

## Impact of Stock Dividend on Buying Behaviour of Investors in Nepal

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**Abstract:** A study was accompanied to investigate the impact that stock dividend announcements have on investment decisions in Nepal. The aim of the research was to compare and contrast the two, investigate the connection between the two, and analyze the impact that stock dividend announcements have on the purchasing decisions of investors in Nepal Stock Exchange (NEPSE). When we wanted to get a sense of how people felt about the survey, we sent out fifty paper questionnaires between the first August to the thirty-first August and asked them to fill it out via Messenger, Facebook, email, WhatsApp, and Viber. The survey was successfully completed by 115 individuals. Out of the total of 115 responses, only 105 were considered to be valid. At the end of the day, there were 105 individuals that participated in the survey. A link that was determined to be positive and statistically significant between stock dividends and the spending patterns of investors was ultimately discovered. A significant number of investors saw a business that distributed dividends as a financially secure and risk-free investment, and because to this perception, they were prepared to pay a higher price for a bigger stake of the company. In addition, investors regarded dividends as a method to increase the value of their stocks rather than having to withdraw cash in order to make a capital gain. A number of investors exclusively invest in order to get dividends in the form of cash or equities. In general, it proved that dividends have a considerable impact on the decisions that investors make regarding where to invest and what to buy. Another noteworthy finding from the study was that the stock dividends that were distributed by companies that were listed on the NEPSE were the most influential factor for investors. Additionally, the announcement of a stock dividend is a source of excitement for investors, and it accelerates our stock market to new heights in the Nepalese stock market.

**Key words:** Stock dividend; Cash dividend; Investors; Initial public offerings (IPO); Buying behavior.



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## 1. Background of the study:

With the arrival of new and youthful investors, the stock market's appeal has recently skyrocketed. Many individuals have learned about the secondary market and gained access to new investing options due to the rise of initial public offerings (IPOs). People often retain stocks for dividends and engage in value investing, even if short-term ownership can result in financial gains. You can choose between a cash dividend and a stock dividend. Due to the additional unit of shares, stock dividends are more popular than cash dividends. Since the establishment of joint stock companies, dividend policy has irritated the interest of financial scholars (Suruthi, Rani, and Lavanya, 2017).

A dividend is the distribution of a portion of a company's earnings, either current or historical, in the form of real assets, to the shareholders in a ratio proportional to their ownership stake in the company. An investment in equity shares might yield a return in the form of a dividend. A shareholder receives a dividend equal to a portion of the firm's net income. Companies that turn a profit have two options: either keep the money for future investments or distribute it to the shareholders. The company has to make a decision on whether to pay out the dividend or keep the money as retained profits. Money, stock, or a mix of the two might be involved. Predicting the future of a stock's price in an efficient market is no easy feat, but it can help investor better grasp how shareholders feel about a company's dividend payout policy. The goal of any investor is to make a specific return on their money. As compensation for their ownership stake in a firm, shareholders get dividends in this manner. A dividend is a distribution of a portion of a company's net income to its stockholders. As a return on investment, common stockholders get a percentage of earnings, which is called the dividend. Companies often pay out a portion of their profits as dividends and keep a part for themselves. This kind of funding, which companies call "retained earnings," allows them to invest in their own future growth. This leads to a misunderstanding between the two concepts of return: the present kind and the future kind, in the form of retained profits. Dividends provide shareholders with a quick return on investment, while retained earnings provide opportunity for development, investment, and tax benefits. Until it is realized, there is no provision in Nepal for taxes purposes regarding retained earnings. The argument goes like this: dividend policy is a way for a company to let the market know how powerful it is. The dividend issued by a corporation has a significant impact on share market investors. The present study sheds insight on how announced stock dividends affect the purchasing behavior of Nepalese investors.

## 2. Statement of the Problem:

Any question that requires a response, an issue that requires an investigation, or both is known as a research problem. It suggests a need for substantial investigation and understanding and can be found in theoretical works, practical applications, or academic publications. It is common practice to formulate research questions as research problems in some branches of the social sciences. Neither a value inquiry nor an overly general or ambiguous proposal nor instructions are characteristics of a research challenge. In order to achieve significant progress, it is necessary to study or explain a subject, identify an area that needs development, or eliminate obstacles. These are all examples of research problems. This investigation targeted to address the issues mentioned below:

- What is the association between stock dividend and buying behaviour of the investors?
- What is the influence of the stock dividend on the buying behaviour of the investors?

## 3. Purpose of the Study:

Each study possesses a specific objective or purpose to fulfill. The aim of the study is to investigate the influence of dividends on the purchasing behavior of investors. The primary

objective of this study is to investigate the influence and correlation between stock dividends and the purchasing behavior of young investors. The primary objectives of the study were:

- To survey the association between the stock dividend and the buying behaviour of the investors.
- To investigate the influence of the stock dividend on the buying behaviour of the investors.

#### **4. Significance of the Study:**

This study will be helpful for making the decision for the investors to buy the stocks according to the percentage of the declaration of the stock dividend. This study will also act as a framework for the scholars to help to understand about the attraction of the investors to the companies that declare high percentage of stock dividend. The consequences of the investigation are:

- This research article will be helpful to understand the buying behaviour of the stock investors to stock dividend declaration.
- This study will be useful for the investors to make their decision for the stock purchasing.

#### **5. Limitation of the Study:**

This study effectively examined the influence of stock dividends on investors' purchasing decisions. Although it has certain limitations, these are outlined in detail below:

- The investigation has been conducted among few investors from Janakpurdham area, so it may not generalize about all the stock investors.
- Analysis based only one independent variable i.e. stock dividend which have been considered in the entire study.
- The reliability of the study is contingent upon the accuracy of the information supplied by the respondents.
- The investigation has been carried out within limited time period three months due to which result cannot be enhanced.

#### **6. Review of empirical literature:**

This study is carried out to examine the attractiveness of dividends as opposed to retained earnings as well as the factors affecting market share price in Nepal. The primary objective of this research investigation was to determine which is more appealing to investors in Nepal: dividends or retained earnings. The study aimed to examine investors' perspectives on variables influencing the market stock prices in Nepal.

The question of why dividends are attractive to investors was investigated by Robinson (2003). By sending out questionnaires to a Dutch investor panel, we inquire as to why individual investors desire dividends. One reason given is that the transaction cost of receiving dividends is cheaper than the transaction cost of selling shares. The 2723 participants of the panel of center data were given the theory-based questionnaire throughout the weekend of October 4, 2002. The panel consisted of 2035 people, 555 of whom had prior experience holding shares in publicly traded businesses. Compared to those who did not invest, the responder was wealthier, younger, and more educated. This investigation made use of survey research techniques. In conclusion, the study's findings showed that individual investors do not often spend a significant portion of their income. Investors are ambivalent about dividend policy, somewhat in favor of dividends due to transaction costs, and ultimately strongly in favor of receiving dividends.

Individual investors' preferences for cash or stock dividends were discovered by Akhtar, Hunjra, Andleeb, and Butt (2012). According to the report, investors strongly favor dividends. Pakistani individual investors' dividend-related behavior is examined using the most significant dividend theories. At the stock exchanges in Karachi, Lahore, and Islamabad, the questionnaire was created and given to investors who were chosen at random. Merely 66.67 out of the 300 investors who received the questionnaires were selected for further examination. It is evident from the statistics that individual investors in Pakistan want dividends, and a significant majority of them prefer cash dividends over stock dividends. According to the report, there was a significant inclination for dividends, even if they need to be financed by borrowing. Moreover, it demonstrated that the vast majority of investors spend their dividend money rather than reinvesting it.

Obamuyi (2013) highlighted the key determinants influencing investment decisions in the Nigerian Capital Market and their correlation with investors' socioeconomic characteristics. The research revealed that the age, gender, marital status, and educational attainment of investors—collectively termed socio-economic factors—exerted a statistically significant influence on the investing decisions of Nigerian investors. Investor groups exhibited considerable divergence in their evaluation of the company's stock's previous performance, with some deeming it more relevant than others. The study proposed that the market environment and investment climate should be made favourable to attract investors by implementing innovative programs and policies that influence their decisions, thereby maximizing firm value and enhancing investor significance, as the most influential factors are generally categorized as wealth-maximizing elements. To eliminate fraud and resolve the leadership dilemma in the market, players must restructure the market and implement supportive legislation.

Tonne and Nguyen (2014) examined the influence of demographic factors on individuals' investment decisions. The prevailing market conditions, together with investors' psychological state during decision-making, affect their stock market investments. Individuals within a group sharing comparable characteristics may exhibit analogous or divergent thought processes. This study aims to ascertain if there are disparities in risk-taking investment decisions between males and females within the same age cohort, along with variations in education, experience, income, and marital status. The Chi-square test is employed to illustrate the following: investors with five or more years of experience generally assume greater risks than their counterparts; investors across various income levels possess equivalent risk-taking capabilities; single investors tend to engage in higher risk-taking than married investors; and males exhibit a greater propensity for risk in investment decisions compared to females. The survey indicates specific differences among the major investment categories in the Vietnam Stock Market. Within four of the six investor groups examined, there exists internal variability in the level of risk assumed during equity trading. Investor decision-making is affected by variables like age, marital status, investment experience, and gender.

Pokhrel (2018) demonstrated the inclination of investors towards the Nepal Stock Exchange (NEPSE) stock market. The research employed a survey methodology using a structured questionnaire. The findings showed that investors were interested in making investments in the secondary market. The selection of shares was primarily based on their high earning rate and liquidity. According to investors, the guidance provided by brokers and the subsequent movement of the indices were the primary elements that influenced their decision to participate in the NEPSE secondary market. Market mood and the news in the daily newspaper are seen to have the least impact on investing decisions. Capital gains were the respondents' top motivating reason, followed by liquidity, dividends, safety, and bonus shares. The respondents ranked rights shares and tax benefits as their least preferred motivators.

Shrestha (2020) employed a sample size of 110 Surkhet Valley inhabitants to examine the variables impacting the stock market investing decisions of Nepalese investors. Compound choice, ranking, yes/no, and Likert scale questions are all included in the structured questionnaire used to gather the data. June 2018 saw the conduct of the survey. Variables pertaining to the firm, such as the management team, financial performance, size of the business, liquid securities, etc., were included; similarly, variables pertaining to the market, such as market data, share price, dividend growth, etc., were included. According to the study's findings, company-related variables (CRV) have a greater influence on Nepalese stock investors' investment decisions than do market- and risk-related variables (MRV and RRV). In every regression model, there is a positive and significant coefficient of business related variable (CRV). Consequently, the study came to the conclusion that Nepalese investors observe company-related variables of Nepalese enterprises while making investment decisions.

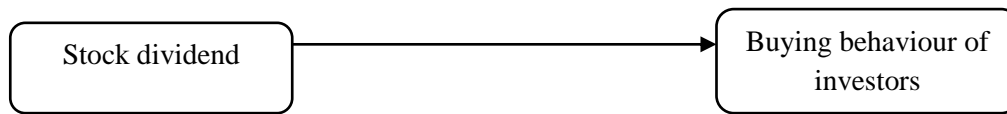
Saens and Tigero (2021) examined investment decisions and rules requiring dividend payments. In an ideal capital market, the dividend policy has no bearing on shareholder wealth; instead, the majority of theoretical and empirical research has concentrated on different types of market defects that might actually impact the dividend policy. The free cash flow agency conflict is one of the effects of these market inefficiencies, and it can result in the exploitation of minority shareholders. Businesses that have comparatively large retained earnings are more likely to finance unsuccessful endeavors that deplete minority shareholders' wealth. Ongoing profit distributions that shrink the scope of resources under the majority shareholder's control might help prevent potential waste. Due to highly concentrated ownership structures and weak protections for minority shareholders' rights, free cash flow agency conflicts may be more common in emerging civil law nations. These nations' businesses pay little in dividends to allow their dominant shareholders to reallocate company funds. The minimum dividend payment requirements provide a trade-off: although they make it more difficult for controlling shareholders to divert cash flow, they also lower the amount of internal money that the company may use for new investments. Analyzing the potential influence of a legal minimum dividend requirement on a firm's investment choices was the primary goal of this paper.

## **7. Theoretical framework:**

Theories are formulated to elucidate, forecast, and understand phenomena, while also challenging and enhancing existing knowledge within the framework of essential bounding assumptions. The theoretical framework serves as the foundation that underpins a research study's theory. The theoretical framework establishes and clarifies the theory that accounts for the existence of the research problem under investigation. A theoretical framework was employed to concentrate on the variable in the investigation. The investor's choice to acquire stocks from the stock market is influenced by independent variables such as stock dividends made by various firms listed on the stock market. Investors are more likely to be drawn to firms that issue stock dividends. Similarly, the percentage of stock dividends influences investors' buying decisions. Investors prefer to receive a higher percentage dividend at a lower price than to invest in higher-priced equities. Based on the theoretical framework, the investigation pursued to conclude the influence of stock dividends on stock investors purchasing behavior.



**Figure 1 Theoretical framework of the investigation Independent variable Dependent variable**



### Definition of variables

The stock dividend and investors buying behaviour are the variables used in the study they are in form of independent and dependent variable respectively. The definitions of each variable are as follows:

#### 1. Stock dividend:

A dividend is a part of a business's profits given to a certain class of shareholders. Generally, as long as the stockholder is registered and possesses the required paperwork, it is qualified. It might come in the shape of more stocks or cash. According to Awale and Rwegasira (2012), a company's board of directors' discretionary choice results in a dividend. Typically, a business declares a dividend based on its profits. Dividends are payments made to shareholders by the board of directors from the company's profits, according to Akhtar, Hunjra, Andleeb, and Butt (2012). Stock dividend indicates shares issued to shareholders as dividend, not cash.

#### 2. Buying behavior of investors:

Purchasing anything, such as goods and services, is the general definition of buying. Purchasing equities from the capital market is referred to as "buying" in this research. Buying stocks is often done by investors to receive cash and stock dividends. Shrestha (2020) discovered that most investors overestimate their own degree of expertise, knowledge, and stock selection abilities. Akhtar, Hunjra, Andleeb, and Butt (2012) discovered that individual investors have a high desire for dividends, and that desire varies depending on how each investor infers the information and behaves appropriately. Obamuyi (2013) looked into how social-economic variables, such as age, gender, marital status, and level of education, statistically and substantially affected investors' decisions to make investments.

### 8. Research methodology:

The specific procedures or techniques employed to identify, select, process, and analyze information regarding a subject are referred to as research methodology. The methodology section in a research paper enables the reader to critically assess the overall validity and reliability of a study. This section of the study describes how the data was collected and evaluated. The data may be collected from different sources likewise questionnaire, interview, research journals e.tc but in our study we only use the primary data collected through questionnaire. It includes following elements:

#### 8.1 Research design:

Research design refers to the overall framework that a researcher uses to determine procedures and tactics for their study. With the design they've chosen, the researchers may properly lay the groundwork for future studies and use methods that are tailor-made for the study. In this investigation, a quantitative research design was used. In light with the study's goal, this investigation also used a casual, relational, and descriptive research methodology.

#### 8.2 Population and sample of the Study:

Applying a descriptive, correlational, and casual research style with primary data, this study aimed to analyze the differences, investigate the connection, and examine the influence of the

company stock dividend on investors' purchasing decisions. A systematic questionnaire was employed to gather the necessary data in a non-decorated manner for the investigation. The survey was sent out via Messenger, Facebook, email, WhatsApp, and Viber once any necessary revisions were made. The goal was to gather feedback on the revised survey within 30 days from 1st august to 30 august, 2024. 115 individuals completed the survey by filling out the questionnaire. Only 105 of the 115 replies that were received were legitimate. A total of 105 individuals actively engaged in the survey, yielding an 89.38 percent response rate. a sufficient success rate to move further without doing a non-response bias test. Descriptive statistics were employed in this investigation.

### **8.3 Nature and sources of data:**

The investigation considered both primary and secondary data. Research articles in the form of a review of the literature were created using secondary data. Survey questions were used to assist gather primary data. Since the questionnaire may be delivered to a broad number of responders, it was a very practical and cost-effective way of data collecting. The broad background section and the fundamental and variable-related questions make up the two main sections of the questionnaire. Personal details like age, gender, education, and so forth are included in the background section. The fundamental and variable-related portion has yes-or-no questions, various choice questions, and a 5-point Likert scale with strongly disagree to strongly agree options. The Likert scale questions 11.1 and 11.2 were created using the results of the research of Ming and Chris (2003), whereas the remaining questions were created on their own. Any questions that were unclear or cryptic were open to responses from the respondents.

### **8.4 Data analysis methods:**

For the purpose of the research, a number of different statistical methods were used. Included in the following sub sections are the statistical methods that were used in this research for the purpose of analyzing the data findings:

#### **8.4.1 Frequency:**

Descriptive statistics includes frequency analysis as one of its components. In statistical terms, the frequency of an occurrence is the number of times it happens. The quantity of waves passing through an area in a given time interval is characterized by its frequency. Frequency is the number of occurrences of a certain data value. One crucial area of statistics is frequency analysis. It analyzes measurements of central tendency, dispersion, percentiles, and other quantities and deals with the quantity of occurrences (frequency). Frequency analysis was employed in this study to determine the quantity of replies or occurrences based on the variables examined and analyzed.

#### **8.4.2 Percentage:**

A percentage refers to a ratio or statistic expressed as a fraction of one hundred. It lacks a unit of measurement and is a dimensionless pure number. Although a lot of % numbers fall between 0 and 100, percentages can have any value; there is no mathematical constraint. In this study, factors other than those on the Likert scale were also examined and evaluated, and percentages were utilized to quantify these variables.

#### **8.4.3 Mean:**

One way to express a group of values or quantities is to calculate the arithmetic mean, which is produced by dividing the sum of all values by the total number of values. The central tendency of the data is determined by using the average number as the basis for the calculation. One of the most common and straightforward methods for determining the central tendency of a set of data is to use the arithmetic mean. The calculation for it involves taking the total number of data points in the population and dividing that number by the total number of points used in the calculation. In

the course of this investigation, the mean is calculated in order to ascertain the average of the responses that the respondents gave to the different Likert scale variables. A computation is made to determine the mean value of the responses to the Likert scale statement for each and every sample.

$$\text{Mean} = \frac{\sum fx}{N}$$

Where,

X represents the value of the responses of each independent or dependent variable.  
N represents the quantity of statements.

Average also represented by mode which is highest repeated value and median which is centrally lied value of data arranged orderly. Such average also used under analysis.

#### 8.4.4 Standard deviation:

The standard deviation is a measurement of dispersion used to evaluate the variance or dispersion of a collection of data values. One approach to characterize the variance is as its positive square root. One important advantage of standard deviation is that it is stated in the same units as the data unlike variance. The variation within the data set increases with the distance between the data point and the mean. Consequently, the standard deviation increases with data scattering. The Likert scale responses were used in this study to compute the standard deviation for each sample. The formula for the standard deviation is as follow:

$$\text{Std. deviation } (\sigma) = \sqrt{\frac{\sum (X - x)^2}{N}}$$

Where,

X = Value of responses of each dependent or independent variable

x = Mean value of responses of each dependent or independent variable

N = Number of responses

#### 8.4.5 Variance:

Variance measures the distribution of numbers within a data collection. The variance measures the degree of dispersion of each value in the dataset relative to the mean. To calculate variance, the difference between each number in the set and the average value is determined, squared, and then the sum of these squares is divided by the total number of values in the set. This study utilized Likert scale responses to compute the variance for each sample. Variance is a statistical measure that quantifies the degree of dissimilarity among a group of observations. Variance measures the mean or the variability of the mean and is utilized in statistics related to probability distributions.

#### 8.4.6 Correlation analysis:

A statistical method for assessing the strength of a relationship between two variables is correlation. Correlations serve as valuable tools as they can indicate a predicted relationship applicable in real-world situations. Over time, the degree and nature of the association between any two or more variables will evolve together. The value falls within the range of -1 to +1. A strong positive correlation is represented by values close to +1, while a strong negative correlation is indicated by values near -1. This study determines the degree of correlation between independent and dependent variables for each sample by computing the correlation for the Likert scale responses.



$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{n\sum x^2 - (\sum x)^2} \sqrt{n\sum y^2 - (\sum y)^2}}$$

Where,

- 'n' represents the total number of responses.
- 'x' denotes the value of the independent variable, which is the stock dividend.
- 'y' indicates the value of the dependent variable, reflecting the buying behaviors of investors.

## 9. Presentation and Analysis of primary data:

To get empirical results, primary data was gathered and processed in a methodical way. This section contains empirical research that was carried out via an online survey of participants utilizing a pre-structured questionnaire that was given to a chosen sample. A survey was created and sent to a sample of respondents by email, Viber, WhatsApp, and Messenger in order to get their opinions on how stock dividends affect investors' purchasing decisions. 115 people had completed the survey's online form. Only 105 of the 115 replies that were received could be considered legitimate. The poll had 105 active participants, yielding an 89.38 percent response rate. In addition, ten surveys were found to be invalid.

Respondents were given a range of alternatives in the survey form, including multiple choice, likert scale, and yes/no questions. A 5-point Likert scale, with five signifying strong agreement and one representing strong disagreement with the statement, was employed to gather the data. The replies that were obtained from the participants to help with the study's descriptive analysis, the replies these respondents provided have been sorted, totaled, and examined. Based on age, gender, and educational background, the profiles of people who took part in the questionnaire survey are retrieved. The questions on the questionnaire match those whose objective is to gather data on the topic. With the use of SPSS software, main data computations were performed. The tables below are derived from sources that were altered in Excel after being generated using SPSS software. Results which generated are presented as:

### 9.1 Age of respondents:

**Table-1 Age of respondents**

Responses	Frequency	Percent	Cumulative Percent
15-30	71	67.6	67.6
31-45	24	22.9	90.5
46-60	10	9.5	100
Total	105	100	

The table presents the profile of respondents categorized by age group strata. Among the 105 respondents, 71 were aged 15-30, 24 were in the 31-45 age range, and the remaining 10 were aged 46-60. Table-1 illustrates that a significant portion of respondents falls within the 15-30 age group, accounting for 67.6 percent. Additionally, 22.9 percent are in the 31-45 age group, while 9.5 percent are categorized in the above 46-60 age group.

### 9.2 Gender of respondents:

**Table-2 Gender of respondents**

Responses	Frequency	Percent	Cumulative Percent
Male	71	67.6	67.6
Female	34	32.4	100
Total	105	100	

The table delineates the profile of respondents categorized by gender. Among the 105 individuals surveyed, 71 identified as male while 34 identified as female. Table-2 illustrates that males constituted the majority of participants, accounting for 67.6 percent, while females represented the remaining 32.4 percent of respondents. The proportion of male respondents was notably greater than that of female respondents.

### 9.3 Opinion on holding of stocks of exchange listed companies:

Table-3 displays that out of the total respondents of 105, only 14 investors do not hold stocks of exchange listed companies currently but are looking for a chance to buy stocks after dividend declaration and remaining 91 investors hold the stocks of current exchange listed companies. Majority of the investors hold the stocks i.e. 86.7% and 13% do not hold the stock.

**Table-3 Opinion on holding of stocks of exchange listed companies**

Responses	Frequency	Percent	Cumulative Percent
Yes	91	86.7	86.7
No	14	13.3	100
Total	105	100	

### 9.4 Opinion on purchasing stocks to get dividend:

As depicted in the Table-4, out of total 105 respondents 67 of them have purchased stocks for dividend which is 63.8% of total sample. Thirty eight respondents have not purchased stocks for dividend which is 36.2% of total population. This shows that majority of investors have purchased stocks for dividend.

**Table-4 Opinion on purchasing stocks to get dividend**

Responses	Frequency	Percent	Cumulative Percent
Yes	67	63.8	63.8
No	38	36.2	100
Total	105	100	

### 9.5 Opinion on being motivated to buy stocks for dividend:

As depicted in the Table-5 out of total 105 respondents 78 of them are motivated to buy stocks for dividend which is 74.3% of total sample. 27 respondents are not motivated to buy stocks for dividend which is 25.7% of total population. This shows that majority of investors want to buy stocks for dividend.

**Table-5 Opinion on being motivated to buy stocks for dividend**

Responses	Frequency	Percent	Cumulative Percent
Yes	78	74.3	74.3
No	27	25.7	100
Total	105	100	

### 9.6 Opinion regarding stock and cash dividend of investors:

In above case *Table-6* the investors who prefer cash dividend are 41 percent which indicates 43 investors out of 105 and the investors who prefer stock dividend are 59 percent which is 62 respondents out of 105. This indicates that more investors want stock dividend than cash dividend.

**Table-6 Opinion regarding stock and cash dividend of investors**

Response	Frequency	Percent	Cumulative Percent
Yes	62	59	59
No	43	41	100
Total	105	100	

### 9.7 Opinion regarding investment purpose:

**Table-7 Opinion regarding investment purpose**

Statements	Responses		Percent of Cases
	N	Percent	
Investment for short term gain	78	34.50%	74.30%
Investment for regular income	57	25.20%	54.30%
Investment for dividend	43	19.00%	41.00%
Investment for wealth creation	48	21.20%	45.70%
Total	226	100.00%	215.20%

As evident from *Table-7* majorities of investors invest in stocks for short term gain while some invest for regular income and some invest for dividend and wealth creation. It shows that very few only 19 percent of investors invest in stocks for dividend.

### 9.8 Opinion on factors motivating for investment:

**Table-8 Opinion on factors motivating for investment**

Statements	Responses		Percent of Cases
	N	Percent	
Earnings per share	71	43.30%	68.90%
Reserve of the company	35	21.30%	34.00%
Dividend history	47	28.70%	45.60%
Company's promoters	11	6.70%	10.70%
Total	164	100.00%	159.20%

This *Table-8* shows the investors opinion on factors for investment .as from table 43.30 percent invest by considering the company's earnings per share. Similarly 28.70 percent investors consider dividend history and other consider company's promoters and reserve of the company. This shows that earning per share is the main factors considered while investing for stocks.

### 9.9 Survey for stock dividend:

The influence of stock dividends on investor purchasing decisions was assessed by soliciting their opinions on stock dividends using a 5-point Likert scale with three statements. The study employed a 5-point Likert scale for data collection, with the following designations: 5 representing strongly agree (SA), 4 indicating agree (A), 3 denoting neutral (N), 2 signifying disagree (D), and 1 reflecting strongly disagree (SD).

**Table-9 Survey for stock dividend**

Statements	Responses					T R	W V	W M
	S D	D	N	A	S A			
The dividend paying stocks offer more certainty about company's future earnings.	18	2	44	31	10	105	328	3.12
Earning dividend is more preferable than paying transaction cost and brokerage charge for capital gain.	4	24	28	35	14	105	346	3.30
The companies that pay stock dividend seem more financially strong than the company that don't pay any dividends.	8	18	18	28	33	105	375	3.57
Total weighted mean								3.33

Table 9 indicates that the majority of respondents, with a weighted mean score of 3.57, strongly agreed that companies paying stock dividends appear financially stronger than those that do not distribute any dividends. Investors concurred that earning dividends is more preferable than incurring transaction costs for capital gains, as indicated by a weighted mean score of 3.30. The respondents concurred that dividend-paying stocks provide greater certainty regarding a company's retained earnings, evidenced by a weighted mean value of 3.12. The weighted mean for the statements related to the stock dividend is 3.33.

#### 9.10 Opinion on buying decision:

Table-10 indicates that the highest number of respondents, with a weighted mean score of 3.50, concurred that they take into account a company's dividend history prior to purchasing its stocks. Investors reached a consensus: I am willing to pay a premium for a company that offers a substantial stock dividend, reflected in a weighted mean score of 3.25. The assertion that companies that pay dividends are less risky than those that do not was supported by a weighted mean value of 3.24.

**Table-10 Opinion on buying decision**

Statements	Responses					TR	WV	WM
	SD	D	N	A	S A			
I consider the company's stock dividend history before investing in the company.	6	16	24	37	22	105	368	3.50
I think the company that pay dividends are less risky than the company not paying dividends.	4	25	30	34	12	105	340	3.24
I prefer paying high price for company paying high percentage of stock dividend.	8	20	31	30	16	105	341	3.25
Total weighted mean								3.33

### 9.11 Descriptive sample for all statistics:

A summary of the findings of the descriptive statistics of the variables that were investigated was shown in Table 11. The following descriptive statistics are included in the table: mean, median, mode, standard deviation, and variance for the variables that are being investigated via the use of all sample respondents.

**Table-11 Descriptive sample for all statistics**

Variables	N	Mean	Median	Mode	Std. Deviation	Variance
Stock dividend	105	3.3296	3.33	3.33	0.76885	0.591
Buying decision	105	3.3301	3.33	3.33	0.84299	0.711

Table 11 presents the descriptive statistics for the entire sample. The mean value for the independent variable, stock dividend, was found to be lower than that of the dependent variable, buying decision. The mean value of stock dividends is 3.329, while the mean value for buying decisions is 3.330. The mid value for stock dividend was 3.33, which corresponds to the buying decision. The mode for stock dividend and buying decision is 3.33. The standard deviation of the dependent variable exceeds that of the independent variable. The standard deviations of stock dividend and buying decision are 0.76885 and 0.84299, respectively. The variance of the buying decision, at 0.711, exceeds the variance of the stock dividend, which is 0.591.

### 9.12 Correlation analysis:

Table 12 presents the correlation analysis of the variables examined in this study. The correlation analysis was performed on the entire sample. Correlation analysis identified the relationship between the studied variables. The study conducts a correlation analysis between stock dividends and buying decisions.

**Table-12 Correlation analysis**

Variables		Stock dividend	Buying decision
Stock dividend	Pearson Correlation	1	
	Sig. (2-tailed)		
Buying decision	Pearson Correlation	.579**	1
	Sig. (2-tailed)	(0.001)	
** Correlation is significant at the 0.01 level (2-tailed).			

Table-12 describes the correlation analysis of the variables under consideration, which is performed for the whole sample. The table shows the association between stock dividends and purchasing decisions for all samples. As indicated in the table, the correlation for all samples is positive and significant at the 99 percent confidence level, with a correlation value of 0.579, indicating a positive and substantial relationship between stock dividends and investor purchasing behavior.

### Major findings:

The key findings of the research, derived from data analysis, are as follows:

- The connection between stock dividends and investor purchasing behavior is positive and significant at the 99 percent confidence level, with a correlation value of 0.579, indicating a substantial association between the two variables.
- The impact of stock dividend is positively related with the buying decision of investors. It means that the buying decision of investors is affected by the stock dividend announcements of the company's stocks.



## 10. Conclusions:

The primary data were analyzed using descriptive, correlational, and causal research designs to assess differences, investigate relationships, and examine the impact of stock dividends on the buying decisions of investors in Nepal, specifically in the Janakpurdham area. The present study identified a positive relationship between investors' purchasing behavior and corporate dividends. A survey was developed and distributed to a representative sample of participants via email, Viber, WhatsApp, and Messenger. A total of 105 individuals participated in the study, with 115 constituting the sample size. This study employed percentage, frequency, bar diagram, mean, median, mode, standard deviation, variance, cross tabulation analysis, and correlation analysis to examine the data.

The analysis's findings indicate that stock dividends and investment decisions are positively correlated. Similarly, before making an investment, investors take into account the earnings per share, dividend history, and promoters of the firm. Investors view companies that pay dividends on their shares as sound financial entities that do not pose a significant danger to their portfolio and are willing to pay a premium for high dividend percentages. Moreover, dividends are valued additions to equities by investors, who prefer not to pay transaction costs in exchange for capital gains. A portion of investors invest only for stock dividends, while others do so for cash dividends. In overall, it showed that dividends had a significant influence on investors' purchasing decisions and investments. Likewise, one of the study's key conclusions is that the stock dividends declared by NEPSE-listed businesses are the primary means of manipulating investors. The primary focus for investors in Nepal is the stock dividend distributed on stocks. Ultimately, the research found a strong correlation between investors' purchase decisions and stock dividends on the Nepal Stock Exchange (NEPSE).

## Conflict of interest:

Currently, the research being conducted was carried out with the idea of contributing to the overall comprehension of the subject matter, in addition to having personal goals in mind. It was not carried out for a specific company with the intention of achieving the goals that they have set for themselves as an organization. To the best of our knowledge, none of the stakeholders that have been participating in the inquiry that have been being carried out for this project have any competing interests.

## Data availability:

Various data used under study is my own works which collected from survey preparing questionnaire. So, analysis based on the original data collected from respondents using questionnaire.

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With best regard  
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