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INVESTORS' INTRINSIC MOTIVES AND DECISION-MAKING IN THE STOCK MARKET

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Abstract

Purpose. Over the past century, the stock market has become an ideal investment option for investors by pooling the needs of people with similar financial aspirations. This study explores the various variables of investment objectives and decision-making that

motivate stock market participants based on the inherent motivations of Nepalese investors. This study examined individual investors' reasons for investing regarding investment horizons, information and analysis, gender, age, academic qualifications, and stock market experience.

Design/methodology/approach. This study includes administering a structured, closed-ended questionnaire to 405 investors in the stock market. This study uses an exploratory and causal-comparative approach to identify three primary investment motives: transactional, precautionary, and speculative.

Findings. The regression analysis revealed that only speculative and transactional motives significantly impact stock market investment decisions ($p < 0.05$), emphasizing the unique nature of investor motivations. As there is no significant relationship found between precautionary motives and investment decisions ($p > 0.05$), it urges caution and highlights the need for informed decision-making. ANOVA tests further highlight the findings, emphasizing the significance of investors' experiences while rendering demographic factors such as gender, age, education, or formal training irrelevant in stock market decision-making.

Research limitations/implications. This study implies that investors' motives drive their investment decisions, regardless of their background. The high value of investment experience underlines the importance of practical exposure in investor decisions.

Originality/value. This study uniquely reveals that speculative and transactional motives, rather than demographic factors, drive investment decisions among Nepalese investors. Employing an exploratory and causal-comparative approach, it underscores the critical role of investment experience. These findings offer new insights, emphasizing the need for regulatory agencies and market-listed companies to enhance awareness and provide tailored investment options.

Keywords: Investment objectives, precautionary motive, regulatory awareness, speculative motive, stock market participation, transactional motive.

JEL Codes: G11, G23, G24, G41

Introduction

Stock market investment is a complex decision-making process that involves choosing the best option from several choices and requires a thorough evaluation. Behavioral finance has evolved as a paradigm that combines psychology and economics, emphasizing the psychological foundations of financial decision making in the constantly changing field of financial studies. Historically, economic and financial theories have been based on rational investor behavior, assuming that individuals carefully evaluate all relevant information while making investment choices (Belsky & Gilovich, 1999). Researchers, such as

Jain et al. (2015), argue that when confronted with uncertainty, human decision-making consistently exhibits patterns of incompetency, inconsistency, and irrationality. Manandhar et al. (2010) and Gurung et al. (2024) argue that investors have certain goals when they participate in the investment process, such as generating monthly income or achieving financial gains. This study identifies the fundamental differences between investment, speculation, and gambling. Investment inherently entails a venture that involves accepting risks and anticipating future gains over a long duration. However, this does not necessarily require immediate marketability.

Recognizing the complexity of investor behavior, information analysis becomes crucial for shaping decisions, particularly in stock market transactions where access to and integration of up-to-date information is essential. Kent et al. (2002) emphasize several typical investor behaviors, including risk aversion and the tendency to use past performance as a predictor of future stock performance. However, the prevailing assumption of rationality is challenged by the observations of Shanmugasundaram and Jansirani (2012), who note that investors often encounter external influences, such as financial magazine ratings, media impact, and tips from brokers, friends, and other sources, leading to suboptimal decision-making. Past studies highlight the conventional dependence on efficient markets and rational investors conduct to harness optimal benefits (Dahal et al., 2020), which is currently considered insufficient because the recognized fact of investors' irrationality. Jain et al. (2015) and other academics suggest that investors deviate from the rational assumptions proposed by mainstream finance theories, displaying emotional and cognitive biases, lack of self-control, overconfidence, misjudgment of information, overreaction, and herd behavior.

This study addresses a significant void in the current literature by examining the investment motives that influence individual investors' stock market decisions. It aims to examine whether specific demographic groups are more inclined toward biases in stock market investments and to identify the prevailing motives among individual investors in Nepal. This study addressed three primary research questions. *RQ1:* What factors impact investors' stock market decisions? *RQ2:* Which demographic groups are prone to bias when investing in the stock market? *RQ3:* Which motive predominates among Nepalese investors in stock market decision-making?

To address these research questions, the objectives of this study are threefold: *firstly,* to determine the different motives that affect individual investors' stock market decisions; *secondly*, to analyze the most significant investment motives among Nepalese investors; and *finally*, to evaluate the impact of moderating variables on investment decisions in stock markets. The fundamental goal of this research is to analyze the motivations of Nepalese investors when participating in stock markets, addressing a critical knowledge gap in the existing research.

The remainder of this paper is structured as follows. Section 2 reviews the literature with relevant prior research, offering a contextual background for the investigation. Section 3 provides details of the research methodology, specifically focusing on the empirical

approach. Section 4 outlines the results and Section 5 discusses their consequences. Section 6 provides concluding remarks.

Literature Review

Investor behavior in financial markets has long been a topic of interest to researchers and practitioners. The conventional approach, deeply rooted in the efficient market hypothesis and rational decision-making, is a fundamental framework for understanding investor motives. However, the inadequacy of these theories in comprehensively explaining the complexities of investor behavior has led to a behavioral finance paradigm (Karki, 2017). This transformative field incorporates psychological and behavioral dimensions into the study of investment decision making, acknowledging that investors are not always rational actors solely motivated by utility maximization.

Exploring the Nepalese context, Bhandari et al. (2021) observe that investors in Nepal predominantly favor traditional investments with higher interest yields, such as fixed deposits and recurring deposits offered by banks. This preference echoes the findings in India, where investors prioritize the safety and returns of their savings (Riyazahmed, 2021). Investors' safety concerns are a significant factor influencing investment decisions, which is consistent with the findings of previous studies (Bhuvaneswari, 2012; Dahal, 2022). As highlighted by this research, the expected rate of return and liquidity are key considerations when selecting an investment option. Additionally, attributes such as tax savings and higher returns are essential considerations when making decisions (Shukla, 2016; Mahadevi & Krishnan, 2014). Investors prioritize saving for uncertain financial needs when pursuing future security, emphasizing a precautionary motive (Mahadevi & Krishnan, 2014).

The focus on investment motives introduces the dimensions of investor objectives, encompassing capital gain, regular income, speculation, gambling, and long-term investment (Manandhar et al., 2010). Younger investors seeking capital gains often use online platforms equipped with technology and invest in expanding company common stocks (Karki et al., 2023), whereas elderly investors prioritize regular returns through avenues such as bonds or preferred stocks. The distinction between investment and speculation lies in the long-term risk-taking nature of the former versus short-term marketability of the latter. Demographic factors further shape investor behavior, as evidenced by prior studies where gender, age, occupation, marital status, market knowledge, self-efficacy, qualifications, and income level significantly influence investment decisions (Bhattarai et al., 2024; Maharjan et al., 2022; Ghimire & Karki, 2022; Jain & Mandot, 2012). Investment decisions are also influenced by prior experience, as demonstrated by Huang (2019), who investigated the effect of earlier financial expertise on the later trading of stocks. Positive excess returns in a specific industry increase the likelihood of investing in comparable equities within that sector, reflecting the impact of previous experience in making decisions. Manandhar et

al. (2010) emphasize the importance of investors gathering sufficient knowledge before buying securities and evaluating factors such as firm performance, management team, and financial metrics. This aligns with the broader perspective of behavioral finance, which recognizes the need for detailed research and information in the decision-making process.

Building on behavioral perspective, scholars argue that investor decisions extend beyond the realm of rationality and are significantly influenced by psychological factors (Joshi et al., 2023; Shanmugasundaram & Jansirani, 2012). Behavioral finance, as a new paradigm, integrates economic principles with insights from psychology to enhance financial decision making (Karki, 2018; 2017; Olsen, 1998). It acknowledges the limitations of traditional financial theories and introduces behavioral aspects into the decision-making process. Behavioral finance challenges the efficient market hypothesis by determining anomalies that cannot be explained by standard financial theories (Ghimire et al., 2024; Karki, 2020; Barber & Odean, 1999). Shiller (1999) points to anomalies, such as abnormal price movements during IPOs, mergers, and stock splits, suggesting that the assumption of rational behavior underlying market efficiency is flawed. Barberis and Thaler (2003) emphasize the significance of cognitive behaviors in understanding investor decision making, arguing that agents are not always entirely rational.

Behavioral finance operates at both the micro and macro levels. Micro-level studies delve into individual behavioral biases, whereas macro-level studies scrutinize anomalies in the efficient market hypothesis (Pompian, 2006). The introduction of prospect theory (Kahneman & Tversky, 1979) laid the foundation for behavioral finance, explaining how individuals assess risk differently in gains and losses. Cognitive psychology is integral to understanding decision making, with behavioral biases stemming from faulty cognitive reasoning and emotional influences contributing to irrational financial decisions (Pompian, 2012; Devkota et al., 2023; Dahal et al., 2023). Studies on behavioral biases have revealed significant impacts on decision making. Bashir et al. (2013) documented that confirmation bias and overconfidence substantially influence investment decision making. Overconfidence and optimism can lead to excessive trading volumes and speculative bubbles (Hede, 2012). Additionally, demographic variables such as age, gender, and expertise interact with psychological elements when making financial decisions (Rekik & Boujelbene, 2013). The literature highlights the diversity of investment motives with the significance of security and consistent income, particularly among female investors (Jain et al., 2015). Irrespective of income and age, employed investors prioritize long-term, secure, and profitable investment options (Priya et al., 2015). In addition to socioeconomic and demographic variables, an individual's investment decisions are substantially influenced by knowledge and information related to investment (Goyal & Sharma, 2014; Saibaba et al., 2002). Despite extensive research in developed economies, a significant gap exists in understanding investors' motives in developing countries, such as Nepal. To address this gap and build on established theoretical and empirical research, this investigation presents the following study framework:

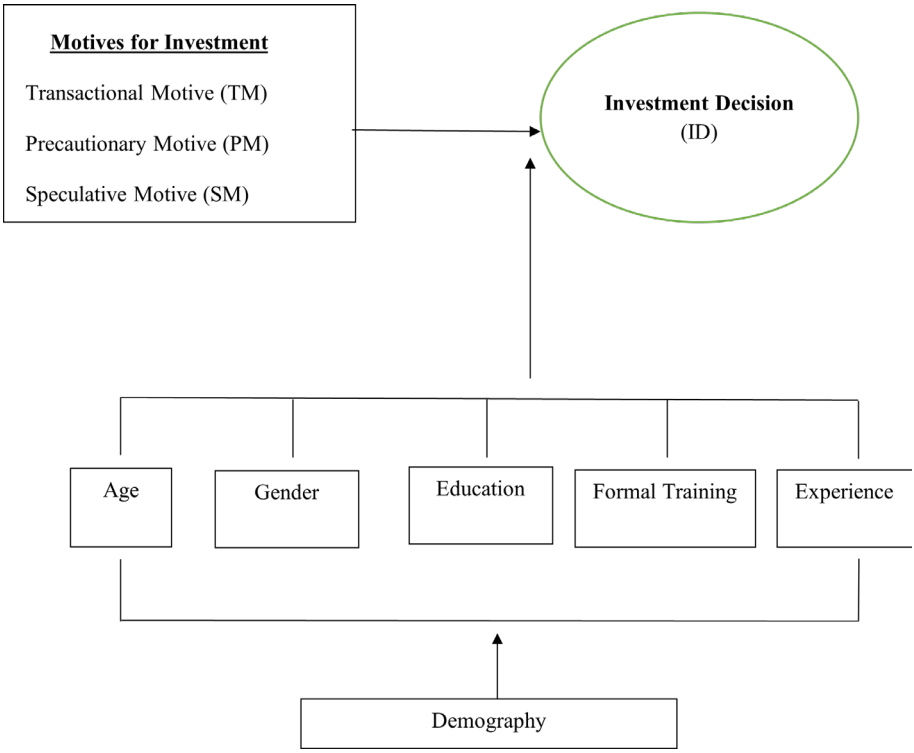

Figure 1. *Theoretical Framework of the Study*

Study Hypotheses:

The study framework gives rise to the following specific research hypotheses, guiding the empirical investigation into the motives influencing the stock market's decision-making in Nepal:

H1*: Investors' speculative motives significantly influence their investment decision-making.*

H2*: Investors' precautionary motives significantly impact their investment decision-making.*

H3*: Investors' transactional motives significantly affect their investment decision-making.*

These hypotheses aim to understand how different motives affect investment decisions in the Nepalese stock market. The gaps identified in the existing literature, coupled with the theoretical framework, provide a foundation for investigating these hypotheses. The results and discussions are presented in the subsequent section.

Research Methodology

This study utilizes exploratory and causal-comparative research designs to thoroughly examine the effect of investors' intrinsic motives on stock market decisions.

Population, Sampling, and Data: The main data source utilized in this research was quantitative and gathered via a survey technique. This research emphasizes Nepalese stock market participants, including those who have already invested in listed companies on the Nepal Stock Exchange (NEPSE) as of July 2023, as well as individuals with future investment plans. To ensure an adequate representation of the diverse population, this study employs purposive sampling, a method tailored to specific individuals capable of providing the required information.

Ethical Approval: The researchers obtained ethical approval for this study from the ethics committee of Nepal Commerce Campus, the working institution of the researchers, with reference number 1525/080/081. The primary data for this study was acquired through structured questionnaires from freelance investors of the Nepal Stock Exchange. The participants were provided information regarding the study's objective, and their participation was voluntary. The data collection process ensured the preservation of confidentiality and anonymity of responses.

Following Cochran's (1977) guidelines for an unknown population, the study collected responses from 411 individual investors, exceeding the minimum requirement of 385 to ensure a nominal 95% confidence level. Of the collected responses, 405 were deemed meaningful and usable, forming the basis of the research.

Questionnaire Design and Validation: The questionnaire, designed for data collection, encompassed single and multiple-choice questions as well as Likert-scale queries. Open-ended questions were included to capture investors' distinct perspectives. The pre-testing examined the questionnaire's content validity to ensure its relevance and comprehensiveness. Reliability analysis, a measure of internal consistency calculated using Cronbach's Alpha Test (Table 1), indicated robust scores for Likert-scale decision-making statements.

Table 1. Cronbach's Alpha of Decision-Making Statements

Likert Scale Statement	No. of Statements	Cronbach's Alpha
Investment Decision (ID)	5	0.880
Speculative Motive (SM)	3	0.829
Precautionary Motive (PM)	4	0.885
Transactional Motive (TM)	3	0.716

Source: Developed by the authors

Cronbach's Alpha Test findings are illustrated in Table 1, revealing internal consistency values that meet or exceed the benchmark criteria. Cronbach's Alpha for Investment

Decision (ID), Speculative Motive (SM), Precautionary Motive (PM), and Transactional Motive (TM) were 0.880, 0.829, 0.885, and 0.716, respectively. These scores ensure the reliability of the Likert-scale decision-making questionnaire, demonstrating the consistent interrelatedness of the items within each construct.

Content validity can be maintained with fewer items if they comprehensively cover the construct's domain. In this study, the statements are carefully crafted and highly specific, ensuring that even a limited number of items achieve sufficient content validity (Haynes et al., 1995)

Method of Analysis: The survey data were analyzed using SPSS software, employing various statistical tools and techniques. The analytical methods included the Cronbach's Alpha Test, Descriptive Statistics, Frequency Analysis, Correlation Matrix, Regression Analysis, T-test, and ANOVA. Moreover, Tables were presented to illustrate and interpret the data more effectively. The regression model is as follows:

$$ID = \alpha_1 + \beta_1 SM + \beta_2 PM + \beta_3 TM \ldots\ldots \quad \text{(i)}$$

where α_1 is the investment decision considered in the absence of the given motives, and β_1, β_2, and β_3 are the respective slope coefficients of the variables.

The regression model, expressed as Equation (i)1, serves as the analytical framework for assessing the relationships between the exogenous factor (ID: Investment Decision) and the endogenous factors, Speculative Motive (SM), Precautionary Motive (PM), and Transactional Motive (TM). Independent and dependent variables were analyzed to achieve the research objectives.

Results

Employing a quantitative analytical framework, this study utilized various statistical tools, including coefficient of correlation, regression analysis, one-sample t-test, and analysis of variance (ANOVA).

The findings revealed that 56% of the 405 respondents were male and 44% were female. Age diversity was evident, encompassing individuals across different life stages: 34.10% below 30 years, 28.90% between 31 and 40 years, 21% between 41 and 50 years, and 16% above 50 years. The participants' educational backgrounds exhibited diversity: 18.77% possessed only an intermediate level of education, 47.16% held bachelor's degrees, and 34.07% held master's degrees or higher. Concerning formal training, 35% of the respondents had received formal training on stock market investment. Nearly 19% of respondents have not yet invested in the stock market but are willing to invest in the coming days.

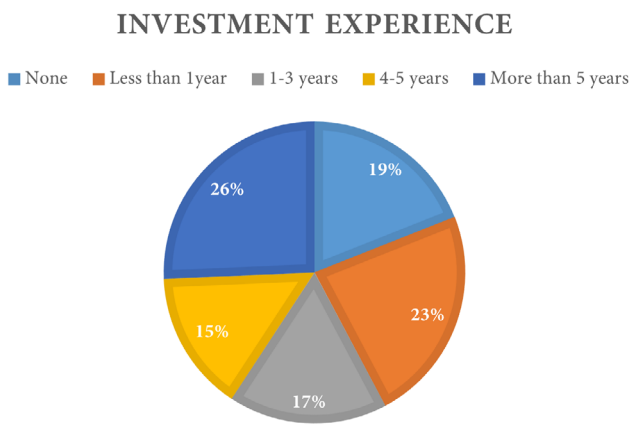

Figure 2. Percentage Distribution of Investors' Investment Experience
(Source: Authors' Computation)

As represented in Figure 2, 23.20% of respondents reported having less than a year of investment experience. Seventeen percent of the participants had 1-3 years of investment experience and the respondents having the experience of 4-5 years is just 15.10%. The number of respondents with an investment experience of more than five years is slightly higher (25.70%).

Descriptive Statistics

The purpose of descriptive statistics is to summarize and present patterns within the data. This research utilized descriptive statistics to analyze the gathered data by employing measures such as the minimum, maximum, mean, and standard deviation. The effect of investors' motives on investing decisions is determined by the mean value obtained from the Likert-scale statements for each behavioral bias separately. A five-point Likert scale was used for the statement. This determines the intensity of the influence of behavioral bias on individual investors' investment decisions. Statements on the Likert scale fell between Strongly Agree and Strongly Disagree. Five decision-making statements were used to assess the dependent variable: investment decisions.

Using a well-grounded theoretical basis, this study employed focused and specific statements to measure each factor. Three statements were used for speculative motives, four for precautionary motives, and three for transactional motives. Hinkin (1998) notes that precise and targeted items can yield sufficient reliability and validity even with fewer items. Furthermore, Churchill (1979) suggests that the use of three to four items can be justified if the theoretical foundation supports that these items are representative of the constructs.

A value above the midpoint (3) signifies a higher influence, while a value below this

midpoint signifies a lower influence on decision-making. Table 2 presents the descriptive statistics.

Table 2. Descriptive Statistics

	No. of constructs	Minimum	Maximum	Mean	Std. Deviation
Speculative Motive (SM)	5	1	5	3.079	0.921
Precautionary Motive (PM)	3	1	5	3.285	0.921
Transactional Motive (TM)	4	1	5	3.504	0.930
Investment Decision (ID)	3	1	5	3.471	0.881

Source: Developed by the authors

Table 2 provides a glimpse into the descriptive statistics of investors' motives and investment decisions. The average ranking of speculative motives is only three, which shows that respondents somehow believe that speculative motives have a moderate impact on stock market decisions in Nepal. The average ranking for precautionary motives is more than 3, meaning that respondents consider that precautionary motives have a substantial impact on the process of making investment decisions. The average ranking for transactional motives is more than 3, and nearly 4 means that respondents agree that transactional motives affect stock market decision-making. The average ranking for investment decisions (3.47) shows a higher influence of investors' motives on investment decision making, with a standard deviation (0.881).

Inferential Analysis

Inferential analysis encompasses correlation and regression analyses that outline the relationship between two variables using a single number ranging from +1 to -1. This shows the relationship between the expected variables (Riyazahmed, 2021).

Table 3. Relationship between Investors' Motives and the Investment Decision

Particulars	Speculative Motive (SM)	Precautionary Motive (PM)	Transactional Motive (TM)	Investment Decision (ID)
Speculative Motive (**SM**)	1			
Precautionary Motive (**PM**)	0.373**	1		
Transactional Motive (**TM**)	0.558**	0.632**	1	
Investment Decision (**ID**)	0.708**	0.349**	0.524**	1

***. Correlation has 1% level of significance.*

Source: Developed by the authors

The results of the correlation analysis reveal insightful connections between the identified investment motives and individual investment decisions. The correlation coefficient between the Speculative Motive and investment decision stands at 0.708, indicating a strong positive correlation. This implies that, as the speculative motive increases, there is a corresponding positive impact on investment decisions. The associated P-value of less than 0.05 signifies statistical significance, emphasizing the reliability of this correlation. Similarly, the correlation coefficient between the Precautionary Motive and investment decision is 0.349, signifying a positive correlation. The P-value, once again below 0.05, reinforces the statistical significance, highlighting a meaningful relationship between Precautionary Motives and investment decisions. This suggests that investors considering the precautionary aspects in their motives tend to align their decisions accordingly. Furthermore, the correlation coefficient between the Transactional Motive and investment decisions was 0.524, indicating a positive correlation. The associated p-value, meeting the criterion of less than 0.05, emphasizes the statistical significance of the relationship between transactional motives and decision-making. This finding suggests that transactional motives have a significant impact on investors' investment decisions. The significant correlations at the 1% level are most likely the result of established theoretical foundations and well-specified constructs. Cohen (1988) observes that strong theoretical bases and well-supported hypotheses enhance the likelihood of detecting significant effects in correlation analyses.

Table 4. Regression Analysis Results

Model	Beta	T	p-value	VIF
(Constant)	1.067**	4.548	0.000	
Speculative Motive (SM)	0.577**	8.311	0.000	1.452
Precautionary Motive (PM)	0.006	0.074	0.941	1.712
Transactional Motive (TM)	0.174*	2.088	0.039	2.139
R Square		F- Value		P-Value
0.525		48.279		0.000

"and "" denote significance levels at 5% and 1% respectively.

Source: Developed by the authors

Table 4 shows the regression analysis of various endogenous variables, such as speculative, precautionary, and transactional motives, on investment decisions in the stock market. Remarkably, the results illustrate that among the three motives under consideration, only speculative and transactional had a significant influence on stock market decisions. The P-value associated with speculative motives is strikingly below the significance threshold ($p < 0.01$), affirming a highly significant association between speculative motives and investment decisions. Investors driven by speculative objectives have a substantially positive impact on their investment decisions.

Similarly, the transactional motive also emerges as a pivotal factor with a p-value ($p < 0.05$), signifying a significant relationship with stock market decisions. Specifically, the regression coefficient of the transactional motive indicates that a one-unit change leads to a 1.74 unit positive change in stock market decisions, underscoring its significant impact. Similarly, the speculative motive shows a 5.77 unit positive change in investment decisions for every one-unit change in speculative motive ($p < 0.01$), highlighting its substantial influence. In contrast, the precautionary motive fails to reach statistical significance ($p > 0.05$), suggesting a limited effect on stock market investment decisions. This lack of significance can be attributed to the nature of precautionary motives, which drive investors towards safer, less volatile investments such as bonds or savings accounts, rather than the inherently risky stock market (Campbell & Viceira, 2002). Risk-averse investors, particularly in volatile and developing markets like Nepal, are less likely to engage in stock market investments (Guiso & Paiella, 2008; Adhikari, 2010). Further, behavioral finance insights suggest that precautionary investors experience heightened fear of loss, preferring liquidity and security (Pompian, 2012).

The R-squared value of 52.50% signifies that the independent variables, namely speculative, precautionary, and transactional motives, account for more than half of the variation in stock market investment decisions. This substantial explanatory power demonstrates the

relevance and importance of these motives for shaping investor decisions. An F-value of 48.279, accompanied by a p-value ($p < 0.05$), further reinforces the robustness of the regression model, attesting to the significant relationship between investors' motives and investment decisions. Moreover, the analysis ensures the absence of multicollinearity among the variables, as reflected in the VIF values below 10 for all study variables. This indicates that the selected variables contributed independently to the model without intercorrelated effects, enhancing the reliability of the results.

One-Sample T-test and ANOVA Test

The analysis of the mean differences among demographic factors, as presented in Table 5, provides crucial insights into the heterogeneity of various factors and their effect on stock market decisions. This examination focuses on demographic aspects such as age, gender, formal training, education, and investment experience to determine their potential influence on investor decision-making.

Table 5. Analysis of Mean Differences (Heterogeneity) Among Demographic Factors Influencing Investment Decisions

Independent Sample T-test					
Gender	**n**	**Mean**	**Std. Dev.**	**T-value**	**P-Value**
Male	227	3.472	0.851	0.012	0.989
Female	178	3.470	0.926		
Total	405	3.471	0.889		
ANOVA Test					
Age	**n**	**Mean**	**Std. Dev.**	**F-value**	**P-Value**
21-30	138	3.410	0.846	0.949	0.419
31-40	117	3.391	0.916		
41-50	85	3.608	0.965		
Above 50	65	3.875	0.868		
Total	405	3.571	0.899		
Education level	**n**	**Mean**	**Std. Dev.**	**F-value**	**P-Value**
Below/+2	76	2.983	0.846	2.052	0.133
Bachelors	191	3.510	0.828		
Masters and Above	138	3.520	0.908		
Total	405	3.338	0.861		

Formal Training	n	Mean	Std. Dev.	T-value	P-Value
Yes	142	3.574	0.937	1.087	0.279
No	263	3.405	0.843	1.062	0.291
Total	405	3.489	0.890		
Experience	**n**	**Mean**	**Std. Dev.**	**F-value**	**P-Value**
None	77	3.339	0.976	2.997	0.021
Less than 1year	94	3.080	0.877		
1-3 years	69	3.626	0.672		
4-5 years	61	3.520	0.909		
More than 5 years	104	3.767	0.822		
Total	405	3.466	0.851		

Source: Developed by the authors

Examining the findings in Table 5, it is obvious that gender, age, education, and formal training exhibit P-values ($p > 0.05$) that exceed the significance level. This implies statistically insignificant differences in investment decisions among the demographic variables. Investors, irrespective of gender, age group, educational background, or formal training, demonstrate similar tendencies in their decision-making processes in the stock market. However, a noteworthy departure from this trend was observed in the case of investment experience. The ANOVA test reveals a P-value below the significance threshold ($p < 0.05$) for investment experience, indicating a significant relationship between years of experience and investment decisions in the stock market in Nepal. This implies that investors with varying levels of experience make different decisions, emphasizing the remarkable impact of practical exposure on investment choices. A post-hoc analysis was performed to determine which groups were different (Table 6).

Table 6. Post-hoc Analysis for Multiple Comparisons of Investment Decisions by Experience

(I) Experience	(J) Experience	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
None	<1Y	-0.456**	0.054	0.009	-0.624	0.287
	(1-3)Y	-0.375**	0.066	0.004	-0.545	0.084
	(3-5)Y	-0.336**	0.037	0.001	-0.484	0.065
	>5Y	-0.278**	0.089	0.000	0.472	0.029
<1Y	(3-5)Y	0.358**	0.068	0.003	0.060	0.534
	>5Y	0.383**	0.067	0.001	0.089	0.565
(1-3)Y	>5Y	0.387**	0.072	0.006	0.097	0.576
(3-5)Y	>5Y	0.156**	0.053	0.008	0.079	0.365

*Note: This result was derived from the complete set of post hoc analyses conducted for five distinct experience groups, ranging from no experience to over five years of experience. Only the statistically significant post hoc analysis results from diverse investor experience groups are presented. "**" denotes significance at 1 percent level.*

Source: Developed by the authors

As depicted in Table 6, the no-experience group of investors, that is, those lacking experience in the stock market, exhibits a significant divergence from all other experience-level groups of investors ($p < 0.05$). This emphasizes the undeniable significance of experience in shaping decision-making behavior within the stock market. Remarkably, the highest experience group of investors (experience > 5Y) displays significant differences ($p < 0.05$) in their decision-making processes when compared to all other experience level groups. Intriguingly, no significant differences emerge between investors with 1–3 years and those with 3–5 years of experience, as indicated by the calculated p-value ($p > 0.05$), surpassing the significance level of 0.05. This suggests remarkable consistency in the investment decision process between these two experience groups. This finding aligns with prior research by Rekik and Boujelbene (2013), who emphasize that the level of experience interacts with behavioral aspects in investment decisions and significantly influences investment choices. The lesson is clear; investors should be aware of this critical component and seek to gain knowledge and experience to make informed decisions in the dynamic landscape of the stock market. Robust statistical significance ($p < 0.05$) emphasizes the importance of experience as a guiding factor, urging investors to recognize its pivotal role and leverage it to make informed and prudent decisions within the stock market.

These findings highlight the importance of investors' motives in affecting investment decisions irrespective of gender, age, education, or formal training. The uniformity in decision making across these demographic variables implies that investors, regardless of their background, are primarily influenced by their motives when dealing with the complexities

of the stock market. The value of investment experience strengthens the notion that practical exposure is crucial for shaping investor decisions. Investors with more years of experience may adopt a more informed and strategic approach, leveraging their insights into market dynamics. The summary of the hypothesis testing is presented in Table 7.

Table 7. Summary of Hypothesis Testing

Hypothesis	Findings
H_1: Speculation motive does not affect individual stock market decisions.	Accepted
H_2: Precautionary motive does not affect individual investor decisions.	Not supported
H_3: Transactional motive does not affect individual stock market decisions.	Accepted

Discussion

The basic objective of this study is to investigate Nepalese investors' investment motives and analyze their effects on individual investors' stock market decisions. The findings of this study align with those of several renowned scholars in the field, such as Belsky and Gilovich (1999), Saibaba et al. (2002), Manandhar et al. (2010), Goyal and Sharma (2014), Priya et al. (2015), and Riyazahmed (2021). These studies collectively suggest that investors' motives coupled with demographic factors play a pivotal role in shaping their investment decisions. Interestingly, the results are in contrast with studies such as Rekik and Boujelbene (2013) and Kaleem (2009), which indicate that age, gender, and experience interact with behavioral biases in decision-making and significantly influence investment choices. Contrary to these results, this study suggests that demographic variables have no substantial influence on investment decisions in the Nepalese context. Notably, the study discovered that years of investment experience exhibited a significant relationship with investment decisions, indicating that seasoned investors approach decision making differently, possibly driven by a more distinct thought process. This study establishes a significant relationship between investment decisions and level of investment experience. This is consistent with Zaidi and Tauni (2012), who noted that higher levels of investment experience lead to greater investor overconfidence, and Gervais and Odean (2001), who asserted that, with higher experience, investors better recognize their abilities.

These findings align with Ndirangu et al. (2015), who found that ownership tends to be higher among men than women, and Adhikari (2010), who observed a male-dominated investor market. This study, however, challenges the viewpoint presented by Sewell (2007), who suggested that decision-making patterns in males and females differ significantly. By contrast, this study indicates that there is no statistically significant distinction between female and male investors with regard to stock market participation. Furthermore, the findings stand in opposition to Jagullice (2013), who proposed that intuition, rather than logical considerations, significantly impacts individual investment decisions.

However, speculative and transactional motives have emerged as significant influencers of stock market decisions. Interestingly, the study's findings deviate from Mahadevi and Krishnan (2014), who identified a preference for investing in the future as a precautionary motive. By contrast, this study reveals no significant relationship between precautionary motives and investment decisions. In many developing markets, the stock market is viewed with skepticism due to higher volatility and perceived lack of transparency, leading precautionary investors to avoid stock investments (Shiller, 1999). Empirical studies support this, showing that precautionary motives do not significantly drive stock market participation (Galaasen & Raja, 2022).

Conclusion

This study reveals significant relationships between investors' motives and stock market decisions. Among the identified motives, speculative and transactional motives were found to have statistically significant positive relationships with stock market decisions. Contrary to prior findings by Mahadevi and Krishnan (2014), this study reveals no significant relationship between precautionary motives and investment decisions. The results of this study reveal the non-relevance of demographic factors in the relationship between investment motives and investment decisions. Experience has shown a significant effect on investment decisions, contradicting the prior notion that investors' motives, coupled with demographic factors, play a pivotal role in shaping their investment decisions, indicating that gut feelings do not sway investors but are guided more by their specific investment motives (Jagullice, 2013; Jain & Mandot, 2012). Importantly, investors are guided by specific motives while making investment decisions, with speculative and transactional motives being more dominant than precautionary motives in stock market investments.

This study provides valuable insights for individual investors to gain awareness and identify their motives when making decisions about stock market investments. Investors driven by expectations of regular income or seeking speculative gains can benefit from understanding the various motives and risks involved. The implications of these findings extend to regulatory bodies and listed companies, urging them to focus on increasing awareness, offering diverse investment alternatives, and understanding investors' risk preferences. The future scope of the study suggests conducting detailed research on how demographic variables such as age, gender, education, and investment experience affect investment decision-making and enable investors to identify their motives and minimize biases in making sound investment choices.

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