

Stock Market and Financial Improvement among Shareholders in Baglung

Saroj Raj Panta

Orcid Id: <https://orcid.org/0000-0002-5745-6100>

Sudarshan Silwal

Orcid Id: <https://orcid.org/0009-0000-4181-6522>

Dhawalagiri Multiple Campus, Baglung, TU

Corresponding Email: sarojpanta.sp84@gmail.com

Abstract

The main aim of this paper is to examine the overall change and improvement in shareholders' lifestyle and financial health through the stock market business in Baglung. For this, a mixed method qualitative and quantitative approach was applied. Data were gathered from both primary and secondary sources. A study carried out in Baglung Municipality between March and July 2024, which included respondents and 46 investors, revealed encouraging prospects for a stock market in the region. This was supported by surveys, field observations and direct oral investigation tools interviews with staff from Deevyaa Securities Pvt. Ltd. and various investors. This study revealed promising opportunities for a stock market in Baglung. The data and information obtained from both sources were analyzed descriptively. During the data collection process, we found that shareholders had theoretical knowledge about the stock market but lacked proper awareness. There was a significant gap between people's theoretical knowledge and their practical understanding of the stock market. Despite, this the study found a broad spectrum of positive outcomes for share market investors in the study area. The stock market faces a variety of obstacles and challenges that impede its growth. Nevertheless, by addressing these issues, there exists significant potential for expansion within the market. Awareness initiatives can play a crucial role in informing individuals about the opportunities and challenges associated with the stock market in the study area. This research will helpful for the students, researchers, and others who have an interest in this domain.

Keywords: Financial, invest, stock/share market, shareholders, baglung

Introduction

Stock, commonly pronounced as shares, is a financial instrument that represents ownership in a company or corporation and signifies a proportionate claim on its assets and earnings. There are two types of share markets: the primary market and the secondary market. In the primary market, new shares and bonds are offered to the public for the first time through an initial public offering (IPO). Conversely, the secondary market refers to the process of buying and selling stocks. The stock market is a very complex market where stocks and shares are traded. At the same time, it is very important to create and develop a strong and competitive economy. This is the key to changing the structure of an economy. From the traditional, rigid and uncertain banking economy to a more flexible and secure economy that is not subject to shock, volatility and investor distrust (Stapley, 1986).

The term “stock market” is somewhat abstract for the mechanism that enables the trading of company stocks. It is also used to describe the totality of all stocks, especially within a country. For example, in the phrase “the stock market was up today” or in the term “stock market bubble.” The stock market is different from a stock exchange, which is an entity (a corporation or mutual organization) in the business of bringing buyers and sellers of stock together. According to Arnold (2004), stock markets are a place where governments and corporations can raise long-term capital, and where investors can buy and sell money. In fact, markets, whether they are trees, bonds, cattle, fruits and vegetables, are a common way of trading between individuals and organizations.

The stock market, which is the source of capital for economic growth and the economic reflection of any given economy, is particularly referred to as the capital market. Shares are bought and sold on the capital market. Shares can be bought and sold by anyone at any time. In order to help businesses, raise capital for expansion and growth, the capital market is essential. Companies that conduct initial public offerings (IPOs) sell shares to the general public and receive funds for a variety of uses. After the IPO, the company is listed on the stock exchange, giving a man the chance to invest in the business. Patrick and Wye (1973) argued that stock markets are capital markets, both short-term and long-term, where firms buy shares to generate long-term capital. This is because people prefer to invest in winners rather than losers. Buyers hold their shares for future payments. The buying and selling of stocks and shares in the stock market is very important for the distribution of income in economies (Prattan, 1993).

The capital market offers the chance to trade or invest in the stock market. Whereas investors hold stocks for a longer period of time, traders hold them for

a shorter time. Indicators of economic growth and capital market performance, including GDP, market capitalization value of traded shares, foreign private investment, and gross capital formation, were studied by Obiakor & Okwu (2011). The Indian capital market has undergone a transformation since the early 1990s. Share market in macroeconomics, changes in share prices can be an important decision for monetary policy (Rigobon & Sack, 2003).

The growth of the capital market is reflected in the development of the stock market. Connecting the growth of the capital market with the equity market has proven to be beneficial. Within an economy, the debt and equity markets aid in the distribution of capital (Dudley & Hubbard, 2004). Because of its distinct role in the economy, the capital market is special in a nation's financial system. A nation's financial and economic development depend heavily on its capital markets (Sullivan, 1978). Economic growth and capital market development are inter-related. The capital market is essential to mobilize domestic resources and to impact work life quality, job satisfaction, management dynamics, and channeling them efficiently to raise economic production and productivity (Lenee, & Oki, 2017).

Active fund management has become more and more popular in today's fast-paced and constantly evolving corporate environment. When it comes to taking advantage of opportunities and adjusting to market volatility, fund managers have grown more proactive. Consequently, the impact of the fund manager's active management strategy may not be completely captured by conventional metrics like the Sharpe ratio, Treynor ratio, Information ratio, and Jensen's alpha. In addition to the fund manager's skill at creating investment portfolios that are optimally optimized, timing the market is a critical component of their success that must be taken into account for a complete assessment. Examining the ability of Nepali fund managers to regularly provide returns that outpace the market becomes extremely crucial in the context of Nepal, especially in light of the conclusions of the study carried out by Risal & Koju (2021). There are stock markets in virtually every developed country and most developing countries, with the world's biggest markets in the United States, UK, Germany, France, and Japan. The first modern stock trading market was created in 1611 on the Amsterdam Stock Exchange in Amsterdam, when the Dutch East India Company became the first publicly traded company.

In Nepal, the stock exchange was established on January 13, 1994, through licensed members. The Securities Board was constituted in 1993 under Section 1 of the Securities Exchange Act of 1983. Now, Nepal has nearly 60 stock brokers with branches throughout the country. Since the establishment of the Nepal Stock Exchange (NEPSE), the stock market in Nepal has only 27 years. However, the

trading of shares started unofficially in Nepal after Biratnagar Jute Mills and Nepal Bank Limited issued shares to the public in 1995 BS.

Deevyaa Securities Pvt. Ltd. having broker no. 59, is a licensed stock brokering company under the Securities Board of Nepal (SEBON). Its main office is located in Kathmandu, with a branch in Baglung. Since the establishment of Deevyaa Securities in Baglung, many people have become involved in the stock market through this broker. However, while many people invest in shares, there are still many others who lack knowledge about the market. This research is mainly based on the share market as a new era of financial growth in Baglung, Gandaki Province of Nepal.

The government of Nepal and policymakers have a developing concern for the solidness of the stock showcase. The Nepalese stock advertise is more unstable and immature (Joshi, 2018; Ghimire, 2022; Panta, 2020) due to different reasons such as moo speculator mindfulness, control and insider exchanging, insufficient administrative system and foundation, and political insecurity (Dhungana, 2023). But there are many prospects and possibilities of share market in Baglung. Although share market is the buzzing topic, the market has not been able to grow in Baglung. Many people just know that one can earn maximum profit through minimum investment. So, most of the people just blindly enter the market and face loss instead of profit. There are at 14000 investors in Baglung (Field Study, 2024). The investors consist of students, teachers, businessman, housewife, office workers and many others. People invest according to their income and earn based on their knowledge and skills. There are many risks associated with share market. But, the practical application and analyzing skills to avoid such risks lacks. Therefore, this study is carried out in the sample area. This research is based on following Research questions: What are the socio-economic and demographic characteristics of investors in Baglung? How has the involvement of shareholders in the stock market business led to changes and improvements in their lifestyle and financial health?

Research Methods

This research has applied both quantitative and qualitative methods. This research is based on a descriptive and analytical research design, studying the conditions and factors of the share market from the perspective of brokers and investors. Data and information were gathered from both primary as well as secondary sources. There were 14 thousands of investors in Baglung and daily amount of transaction was two crores. Study area and sample size was purposively selected. Although the number of active investors only were there, the investors of secondary market involved persons

were selected as a sample size to represent the population. Similarly, respondents from Baglung Municipality who are actively participated in the share market business were selected purposely. The fieldwork was done from March to July 2024. Primary data were collected using interviews, surveys, field observation and direct oral investigation tools. Interview was conducted with 7 staff of Deevyaa Securities Pvt. Ltd. Baglung and 46 different active investors who were actively participated in the share market business in Baglung Bazar. All of the respondents were selected purposively focusing on their share market activities. For this some time was spent to observe the scenario and activities of Deevyaa Securities Pvt. Ltd., the only one broker agent in Baglung. In this study, secondary data were gathered from journals, books, thesis, related research reports, internet articles and useful websites. Qualitative data has managed manually and analyzed descriptively. Likewise, quantitative data has interpreted using different tables. Overall, the data collected from the respondents as well as secondary sources have analyzed and presented descriptively using SPSS software. The result is discussed in the section below.

Study Area

There are 14 thousand number of investors in Baglung and the average daily amount of transaction is 2 crores. Moreover, the investment in secondary market is more-risky than the primary market. Similarly, the investment or primary market is better for long term investment and the trade or secondary market is better for short term investment. Profit depends on the investment and the growth rate of the stock. It is necessary to be able to determine which stock to invest in order to gain maximum profit. One pilot survey completed by the researchers at Baglung Bazar on 5 July 2024 shows that the amount of investment varies from person to person and average amount of money invested in stock market per day was found Rs. 78, 181.8. The average time spent for this research about share market was three hours at Deevyaa Securities Pvt. Ltd. Baglung.

Result and Discussion

Involvement in the share market business can help to the households of investors in handling financial uncertainty and risk as well as improving lifestyle, expanding their consumption patterns. It can be the part of total infrastructure of every society, if it performs according to the rule and regulations. It requires proper environment. This paper highlights the scenario of share market as the new era for financial growth in terms of involvement of family member in the share market, knowledge and information obtained, motivating factors, period of involvement, change in lifestyle, income, social standing, portfolio and balance increment, profit margin and utilization of earnings from the share market activities in the study area.

Table 1*Socio-Economic and Demographic Variable of the Study Area (N=53)*

Factors	Demographic variables	Frequency	Percent
Gender	Male	20	37.7
	Female	33	62.3
Marital status	Unmarried	31	58.5
	Married	16	30.2
	Single	6	11.3
Age	Below 20 years	7	13.2
	Age 20-30 years	32	60.6
	Age 30-40 years	13	24.5
	Age 40 -50 years	1	1.9
Education	Primary education	2	3.8
	Secondary education	2	3.8
	University education	49	92.5
Occupations	Students	34	64.2
	Businessmen	18	34.0
	Government job	1	1.9
Involvement of family members in share market	One person	28	52.8
	2-3 persons	14	26.4
	More than 3 persons	11	20.8

Source. Field Survey, 2024.

Socio-Economic and Demographic Status of the Respondents

Table 1 reveals that a significant number of the respondents are female (62.3 %) and unmarried (58.5 %). They are found more active, aware in the stock market, even though their busyness in household activities. More than sixty percent are of 20-30 age group in the study area. It indicates that the youth generation are more encouraged in this business. Regarding to the occupation, sixty-four percent more are students and 92.5 percent respondents have attended college level education. Similarly, 52.8 percent of families found having at least one person in the share market involvement. Klyver (2007) also investigated the influences of an entrepreneurial social network on the various entrepreneurial processes to identify the degree of involvement and support of family members at various phases of the business. The importance of investor awareness for effective investment decisions and the growth of the capital market in underdeveloped economies like Nepal. Investors' understanding is essential for investment decisions and the long-term growth of the capital market (Karmacharya, 2023). In an aggregate, those who are involved in the share market are found young, educated particularly women, and majority of them having found involving in family related financial matters in the study area.

Table 2*Knowledge and Information About the Share Market*

Statements	Response	Frequency	Percent
Do you know about the share market?	Yes	46	86.8
	No	7	13.2
Do you have sufficient information about the share market in Baglung?	Yes	31	58.5
	No	22	41.5
Do you have family members employed in foreign country?	Yes	25	47.2
	No	28	52.8

Source. Field Study, 2024.

Knowledge About the Share Market

Table 2 presents the knowledge and information about the share market of respondents in the study area. Respondents are found familiar with share market and got sufficient information regarding to the issues raised. Of the total, less than fifty percent respondent's family member of the study area do not have job in foreign countries. Investors in the capital market use it for personal objectives, dividends, capital growth, and buyback. Awareness and commitment to long-term investment are crucial for sustainable economic growth. Increased commitment and awareness can significantly aid in the economy's expansion (Stoica, 2002). Overall, sufficient information and no family member employed in the foreign job. Although, the respondents have the theoretical knowledge, they have lacking of practical knowledge to run the share market smoothly.

Table 3*Mode of Information and Involvement of Individuals in Share Market*

Statements	Responses	Frequency	Percent
Channels of information	Tv/Radio and newspaper	7	13.2
	Social media	28	52.8
	Family members/friends	17	32.1
	Local organizations	1	1.9
Motivating factors to invest in the share market	Friends and family	26	49.1
	Self-motivated from training	18	34.0
	High returns	1	1.9
	Publicity in newspaper	1	1.9
	Being unemployed	7	13.2
Trading in the share market	Regularly	20	37.7
	Occasionally	20	37.7
	Monthly	13	24.5
Period of involvement in the share market	Less than one year	17	32.1
	1-3 years	21	39.6
	3-5 years	7	13.2
	More than five years	8	15.1

Source. Field Study, 2024.

Channels of Information and Motivating Factors in Share Market

Table 3 presents that 52.8 percent of respondents being participated in the share market depend on social media as the main source of information. Since there is no such thing as free information, the market's efficiency reflects how information is expressed in stock prices. Information, whether published by firms or requested as private information, has costs and benefits that are included in the cost of security (Devkota et al., 2021). The behavioural fund is the ponder of how individuals, associations, and organizations make monetary choices and how these choices are impacted by mental and social components (Baker & Nofsinger, 2010). The brain research of financial specialists and its impact on money-related decision-making is related to behavioural back (Kapoor & Prosad, 2017; Nofsinger, 2005). It is followed by friends and family (32.1 %) and nearly fifty percent of the investors are motivated mainly by their friends and family members. Thirty-four percent of the investors are driven by the training taken it time and again. According to the research, majority of the respondents (39.6 %) have been found involving in the market for 1-3 years. Both regularly and occasionally trading in the market covers for 37.7 percent.

Financial Growth and Improvement in Lifestyles of Shareholders

The capital market is a significant investment platform that facilitates the buying and selling of shares. Achieving long-term economic growth requires entrepreneurs to have a clear understanding of their business and investment options. Lack of transparency in family firms results in conflicts of interest between large and small shareholders. This study observed the financial growth and improvement in lifestyles of shareholders in the sample area.

Table 4

Changing Patterns on Variables Before and After Involvement in Share Market (N=53)

Variables	Mean	Std. Deviation	t	df	Sig. (2-tailed)	Correlation Income before and after	Sig.
Monthly income	5320.755	9811.245	3.984	52	.000	.788	.000
Portfolio increment	9264.151	18415.243	3.662	52	.001	.543	.000
Profit increment	8679.246	16162.960	3.909	52	.000	.837	.000
Balance increment	5358.491	11898.763	3.279	52	.002	.852	.000
Social standing	2354.717	5116.849	3.350	52	.002	.987	.000
Job creation	2597.738	6287.220	3.008	52	.004	.962	.000
Support to others	211.321	399.355	3.852	52	.000	.862	.000

Source. Result Based on Computed Fata/SPSS, 2024.

Changing Patterns Among the Variables

According to the findings mentioned in the table 4, there is significant changes in a variety of characteristics both before and after joining in the share market. After the involvement in the business, there is found significant rise in monthly income and strong association between the variables. Here correlation is shown before and after as (Mean =5320.755, $t=3.984$, $p<.001$ and $r = 0.788$, $p<.001$). Similarly, there is found remarkable increment in the portfolio (Mean =9264.151, $t = 3.662$, $p = 0.001$) and a moderate correlation ($r = 0.543$ and $p<.001$). There is also found significant gains in both profit and balance increment (Mean = 8679.246, $t = 3.909$, $p<.001$ and Mean = 5358.491, $t = 3.279$, $p = 0.002$ respectively). And there is seen strong correlation in both ($r=0.837$ and $r = 0.852$). Social status and job creation also found improved significantly (Means = 2354.717 and 2597.738, respectively, with p values of 0.002 and 0.004). There is found a significant rise in support to others (Mean = 211.321, $t = 3$, $p = 0.000$) and a strong association ($r = 0.862$ and $p = 0.000$). Overall, these findings confirm a broad spectrum of positive outcomes for the share market investors in Baglung.

Table 5

Shareholder's Perception Regarding to their Financial Status (N=53)

Statements	Responses (%)				
	1	2	3	4	5
Do you believe that share market has changed the financial status of individuals after the involvement?	20.8	43.4	18.9	15.1	1.9

Source. Result Based on Computed Data/SPSS, 2024.

Note. (Significantly improved = 1, Slightly improved= 2, No change= 3, Slightly declined = 4, Significantly declined= 5)

Perception of Shareholders Regarding Financial Status

Businesses ought to, as it was, exist to amplify the riches of their financial specialists, concurring to the stockholder hypothesis (Jensen, 2010). Be that as it may, as numerous supporters of the partner approach would contend, corporate morals are approximately more than fair making cash (Castelo Branco & Lima Rodrigues, 2007; Jamali, 2008; Windsor, 2006). Businesses must consider the interface of all parties included within the firm (Goodstein & Wicks, 2007). Creating and overseeing trade models points to give esteem for different partners Attanasio et al., 2022; Dembek et al. 2018; Freudenreich et al., 2020). Due to the growth of local markets in the rural areas, online business, globalization marketing and

transportation as well as the lack of business caused by federalism customers are less buy goods in Baglung (Panta, 16 March, 2024).

The evidence presented in the table 5 demonstrates that the perceptions among shareholders on how their financial situation has improved since they involved in the stock market business differ substantially. Of the respondents interviewed, 20.8 percent consider their financial standing has significantly improved, 43.4 percent shareholders think it has slightly improved. This study finds that an aggregate of 64.2 percent of shareholders perceive that their financial health has improved. Furthermore, of the shareholders interviewed, 18.9 percent reveal no change in their financial condition pointing a neutral perspective. But a minority of 1.9 percent believe their financial standing has significantly declined. Similarly, 15.1 percent shareholders believe it has slightly declined.

Kon & Jen (1979) discovered that a large number of mutual funds actively participated in market timing operations, but there was less evidence to substantiate the beneficial effects of those actions. Moreover, Chang & Lewellen (1984) came to the conclusion that mutual funds as a whole couldn't beat a passive investing approach by stock selection or market timing. The many studies shed light on the intricate relationship between characteristics unique to a firm and stock prices in different conditions. While the characteristics and fields of investigation of each study are the main emphasis, a comparison of their findings reveals both parallels and contrasts. A recurring theme in these research is the positive correlation between stock prices and certain firm-specific characteristics. Stock prices and dividend-related variables, such dividend payout ratio and dividend yield, typically have a positive correlation (Gautam, 2017; Bhattarai, 2018). Stock is positive, but has a small effect on share price, but has a negative and insignificant relationship with share price. Furthermore, it shows that the book value per share is the most influential factor that determines the stock price in Nepal (Silwal & Napit, 2019). Overall findings indicate that a majority of investors have found an improvement in their financial health in the study area.

Table 6
Satisfaction Level and Benefits for the Growth of Local Economy (N=53)

Statements	Responses (%)				
	1	2	3	4	5
There is improvement in monthly income.	13.2	32.1	41.5	9.4	1.9
It has enhanced per day transaction.	18.9	22.6	34.0	18.9	5.7
It has increased profit margin.	13.2	54.7	20.8	9.4	1.9
The economic condition has been changed.	15.1	37.7	35.8	7.5	3.8

Self-employment of family member has increased.	22.6	35.8	24.5	15.1	1.9
Share market has been the tool of social standing of people.	13.2	49.1	26.4	9.4	1.9
Local government is supportive to the share market in Baglung.	15.1	34.0	28.3	17.0	5.7
It has helped to reduce financial vulnerability.	11.3	41.5	34.0	11.3	1.9
Share market has increased self-dependency.	13.2	49.1	18.9	13.2	3.8
I suggest to more people to participate in the share market.	35.8	37.7	17.0	5.7	3.8
There is lack of knowledge, capital and trust in the share market.	32.1	43.4	18.9	5.7	0.0
Are you agree that share market contributes the financial status of any individuals?	20.8	34.0	35.8	5.7	3.8
Share market impacts positively on the growth of local economy.	20.8	39.6	28.3	11.3	0.0
Has earning obtaining from the sale of share been supportive to fulfil the monthly household's spending?	17.0	35.8	20.8	20.8	5.7
Reliability statistics : Cronbach's Alpha	0.949				

Source. Result Based on Computed Data/SPSS, 2024.

Note. (Very satisfied= 1, Satisfied= 2, Neutral= 3, Dissatisfied= 4, Very dissatisfied= 5)

Benefits of Share Market for Local Economic Growth

Table 6 demonstrates that majority of investors express a positive perception about the share market business in Baglung in terms of personal benefits and local economic growth. Majority of the shareholder's point that they are satisfied with the positive changes in lifestyle (52.8 %), monthly income (45.3 %) and profit margins (76.9 %). According to their opinion, share market business enhances social standing (62.3 %), minimizes financial vulnerability (52.8 %) and promotes self-reliance (62.2 %). However, shareholders perceive lack of funds, skill and adequate knowledge and security as the major concerns of the share market business. Many investors recommend investing in the share market business despite these concerns and claim that it strengthens financial health and local economic growth. The value of Cronbach's Alpha is 0.949 which demonstrates a high coefficient of reliability. The study concluded that study does not affect students' intentions to start a new business. The results are different compared to other previous studies. However, this study concludes that self-efficacy is important in determining the entrepreneurial goals of undergraduate and graduate students (Gemir and Nupane, 2020). So that share market is considered as the new era of financial and economic growth in the sample area.

Table 7*Utilization of Share Earnings*

Statements	Response	Frequency	Percent
It is used for the purchase of new share and portfolio increment?	Yes	32	60.4
	No	21	39.6
I use it for daily living.	Yes	21	39.9
	No	32	60.4
I use to spend when I wanted.	Yes	27	50.9
	No	26	49.1
I keep it for emergencies.	Yes	28	52.8
	No	25	47.2
I use it to support to others.	Yes	20	37.7
	No	33	62.3

Source. Result Based on Computed Data/SPSS, 2024.

Utilization of profit from share market and satisfaction level of shareholders

Table 7 depicts the utilization scenario of profit which is gained from the purchase and sale of share in the market. From the research survey, miscellaneous opinions are found raised in the issues. Majority of the investors (60.4 %) utilizes their earnings to purchase new share and to increase their portfolio. Some investor points that they use their earning when they need for emergencies. Price-earnings ratios have become an important indicator of investors' willingness to pay more for stocks with multiple values (Joshi, Guimir, & Singh, 2023). Research findings also show that investors of share market found using their earnings to fulfill day to day activities in the sample area.

Narration on Investment Income Before and After

Capital markets, according to Asmed Saleem (2013), are an essential part of national development because they facilitate the creation of long-term savings channels and offer alternate sources of funding for profitable investments, both of which improve the mobilization of savings. Many people face risk or loss because they can't determine or analyze the fluctuation process in stock market. Also, many people have lost their investment due to lack of proper research and expect return in short time. In this regards, Kumar Sharma said:

I am 32 years old. I work as a broker in Deevyaa Securities of Baglung since 2017. In my opinion, the important skills for a stock broker are relationship management, customer handling, politeness and knowledge on how financial market works and analytical skills increased. Due to the negligence of clients such as due payment and down payment, we broker face lots of loss and problems. In case of Nepal and Baglung, there is lack

of advanced technology and awareness in people about the basic knowledge on stock market. (Personal communication with Sharma, Jun 3, 2024).

Raijman (2005) investigated the impact of social networking on a person's entrepreneurial intentions and found that individuals, who have a close network of other entrepreneurs such as entrepreneur relatives or friends, are more favorably inclined to have intentions of starting their entrepreneurial venture. According to the above discussion, there are many possibilities of share market in Baglung. The limitation is, there is lack of awareness and analytical skills. Before investing in any type of share we need to research about the company growth rate, book value, market value and other factors as well. In this regards, Pratik Sharma said:

I am 23 years old. I have been working as a broker for 6 years. There are many companies that issue shares every day. So, company with negative news and net worth should be avoided while investing. My suggestion to a beginner is start with low amount before investing large capital in market. There are lots of people involved in share market. For someone to earn someone must lose. That's how the market works. In the context of Baglung, there are some good investors as well as bad investors. By analyzing a good script in market, it can provide more possibilities for a good earning in the share market. (Personal communication with Sharma, July 4, 2024).

The impact of stock market-specific and macro-economic variables have been found to be consistent in the long run. Therefore, it was concluded that in the long run it is possible to expand the relationship between financial returns and specific variables of the stock market as well as macroeconomic variables, but in the short term it is better not to general (Sapkota, 2019). This study shows that we need to understand how the company works and the reputation and net worth of the company before investing in the stock market. One should start investment with low amount and slowly increase the amount instead of investing a large amount of capital at once. Regarding this, Bebina Sapkota said:

I am a student and 21 years old. I started investing in stock market since 2010. I invest in both primary and secondary market. According to my experience, both type of market is risky. Before investing, I research about EPS, dividend and analysis the chart of the company financial statement. As a student, my main objective is wealth maximization and gaining knowledge and experience in stock market. My suggestion for the beginners is to invest for better future instead of focusing on short term gain. There are many possibilities of share market in Baglung. (Personal communication with Sapkota, August 6, 2024).

The level of financial knowledge and literacy necessary for the healthy development of the market. Entrepreneurial ability and understanding of the market or financial environment is called investor intelligence. Entrepreneurs' actions and decision making are influenced by behavioral factors (Dhungana et al., 2018). Investor education influence the level of financial literacy comprehension; hence, the higher the level of education, the greater the Investor's grasp of financial literacy (Baihaqqy & Sari, 2020). Social learning has a significant impact on understanding investors (Sapkota, 2020). The above communication shows that she is involved in both primary and secondary market even as a student. It shows that the education plays an important role in gaining knowledge and understanding of share market. In this regards, Mukunda Acharya focused on:

I am 47 years old and I am a businessman. I started investing in stock market from 2016. I prefer trading over investment. So, I engage more in secondary market. My objective of involving in share market is to maximize the wealth and to know and connect with different peoples. Before investing, I research about dividend, EPS and analyze the whole annual statement of the company. In my opinion, there is good possibilities of share market in Baglung if we can teach youth about how the market works. My suggestion to the beginners is invest after analyzing the whole chart and if you think it is the right time to invest then you can invest available sum of money to maximize it. (Personal communication with Acharya, August 6, 2024).

The test results did not indicate any significant positive market timing skills but one of the mutual fund schemes exhibited statistically significant negative market timing. Thus, the Nepalese fund managers aptly demonstrated stock selection ability but they did not demonstrate any positive market timing skills indicating that fund managers typically relied on stock selection to outperform the Benchmark Index rather than market timing skills (Shrestha, 2023). The above information provides that the stock market can be a side business for people involving in other business as well. By engaging in the market, we can connect with many peoples and form connection with different types of people. In this regards, one of the participants said:

My name is Uma Rijal and a housewife. I am 43 years old. I started investing in stock market since 2017. At first, I did not know anything about the share market. In 2017, I was taught by my son about what share market is and how to invest in it. I am only engaged in primary market. There are 7 members in my family and all of them have DMAT. Only 1 of the 7 engage in secondary market. If the awareness is increased, then there are many possibilities of share market. My suggestion to the beginners is to invest

while thinking about long term instead of focusing on short term profit. (Personal communication with Rijal, August 5, 2024).

Entrepreneur's actions and decision making are influenced by behavioral factors (Dhungana et al., 2018). Omar et al. (2022) show that macroeconomic indicators are very important for such development, and the strength of the financial system plays an important role. Regmi (2012) plays an important role in economic dynamics which is important for the growth and stability of the country. The above discussion shows that if people were taught and informed about share market then the number of people engaged in share market can be increased. It will be beneficial for the economy.

Discussion

There are many stocks manipulated by players. Being a rational investor, we should avoid them and choose company wisely. Stocks of the company with minus growth rate, less book value than par value and management with lack of corporate governance should be avoided for investment. "My suggestion to a beginner investor is that you have study about risk, return and probability of the company before entering and investing. There is still a huge percentage of people who are not engaged in share market in Baglung." (Personal communication, Jun 3, 2024).

Although many mutual funds engage in market timing operations, there is little evidence to support their advantages. According to Chang & Lewellen (1984), mutual funds are not the better option for passive investing due to stock selection or market timing. Research indicates that firm-specific factors, such as dividend payout ratio and yield, are positively correlated with stock prices. Academic literature presents a range of opinions on the timing and stock selection abilities of foreign mutual fund schemes. Bollen & Busse (2001) and Bello & Janjigian (1997) both identified market timing skills in a significant number of funds. Greek and Indian financial managers exhibit poor timing skills in regional studies.

Research by Tangjitprom (2012) challenged the conventional belief that macroeconomic factors strongly influence stock trading performance. Macroeconomic variables are less important in predicting future financial returns, but financial returns can be used to predict macroeconomic variables. In other words, stock returns are good candidates as key economic indicators. This study shows that we need to understand how the company works and the reputation and net worth of the company before investing in the stock market. One should start investment with low amount and slowly increase the amount instead of investing a large amount of capital at once.

In my opinion, there is good possibilities of share market in Baglung if we can teach youth about how the market works. My suggestion to the beginners is invest after analyzing the whole chart and if you think it is the right time to invest then you can invest available sum of money to maximize it.” (Personal communication, August 6, 2024).

There are conflicting results in the academic literature about the success of foreign mutual fund schemes when it comes to fund managers’ use of timing and stock selection abilities. Limited evidence of timing skill was identified in the early research by Treynor & Mazuy (1966) and Henriksson & Merton (1981), whereas investigations by Kon & Jen (1979) and Chang & Lewellen (1984) provided minimal evidence for the benefits of market timing activities. But the research by Bollen & Busse (2001) and Bello & Janjigian (1997) discovered evidence of market timing skills among a sizable number of funds. Regional research also produced a range of findings, with Greek mutual fund managers being shown to have poor timing skills (Philippas, 2002). Similarly, Deb et al. (2007) first discovered that although Indian managers had high stock selection abilities, they lacked timing ability.

The company’s investors can use this investment to achieve their personal objectives. The capital market is one of the main venues for investing because it offers liquidity and allows us to buy and sell shares whenever need. People are investing in the share market for dividends, capital growth and buyback purposes (Stoica, 2002). The literature mentioned above suggests that investor awareness and their commitment to long-term investment are crucial for the expansion and achievement of sustainable economic growth. It was anticipated that commitment and awareness would increase together, and that this relationship would greatly aid in the growth of the economy.

There are 7 members in my family and all of them have DMAT. Only 1 of the 7 engage in secondary market. If the awareness is increased, then there are many possibilities of share market. My suggestion to the beginners is to invest while thinking about long term instead of focusing on short term profit.” (Personal communication, August 5, 2024).

Family businesses there may be conflict of interests between the larger and smaller shareholders. The problem may be more pronounced in many stock markets when lack of transparency, both at the company level and in the stock market, allows alternative forms of exploitation of smaller shareholders by the larger shareholders and management (Holderness & Sheehan, 1988). Ramachandran (1985) examined the semi-strong form market efficiency by analyzing the impact of the announcement of bonus issues on equity share prices. Shrinivashan (1993) examined security

price behavior associated with rights issues related events to provide evidence on corporate capital structure and capital market efficiency of the Indian stock market. However, no significant relationship has been found between income level, gross domestic savings, macroeconomic stability, stock market liquidity, and stock market development (Pyakurel, 2024).

Sound macroeconomic and administrative approaches are required to develop the stock showcase advancement in Nepal (Dhungana, 2023). The results indicate that banking sector development and private capital flows significantly influence stock market development, suggesting a crucial role for financial institutions and foreign investment in shaping and fostering the growth of Nepal's stock market.

Conclusion

In conclusion, young individuals in the age group of 20-30 years, particularly educated women, are actively involved in the share market in the central area of Baglung Bazar where businessmen, college students, and campus residents reside. The majority of them are well-versed in the workings of the share market and have ample knowledge about the issues at hand. They primarily use social media as a key source of information and draw motivation from their families and friends. Upon entering the share market, significant improvements have been noted in terms of income, portfolio, profits, balances, job creation, and support for others. This study indicates a wide range of positive benefits for the shareholders of Baglung, leading to an enhanced lifestyle and financial well-being. Most investors are content with the positive changes in their lives and overall economic status. They reinvest their earnings in purchasing new shares to expand their portfolio. The stock market faces a variety of obstacles and challenges that impede its growth. Nevertheless, by addressing these issues, there exists significant potential for expansion within the market. Awareness initiatives can play a crucial role in informing individuals about the opportunities and challenges associated with the stock market in the designated study area. This research will prove advantageous for students, researchers, and others who have an interest in this field.

Acknowledgment

We would like to express our sincere gratitude to all the staff of Deevyaa Securities Pvt. Ltd., Baglung, and 46 different investors. Similarly, we would like to thank BBA 4th Semester students who helped us to collect data and information as well as the sample for the study and who supported us in conducting this research.

References

- Arnold, H. (2004). Schumpeter and methodological individualism. *Journal of Evolutionary Economics*, 14(2), 153-156.
- Attanasio, G., Preghenella, N., De Toni, A. F., & Battistella, C. (2022). Stakeholder engagement in business models for sustainability: The stakeholder value flow model for sustainable development. *Business Strategy and the Environment*, 31(3), 860–874. <https://doi.org/10.1002/bse.2922>
- Baihaqqy, M.R.I., & Sari, M. (2020). The correlation between education level and understanding of financial literacy and its effect on investment decisions in capital markets. *Journal of Education and e-Learning Research*, 7(3), 303-313.
- Baker, H. K., & Nofsinger, J. R. (2010). Behavioral finance: An overview. In *Behavioural finance: Investors, corporations, and markets* (pp.1–21). John Wiley & Sons. <https://doi.org/10.1002/9781118258415.ch1>
- Beaver, W. H. (2002). Perspectives on recent capital market research. *The Accounting Review*, 77 (2), 453-474.
- Bonga, W. G. (2015). The need for efficient investment: Fundamental analysis and technical analysis. *Available at SSRN 2593315*.
- Castelo-Branco, M., & Lima Rodrigues, L. (2007). Positioning stakeholder theory within the debate on corporate social responsibility. *Electronic Journal of Business Ethics and Organization Studies*. <https://jyx.jyu.fi/handle/123456789/25388>
- Dembek, K., York, J., & Singh, P. J. (2018). Creating value for multiple stakeholders: Sustainable business models at the Base of the Pyramid. *Journal of Cleaner Production*, 196, 1600–1612. <https://doi.org/10.1016/j.jclepro.2018.06.046>
- Devkota, N., Budhathoki, A., Paudel, U.R., Adhikari, D.B., Bhandari, U., & Parajuli, S. (2021). Online trading effectiveness in Nepal share market: Investors awareness, challenges, and managerial solution. *Asian Journal of Economics, Business and Accounting*, 21 (5), 90-98.
- Dhungana, B. R., Karmacharya, B., Chapagain, R. K., Neupane, D., Lammichhane, Y. R., Paudel, H.H., & Lamsal, B. (2018). Behavioral factors influencing individual investor's decision making and performance: A survey at Nepal Stock Exchange. *Journal of Management and Development Economics*, 7 (1), 21-32.
- Dhungana, B. R. (2013). Performance of stock market and reforms in Nepal. *SEBON Journal*, 6, 43-53, *Securities Board of Nepal*.

- Dhungana, B. R. (2023). Stock market development and economic growth of Nepal. *Journal of Business and Social Sciences Research*, 8(2), 31–50. <https://doi.org/10.3126/jbssr.v8i2.62132>
- Ellen, R.F., (1995). *Research methods in social anthropology ethnography research: A guide to general conduct*. Academics press.
- Gautam, R. (2017). Impact of firm-specific variables on stock price volatility and stock returns of Nepalese commercial banks. *SAARJ Journal on Banking & Insurance Research*, 6 (6), 10-27. Retrieved from <https://doi.org/10.5958/2319-1422.2017.000273>.
- Ghimire, B., & Neupane, B. (2020). Entrepreneurial intention of management students in Kathmandu Valley. *KMC Research Journal*, 4 (4), 19–28. Retrieved from <https://doi.org/10.3126/kmcjr.v4i4.46462>.
- Ghimire, T. P. (2022). Macroeconomic variables and effect on stock prices: Correlation evidence from Nepal. *International Journal of Multidisciplinary Research and Analysis*, 05(07). <https://doi.org/10.47191/ijmra/v5-i7-03>
- Holderness, C. & Sheehan, D. (1988). The role of majority shareholders in publicly held corporations: An exploratory analysis. *Journal of Financial Economics*, 20, 317-346.
- Jamali, D. (2008). A stakeholder approach to corporate social responsibility: A fresh perspective into theory and practice. *Journal of Business Ethics*, 82(1), 213–231. <https://doi.org/10.1007/s10551-007-9572-4>
- Jensen, M. C. (2010). Value maximization, stakeholder theory, and the corporate objective function. *Journal of Applied Corporate Finance*, 22(1), 32–42. <https://doi.org/10.1111/j.1745-6622.2010.00259.x>
- Joshi, D. (2018). An analysis of security market growth and individuals' investment decision. *Journal of Business and Social Sciences Research*, 3(1), Article 1. <https://doi.org/10.3126/jbssr.v3i1.24838>
- Joshi, S. P., Ghimire, B., & Singh, S. (2023). Factors influencing stock prices in commercial banks of Nepal. *KMC Research Journal*, 7(1), 112–126. Retrieved from <https://doi.org/10.3126/kmcjr.v7i1.65122>.
- Kadariya, S., Subedi, P. P., Joshi, B., & Nyaupane, R. P. (2012). Investor awareness and investment on equity in Nepalese capital market. *Banking Journal*, 2 (1), 1–15. Retrieved from <https://doi.org/10.3126/bj.v2i1.5702>.
- Kapoor, S., & Prosad, J. M. (2017). Behavioural finance: A review. *Procedia Computer Science*, 122, 50–54. <https://doi.org/10.1016/j.procs.2017.11.340>

- Karmacharya, B. (2023). Determinants of investor awareness in Nepalese capital market. *Journal of Business and Management*, 7(01), 1–15. Retrieved from <https://doi.org/10.3126/jbm.v7i01.54540>
- Klyver, K. (2007). Shifting family involvement during the entrepreneurial process. *International* 13 (5), 258-277.
- Lenee, T. L., & Oki, J. (2017). Capital market development and economic growth: Evidence from the MINT countries. *Journal of Economics and Sustainable Development*, 8 (2), 68-107.
- Nofsinger, J. R. (2005). Social mood and financial economics. *Journal of Behavioral Finance*, 6(3), 144–160. https://doi.org/10.1207/s15427579jpfm0603_4
- Obiakor, R. T., & Okwu, A. T. (2011). Empirical analysis of impact of capital market development on Nigeria's economic growth (1981–2008) (Case Study: Nigerian Stock Exchange). *DLSU Business & Economics Review*, 20 (2), 79-96.
- Omar, A. B., Ali, A., Mouneer, S., Kouser, R., & Al-Faryan, M. A. S. (2022). Is stock market development sensitive to macroeconomic indicators? A fresh evidence using ARDL bounds testing approach. *Plos One*, 17 (10), e0275708.
- Panta, B. P. (2020). Macroeconomic determinants of stock market prices in Nepal (SSRN scholarly paper 3649368). <https://papers.ssrn.com/abstract=3649368>
- Panta, S. R. (16 March, 2024). Why did the business of Baglung market decrease? *Dhaulagiri Jagaran online, Baglung*. <https://www.aadarshasanchar.com/opinions/2024/03/16/56204/#>
- Patrick, H.T., Wai, U. (1973). Stock and bond issues and capital markets in less developed countries. International Monetary Fund, Staff Papers, World Bank.
- Pote Shrestha, D. (2023). Stock selection and market timing ability of Nepalese mutual funds. *International Journal of Social Sciences and Management*, 10 (3), 47–54. Retrieved from <https://doi.org/10.3126/ijssm.v10i3.55630>.
- Pratten, C. (1993). *The stock market*. Department of Applied Economics, University of Cambridge.
- Pyakurel, I. P. (2024). The determinants of stock market development in Nepal. *Journal of Vishwa Adarsha College*, 1(1), 19–38. Retrieved from <https://doi.org/10.3126/jovac.v1i1.68057>.
- Raijman, R. (2001). Determinants of entrepreneurial intentions: Mexican immigrants in Chicago. *The Journal of Socio-Economics*, 30 (5), 393-411.

- Ramchandran, J. (1985). *Behaviour of stock market prices, trading rules, information and market efficiency*. Doctoral Dissertation, IIM, Ahmedabad.
- Regmi, U. R. (2012). Stock market development and economic growth: Empirical evidence from Nepal. *Administration and Management Review*, 24 (1), 1–28.
- Rigobon, R. & Sack, B. (2003). Measuring the response of monetary policy to the stock market, *Quarterly Journal of Economics*, 639-669.
- Sapkota, D. (2020). *Factors influencing investors' awareness in Nepalese stock market*. Doctoral Dissertation, Department of Economics, T. U., Nepal.
- Sapkota, S. P. (2019). Impact of stock market-specific and macro-economic variables on stock return. *Contemporary Research: An Interdisciplinary Academic Journal*, 3 (1), 56–66. Retrieved from <https://doi.org/10.3126/craiaj.v3i1.27491>.
- Shrinivasan, R. (1993). *Security prices behavior associated with rights issue-related events*. Unpublished Doctoral Dissertation, IIM, Ahemdabad.
- Silwal, P. P., & Napit, S. (2019). Fundamentals of stock price in Nepalese commercial banks. *The International Research Journal of Management Science*, 4, 83–98. Retrieved from <https://doi.org/10.3126/irjms.v4i0.27887>.
- Silwal, S. (2024). *Micro finance as a catalyst for socio-economic change of user groups in Baglung District*. A Mini Research Report, Submitted to Research Management Committee, Dhawalagiri Multiple Campus, Baglung.
- Stapley, N.F. (1986). *The stock market: A guide for the private investors*. Wood head Faulkner in Association with Laing and Cruickshank Investment Management Services.
- Stoica, O. (2002). *The role of the capital market in the economic development*. Available at SSRN 951278.
- Sullivan, T. G. (1978). The cost of capital and the market power of firms. *The Review of Economics and Statistics*, 209-217.
- Tangjitprom, N. (2012). Macroeconomic factors of emerging stock market: The evidence from Thailand. *International Journal of Financial Research*, 3 (2), 105. Retrieved from <https://doi.org/10.5430/ijfr.v3n2p105>.
- Windsor, D. (2006). Corporate social responsibility: Three key approaches. *Journal of Management Studies*, 43(1), 93–114. <https://doi.org/10.1111/j.1467-6486.2006.00584.x>