.308

a. Dependent Variable: MPS

Source: SPSS output

Table 12 examine that the regression analysis expressed on the relationship between the independent variables and Market Price Per Share (MPS). The unstandardized coefficients (B) represent the change in MPS for each unit change in the predictor variable, while the standardized coefficients (Beta) reflect the relative importance of each predictor.

For EPS (Earnings per Share), the coefficient is 51.745, indicating that with each increase in EPS, MPS rises by 51.745 units. The standardized coefficient is 0.843, indicating a strong positive relationship with MPS. The t-value is 8.460, and the p-value is 0.000, indicating that the relationship is statistically significant. For DYR (Dividend Yield Ratio), with each increase in DYR, MPS goes down by 11.523 units.

The standardized coefficient is -0.189, which shows a very weak negative association with MPS. The t-value is -1.732, and the p-value is 0.087. This shows that the association is not statistically significant but might be so at higher confidence levels. For DYR (Dividend Yield Ratio), the coefficient is 8.769, which shows that for every increase in the value of DYR, the amount of MPS increases by 8.769 units. The standardized coefficient in this case is 0.238, which shows a moderate positive

association with MPS. The t-value for this association is 3.556, and the p-value is 0.001, indicating a statistically significant relationship.

In the case of PER Ratio, the unstandardized coefficient is 7.244, which indicates that for a one-unit change in PER Ratio, there will be a corresponding 7.244 units change in MPS. The standardized coefficient is 0.328, which indicates a moderately strong positive association between PER Ratio and MPS. As for the t-value, the result is 3.645, while the p-value is 0.000.

In the case of DYR, the unstandardized coefficient equals -130.563. This means that any change in DYR by one unit will lead to a change of 130.563 units in MPS. The standardized coefficient for DYR is -0.229. This indicates that there's a negative relationship between DYR and MPS. The t-value for this relationship equals -3.197, and the p-value equals 0.002.

In conclusion, the significant predictors for MPS include EPS, DYR, PER Ratio, DPS, and ROE, while BVPS has a weak relationship with MPS.

The PER ratio shows a low positive correlation of 0.467 with DYR, which implies that as the PER ratio increases, DYR is predicted to increase slightly as well. On the other hand, PER shows a low negative correlation of -0.048; however, the correlation is not statistically significant since the correlation coefficient is not strong enough to show the relationship between PER and EPS.

MPS has a weak negative correlation of -0.365, while EPS has a weak negative correlation of -0.268, showing that as MPS or EPS increases, ROA is expected to decrease. BVPS has a weak positive correlation of 0.116 with DPS, showing that as DPS increases, the dividend yield is expected to increase, though not strongly.

4.5 Discussion

The results indicate that RDS has outperformed SHL and KDL in relation to some of the most important financial ratios, such as MPS, EPS, DPS, DSR, and PER. However, KDL has had higher average returns on assets and equity than RDS and SHL, indicating high return yields to shareholders. RDS has had a steady MPS to mean, showing low investment risk compared to SHL, who's MPS is too volatile.

Highest average MPS of CHL implies better performance, while the lower average MPS of KBL implies lower performance. The highest S.D of MPS for SHL implies

higher price volatility, while the lower S.D of MPS for KBL implies lower price volatility and hence lower investment risk. In the same way, the highest C.V of MPS for SHL implies higher inconsistency and hence higher investment risk, while the lower C.V of MPS for RDS implies lower investment risk and hence higher consistency for the shareholders. The findings of the above study can be compared with the findings of the research in Pradhan (2021) since the same method for tourism was adopted in the analysis.

The descriptive statistics tell us that the average of the Market Price Stocks (MPS) is 1040.47. The standard deviation for the stock prices is 823.24. EPS is 38.02 with a standard deviation of 20.74. DPS is 29.69 with a standard deviation of 17.53, and the average Dividend Yield (DYR) of the common stocks is 82.09 with a standard deviation of 39.76. The Price to Earnings ratio has a mean of 25.85 and a standard deviation of 9.72. The Dividend Yield (DY) and Earnings Yield (EY) have a mean of 3.34 and 4.42 with a standard deviation of 1.94 and 1.61, respectively.

From the analysis of correlation, it was identified that MPS has a significant positive correlation with EPS, as identified by various previous research works conducted by Aryal (2020), Adhikari (2021), and Joshi (2021). Similarly, it was identified that MPS has a significant positive correlation with DPS, as identified by various previous research works conducted by Adhikari (2021) and Joshi (2021). Contrary to the expected findings, it was identified that there was a negative correlation between DYR and MPS, though it was not statistically significant, as identified by various previous research works conducted by Aryal (2020). Moreover, it was identified that PER ratio has a significant positive correlation with MPS, as identified by various previous research works conducted by Aryal (2020), Adhikari (2021), and Joshi (2021). Additionally, it was identified that DY and EY have a negative correlation with MPS, as identified by various previous research works conducted by Poudel (2021).

Supplementary insight into the relationship that exists among these variables and MPS can be determined through regression analysis. The regression coefficient that was found for the independent variable of EPS is 17.802 with a p-value of 0.001. Although there is a positive correlation that exists between EPS and MPS, such a relationship has already been supported by Joshi (2021). The positive relationship that exists between DPS and MPS has already been established via regression methods

through a regression coefficient of 15.632 with a p-value of 0.014. The relationship has already been supported by another researcher like Khatiwada (2020), Joshi (2021), Adhikari (2021), and Poudel (2021). The regression coefficient that was found for DYR is -5.775 with a p-value of 0.001. There is a negative correlation that exists, which has already been supported by Joshi (2021).

The PER ratio has a regression coefficient of 55.169 with a p-value of 0.000, showing that the PER ratio has a positive impact on MPS, as found in the studies conducted by Aryal (2020) and Joshi (2021). Though DYR and ROE have a positive relationship with MPS, the results also indicate that the impact of these variables on MPS is not statistically significant as shown in the studies conducted by Adhikari (2021) and Poudel (2021), as the p-value for DYR and ROE are 0.312 and 0.073, respectively.

The results discussed that the MPS is most influenced by EPS, DPS, PER ratio, and DYR. ROA, ROE, CAR, and BVPS have some level of correlation, although the results indicate that the impact is not statistically significant. The findings will help to understand the tourism performance and investment risks associated with the Hotels under study.

CHAPTER-V
SUMMARY AND CONCLUSION

5.1 Summary

This chapter will include a summary, conclusion, and implications based on the research study conducted. The findings of the secondary data analysis will be discussed in this chapter. The Secondary objective of the study is to identify the factors influencing the share prices of selected ten tourism hotels. In order to achieve this objective, the researcher conducted a review of various pieces of literature available on the subject of dividend policies and the variables associated with it. The decision of paying a certain portion of the profits of the company as dividends to the shareholders of the company is one of the most significant decisions which has to be taken in the field of tourism management as it has a significant impact on the growth of the company.

The factors that affect the payment of dividends include the investment decisions made by investors, the financing needs of the tourism institution, as well as the economic situation. The impact of the payment of dividends can be felt by the tourism structure of the company, as well as provide information to the investors. Moreover, the decision involving the payment of dividends has an impact on the share price, which in turn influences investor confidence. The opportunity also lies with the tourism institutions, especially Hotels, in expanding their businesses if they are able to meet the ever-increasing demands of the market, including their demand for credit. It is essential to state that investors in general have always looked for an increase in the market price of shares, coupled with an increase in dividends. As a result, payment of dividends serves as a way of boosting the confidence of investors in Hotels, hence encouraging more investments in their shares. There are numerous reasons why a company finds it hard to pay its dividends. Among these reasons are legal, stability, access, liquidity, profitability, and any possible contractual issues. These factors represent the tourism status of a company. If Hotels are successful in these respects, they are in a better position to pay dividends to their investors.

The main aim of this research work is to analyze the relationship between the dividend pattern and its effect on stock prices in the context of Nepalese tourism Hotels. The objectives of this research are as follows: (1) To compare the dividend

and tourism indicators of the sampled Hotels; (2) To analyze the relationship between the dividend policy and tourism indicators such as EPS, DPS, MPS, DYR, DY, EY, and PER ratio; and (3) To analyze the effect of dividend policy on the market price of stocks.

The sample of this study includes the following eight tourism Hotels: Everest Hotel Ltd (SHL), Tarahaun Hotel Ltd (TRH), Oriental Hotel Ltd (OHL), RDS Hotel Ltd (RDS), City Hotel Nepal Ltd (CHL), Hyatt Hotel Ltd (HCL), Chandragiri Hills Hotel Ltd (CGH), KDL Hotel Ltd (KDL), Hotel of Nepal and Tourism Hotel Limited (TBL). The research design of this study is descriptive in nature and uses secondary data obtained from the annual reports of the sample of Hotels in Nepal related to tourism for the period of 2014/015-2023/024. The data is analyzed by using appropriate tourism, descriptive, and analytical tools. The interpretations and comments are made wherever appropriate for a better understanding of the data in relation to achieving the objectives of this study.

The findings of the study reveal that among the eight tourism Hotels, RDS Hotel, i.e., RDS, shows better performance in the context of Market Price per Share (MPS), Earnings per Share (EPS), Dividend Yield Ratio (DYR), and Price Earnings Ratio (PER) compared to Everest Hotel (SHL) and KDL Hotel (KDL). However, KDL shows better performance in the context of the Average Dividend Yield Ratio (DYR) compared to RDS and SHL. The analysis reveals that MPS is positively correlated with EPS, DYR, and PER ratio, while it is negatively correlated with ROE and BVPS. The results reveal that MPS is significantly positively correlated with EPS, PER, DYR, ROE, and BVPS, while the relationship between ROE and BVPS is insignificant. The study concludes that the dividend policy plays an important role in the context of the stock price of the Hotels, i.e., the companies, under consideration, with the best performance being shown by the hotel.

5.2 Conclusions

In conclusion, the purpose of this study was to examine the factors that affect market price per share (MPS) of selected tourism hotels with a focus on dividend policy and its impact. From the descriptive analysis, RDS Hotel was found to have the highest performance with regard to MPS, EPS, DPS, and PER ratio. KDL Hotel was found to have a higher average dividend yield and earning yield. From the conclusion, it was

found that MPS has a positive relationship with EPS, ROE, and BVPS ratio. On the other hand, the MPS shows a negative relationship with Dividend Yield Ratio (DYR) and Book Value per Share (BVPS). Through the regression analysis, it was established that the EPS, DPS, and PER Ratio have a positive impact on the MPS. However, the impact of DYR, DY, and EY was found to be either negative or insignificant. Through the ANOVA table, the significance of the model was established vis-à-vis the variation in the MPS.

The study indicated that variables like EPS, PER, DYR under dividend policy have shown a significant impact on the market price per share (MPS) of tourism hotels. The correlation analysis indicated positive correlations between variables like MPS and tourism indicators. The regression analysis provided results on the factors affecting the MPS. The results of the analysis of variance (ANOVA) confirm that the model is effective in the explanation of MPS. The results indicate the impact of the dividend policies on factors like Hotel stock price.

5.3 Implications

This study investigated the impact of dividend policy on the stock prices of Nepalese tourism hotels and provides valuable information to investors, management, stock brokers, tourism agencies, policymakers, and other people associated with the tourism industry. The results can be helpful to policymakers in designing effective dividend policies. The statistical methods applied in the paper include correlation and regression analysis, but non-linear analysis or two-way causality tests may be conducted in future studies. Because this study sampled a small number of hotels and was based solely on secondary data, further studies could include other tourism industries, incorporate primary data that is representative of investor preferences, and increase sample size over time. Moreover, the inclusion of additional variables like inflation, hotel size, and the use of quarterly or monthly data may give more accurate and relevant regression analysis results. Finally, as this research only covers Nepal, studies in other regions could also consider conducting a similar analysis for more general information.

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APPENDIX

Earnings per Share

Year	SHL	KDL	CHL	OHL	TRH	CGH
2014/015	5.23	10.09	-60.63	25.12	15.12	16.21
2015/016	1.90	-3.09	-63.44	15	10.21	15.20
2016/017	3.51	160	-34.53	28	12.53	11.20
2017/018	4.19	150	41.87	30	14.9	8.25
2018/019	4.08	139	-35.43	29	18.72	14.20
2019/020	1.33	81	-63.60	6.05	8.98	19.30
2020/021	2.67	120	-44.7	18.05	1.86	18.20
2021/022	3.53	70	-35.34	2.84	10.1	16.20
2022/023	6.16	27	-63.11	5.63	15.2	15.20
2023/024	6.46	-27.89	-35.3	2.50	4.84	13.87

Analysis of Price Earnings Ratio

Year	SHL	KDL	CHL	OHL	TRH	CGH
2014/015	81.34	36.12	35.12	83.68	56.12	37.11
2015/016	197.68	40.12	39.12	57.24	65.23	47.41
2016/017	150.71	28.47	36.45	59.32	58.36	35.98
2017/018	57.96	32.50	45.12	58.41	47.12	25.59
2018/019	59.79	28.12	41.23	49.51	56.12	28.31
2019/020	115.81	33.37	40.70	50.57	65.47	23.06
2020/021	98.14	43.03	30.90	36.16	57.38	16.62
2021/022	57.32	33.55	29.30	33.57	45.96	34.22
2022/023	77.32	35.15	29.30	18.64	35.49	31.89
2023/024	68.43	23.11	35.70	70.54	27.33	28.18

Year	SHL	KDL	CHL	OHL	TRH	CGH
2014/015	425	1352	470.20	704.10	409	851
2015/016	375	1452	474.21	570.10	547	870.10
2016/017	361	1620	671.23	652.10	687	985.10
2017/018	243	1520	875.20	875.23	987	1025.20
2018/019	244	1670	1420	365.47	487	956.14
2019/020	154	1599	1230.20	845.20	537	1220.30
2020/021	262	5512	895	785.20	816	785.2
2021/022	202	3410	797	805	737	562.20
2022/023	485	138	786	998.4	681	704.12
2023/024	442	786	786	470	720	880.45

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