

POST MERGER EFFECT AND WORK EFFICIENCY OF COMMERCIAL BANKS IN NEPAL

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial
fulfillment of requirement for the Master's Degree

By

Pramila Thapa Magar

Exam Roll No.: 13727/19

Campus Roll No.: 3935/075

TU Registration No.: 7-2-162-4-2014

Shanker Dev Campus

Group: finance

Kathmandu, Nepal

November, 2024

CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**Post Merger Effect and Work Efficiency of Commercial Banks in Nepal**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

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

Pramila Thapa Magar

Date: 2081/ /

REPORT OF RESEARCH COMMITTEE

Ms. Pramila Thapa Magar has defended research proposal entitled "**Post Merger Effect and Work Efficiency of Commercial Banks in Nepal**" successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dr. Binita Manandhar and submit the thesis for evaluation and viva voce examination.

.....

Dr. Binita Manandhar

Dissertation Supervisor

Dissertation Proposal Defended Date:

Dissertation Submitted Date:

.....

Asso. Prof. Sajeeb Kumar Shrestha, PhD

Position: Chairperson, Research Committee

Dissertation Viva Voce Date:

APPROVAL SHEET

We have examined the dissertation entitled "**Post Merger Effect and Work Efficiency of Commercial Banks in Nepal**" presented by Ms. Pramila Thapa Magar for the degree of Master of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

.....

Dr. Binita Manandhar
Dissertation Supervisor

.....

Internal Examiner

.....

Internal Expert

.....

External Expert

.....

Asso. Prof. Dr. Sajeeb Kumar Shrestha
Chairperson, Research Committee

.....

Joginder Goet
Acting Campus Chief

ACKNOWLEDGEMENTS

I would like to extend my heartfelt gratitude to my supervisor, Dr. Binita Manandhar, whose invaluable guidance, encouragement, and support have been instrumental throughout this research journey. Her expertise and attention to detail have significantly shaped the outcome of this project, and I am deeply indebted to her for her mentorship. I am also immensely thankful to the entire academic and non-academic staffs at Shanker Dev Campus for their unwavering dedication and assistance, which have fostered an environment conducive to learning and growth. Additionally, I am grateful to my family for their unconditional love and encouragement, which have served as my steadfast foundation. My heartfelt appreciation also goes to my friends and colleagues for their unwavering support and camaraderie. Each contribution, no matter how small, has been deeply appreciated and has played a crucial role in the successful completion of this dissertation.

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Pramila Thapa Magar

TABLE OF CONTENTS

<i>Title Page</i>	<i>i</i>
<i>Certification of Authorship</i>	<i>ii</i>
<i>Report of Research Committee</i>	<i>iii</i>
<i>Approval Sheet</i>	<i>iv</i>
<i>Acknowledgements</i>	<i>v</i>
<i>Table of Contents</i>	<i>vi</i>
<i>List of Tables</i>	<i>ix</i>
<i>List of Figures</i>	<i>x</i>
<i>Abbreviations</i>	<i>xi</i>
<i>Abstract</i>	<i>xii</i>
CHAPTER I INTRODUCTION	1
1.1 Background of the Study	1
1.2 Problem Statement	5
1.3 Objectives of the Study	7
1.4 Rationale of the Study	7
1.5 Limitations of the Study	9
CHAPTER II LITERATURE REVIEW	10
2.1 Theoretical Review	10
2.1.1 Merger and Acquisition	10
2.1.2 Types of Merger and Acquisition and Probable Outcomes	12
2.1.2.1 Vertical Mergers and Acquisitions	12
2.1.3.2 Horizontal Mergers	13
2.1.3.3 Concentric Mergers	14
2.1.2.4 Conglomerate Mergers	14
2.1.3 Employee Productivity and Efficiency	15
2.1.4 Effects of Mergers and Acquisition on Employee Productivity	16
2.2 Empirical Review	17
2.3 Research Gap	30

CHAPTER III RESEARCH METHODOLOGY	32
3.1 Research Design.....	32
3.2 Population and Sample, and Sampling Design	32
3.3 Nature and Sources of Data and the Instrument of Data Collection.....	32
3.4 Method of Analysis.....	33
3.4.1 Descriptive Statistics.....	33
3.4.1.1 Mean	33
3.4.1.2 Standard Deviation (S.D.).....	34
3.4.2 Correlation Analysis	34
3.4.3 Regression Analysis.....	35
3.5 Reliability Test.....	36
3.6 Research Framework and Definition of Variables.....	37
CHAPTER IV RESULTS AND DISCUSSION	40
4.1 Results.....	40
4.1.1 Demographic Profile of Respondents	40
4.1.2 Descriptive Statistics.....	44
4.1.2.1 Summary of Descriptive Statistics.....	44
4.1.2.2 Descriptive Statistics of Organizational Climate	46
4.1.2.3 Descriptive Statistics of Recognition.....	47
4.1.2.4 Descriptive Statistics of Remuneration.....	48
4.1.2.5 Descriptive Statistics of Nature of Work	49
4.1.2.6 Descriptive Statistics of Employee Motivation	50
4.1.2.7 Descriptive Statistics of Employee Performance.....	51
4.1.3 Correlation Analysis	52
4.1.4 Regression Analysis.....	54
4.2 Discussion.....	57

CHAPTER V SUMMARY AND CONCLUSION.....	59
5.1 Summary	59
5.2 Conclusion	62
5.3 Implications.....	64

REFERENCES

APPENDICES

LIST OF TABLES

Tables No.	Page
Table 1 <i>Summary of Empirical Review</i>	24
Table 2 <i>Instrument of Data Collection</i>	33
Table 3 <i>Reliability Test</i>	36
Table 4 <i>Gender Group</i>	40
Table 5 <i>Age Group</i>	41
Table 6 <i>Education Level</i>	41
Table 7 <i>Position/Job Role</i>	42
Table 8 <i>Years of Experience</i>	42
Table 9 <i>Marital Status</i>	43
Table 10 <i>Monthly Income</i>	43
Table 11 <i>Summary of Descriptive Statistics</i>	44
Table 12 <i>Descriptive Statistics of Organizational Climate</i>	46
Table 13 <i>Descriptive Statistics of Recognition</i>	47
Table 14 <i>Descriptive Statistics of Remuneration</i>	48
Table 15 <i>Descriptive Statistics of Nature of Work</i>	49
Table 16 <i>Descriptive Statistics of Employee Motivation</i>	50
Table 17 <i>Descriptive Statistics of Employee Performance</i>	51
Table 18 <i>Correlation Matrix</i>	53
Table 19 <i>Model Summary of Regression Model</i>	55
Table 20 <i>ANOVA Table of Regression Model</i>	55
Table 21 <i>Beta Coefficient of Regression Model</i>	56

LIST OF FIGURE

Figure No.	Page
<i>Figure 1 . Research Framework of this Study</i>	<i>37</i>

ABBREVIATIONS

ANOVA	:	Analysis of Variances
DEA	:	Data Envelopment Analysis
EM	:	Employee Motivation
EP	:	Employee Performance
GMI	:	Global Malmquist Index
M&As	:	Merger and Acquisitions
NW	:	Nature of Work
OC	:	Organizational Climate
PLS	:	Partial Least Squares
RC	:	Recognition
RM	:	Remuneration
S.D.	:	Standard Deviation
SBM	:	Slacks-Based Measure
SEM	:	Structural Equation Modeling
SPSS	:	Statistical Package for the Social Sciences
VIF	:	Variance Inflation Factor

ABSTRACT

The main objective has been to assess these perceptions and analyze the impact of M&As on work efficiency. The study employs both descriptive and causal-comparative research designs, focusing on employees in commercial banks within the Kathmandu Valley. A sample of 400 employees has been selected using convenience sampling to facilitate efficient data collection. Primary quantitative data has been gathered through a structured questionnaire designed.

Data presentation and analysis have been conducted using Microsoft Excel and SPSS, applying various statistical tools, including descriptive statistics, correlation, and multivariate regression models. A reliability test has been conducted using Cronbach's alpha, confirming the reliability of all variables—organizational climate, recognition, remuneration, nature of work, and employee motivation. The research framework includes these independent variables and employee performance as the dependent variable.

The findings indicate that organizational climate, recognition, remuneration, nature of work, and employee motivation are significant determinants of employee performance. Specifically, organizational climate and recognition exhibit strong positive relationships with employee performance, while remuneration shows a comparatively weaker but still significant effect. The nature of work and employee motivation also demonstrate a strong positive influence on performance levels.

This study has significant practical and theoretical implications, emphasizing the need for organizations to foster a positive work environment and recognize employee contributions to enhance performance during M&As. It recommends that management prioritize initiatives aimed at improving recognition, remuneration, and job engagement to boost employee motivation and productivity.

Keywords: Mergers and Acquisitions, Employee Performance, Organizational Climate, Recognition, Nature of Work

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Mergers and acquisitions have become essential components of numerous corporate strategies for organizations seeking to enhance and sustain their competitive edge in the marketplace (Shrestha et al., 2017). Mergers and acquisitions (M&As) have been a central topic in management research, with scholars exploring the financial, strategic, and human dimensions of this intricate phenomenon (Cartwright & Cooper, 2012). Although financial and strategic factors often dominate M&A discussions, the importance of the "human" aspect should not be overlooked. M&As involve not only financial transactions but also processes that significantly affect employees within organizations (Cartwright and Cooper, 1996). Despite the focus on financial and strategic considerations, the failure of M&As to consistently achieve their goals is often linked to the inadequate attention given to human-related issues, particularly concerning HR practices (Cartwright & Cooper, 2012; Antila, 2006).

In the context of rapid organizational change, employees need to be adaptable to manage evolving environments (Adomako et al., 2013). Historically, HR departments have played various roles, including acting as employee advocates and upholding ethical standards. However, over the past decade, there has been a shift toward redefining HR's role, particularly by establishing HR as a strategic business partner (Bramson, 2000). Notably, Bramson highlighted that the disengagement of HR managers in effectively managing human capital during mergers and acquisitions (M&As) is often linked to failures in these endeavors. Consequently, HR's role must transform to include not only traditional responsibilities but also a strategic emphasis on managing the human aspects of M&As, ensuring successful integration and positive organizational outcomes (Bansal, 2002).

Mergers and acquisitions (M&A) are strategic moves that businesses use to pursue diversification and growth (Sambu et al., 2018). These corporate actions provide numerous benefits, such as reducing competition and increasing market share and shareholder value through economies of scale and scope. However, concerns about possible monopolistic behavior or unfair competitive practices frequently arise in conjunction with these corporate consolidations (Sambu et al., 2018).

Banks actively engage in mergers and acquisitions (M&A) to manage risks, enhance returns, and achieve geographic diversification, ultimately increasing their market power (Cocheo, 2008). However, despite the potential advantages these transactions offer, M&A efforts often do not meet their goals of increasing profits and expanding market share (Cocheo, 2008). A crucial factor in the success of M&A initiatives is employee behavior (Appelbaum et al., 2007). The organizational changes brought about by M&A, including the integration of functions and activities, can negatively affect employee job satisfaction. This decline in satisfaction can stem from uncertainties surrounding new roles, responsibilities, and workplace dynamics, leading to a disconnection between employees and the organization (Ashkensas et al., 1998).

Mergers can create traumatic experiences for employees, leading to increased turnover rates, lowered morale, and reduced productivity (Ashkensas et al., 1998). These emotional and psychological challenges may arise from fear of job loss, changes in leadership, and uncertainties about the future of the organization. Moreover, factors such as shifts in human resource policies, downsizing, and layoffs contribute to a heightened state of stress among employees. The phenomenon known as "survivor syndrome"—where remaining employees experience guilt and anxiety after colleagues are let go—can further exacerbate this stress, potentially compromising the overall effectiveness of the merger (Pande & Krishnan, 1998). While M&A activities can provide banks with significant opportunities for growth and market expansion, the success of these endeavors is heavily influenced by the management of employee concerns and experiences during the transition. Addressing the psychological and emotional aspects of M&A is essential for maintaining a motivated workforce and achieving the desired outcomes from such strategic maneuvers

Mergers and acquisitions (M&As) have become prominent trends in the banking industry, reflecting the evolving nature of the business landscape (Rhea, 2004; Chambers, 2008). The combination of liberalization and technological advancements has intensified competition among banks, prompting a greater reliance on M&As as a strategy for growth and sustainability (Cocheo, 2008). These corporate actions serve as a clear expression of vision and strategic intent in both established and emerging financial markets. Ahlawat et al. (2022) note that the financial services sector has undergone significant shifts in strategy, with banks pursuing M&As to mitigate risk, maximize returns, and achieve regional diversification, ultimately strengthening their market presence. By partnering

with other banks that operate branches across multiple states, banks can effectively expand their customer base, allowing for enhanced service offerings and geographic reach.

Additionally, changes in human resource policies, along with downsizing and layoffs, contribute to heightened stress levels among employees. The phenomenon known as "survivor syndrome"—where employees who remain after layoffs experience guilt, anxiety, and a sense of loss—can further exacerbate these stressors (Pande & Krishnan, 1998). This can create a toxic work environment, where employees may feel demotivated and unproductive, ultimately jeopardizing the success of the merger itself. To mitigate these challenges, organizations must prioritize effective communication and support systems during M&A transitions. It is essential to address employee concerns and provide reassurance regarding job security and future opportunities. By fostering an environment of trust and transparency, companies can help alleviate the negative impact of M&A on employee morale and performance, paving the way for a more successful integration process and improved organizational outcomes.

Bhargave and Tandon (2022) identified the primary drivers of mergers in the banking sector as the need to offset losses, strengthen the banking system, and enhance capital capacity. The motivations for merger transactions include gaining market share, achieving competitive advantages, boosting revenues and risks, and diversifying products. In light of the global financial crisis, there has been a noticeable increase in mergers and acquisitions, as corporations pursue these combinations not only to enhance competitiveness but also to secure a strong position in the industry. This has resulted in a significant shift in the business landscape (Fatima & Shehzad, 2014). Mergers and acquisitions have become integral to many corporate strategies for organizations aiming to reinforce and sustain their competitive position in the marketplace. The NRB introduced the Merger Bylaw 2068 to reduce the number of BFIs, improve financial stability, and foster public confidence in the banking sector. Consequently, the banking sector is currently undergoing a positive phase of restructuring and consolidation. The merger policy is anticipated to address the challenges arising from the rapid increase in the number of BFIs (Shrestha, Thapa, & Phuyal, 2017).

Employee efficiency is defined as the output of goods and services generated per unit of labor, capital, or both. It serves as a critical measure of organizational effectiveness and success. However, during mergers and acquisitions, employee morale can suffer due to

stress and anxiety stemming from cultural integration, potential job loss, and environmental changes. These factors can lead to feelings of being undervalued and betrayed, which further diminish efficiency levels. Insufficient information, lack of clear direction, and ambiguous communication create uncertainty among employees, making them less engaged and potentially prompting them to leave the organization (Kangetta & Kirai, 2017).

To ensure optimal employee work efficiency during M&A transitions, it is essential to prioritize the human aspect alongside financial, strategic, and legal considerations. Recognizing and addressing employee concerns can foster a supportive environment, mitigating the adverse effects of uncertainty. By enhancing communication and providing clear guidance, organizations can boost morale and maintain efficiency, ultimately leading to a more successful integration process (Kangetta & Kirai, 2017).

The topic of mergers has gained significant attention in Nepal recently. The trend of mergers within the Nepalese banking sector began following the implementation of merger bylaws by the NRB in 2011. Many banks and financial institutions (BFIs) seized the merger opportunity as a business strategy to enhance their competitive advantage. BFIs are engaging in mergers to achieve synergies in performance, whether through improved financial metrics or increased market share. In response to the NRB's efforts to reduce the number of BFIs, strengthen their competitiveness, and promote fair banking practices, the Nepalese financial sector has experienced numerous mergers over the past decade (Adhikari, 2022).

Banks and financial institutions (BFIs) play a vital role in promoting overall growth financing as representatives of investment and working capital financing, as well as organizations that direct funds to underfunded individuals beyond what the government provides. As institutions of public trust and key components of the financial system, BFIs are strategically positioned to support economic development. The banking sector acts as the primary driver of the economy, functioning effectively only with sufficient capital, which is sourced from banks (Adhikari, 2022). The government has established requirements and conditions for the banking industry, along with prudential regulations guiding banking activities. Operational provisions have been created based on these requirements. Mergers and acquisitions have been newly recognized practices by the NRB to bolster BFIs, significantly transforming Nepal's banking landscape over the decades. Following the implementation of the Merger Bylaw 2068, many BFIs have

merged, contributing to the growth and improvement of the Nepalese banking industry in the past ten years. Growth is essential for any organization's survival, which can be achieved either internally through operational expansion and new unit establishment or externally via mergers, acquisitions, takeovers, amalgamations, and joint ventures. As competition intensifies daily, mergers and acquisitions have become the preferred long-term strategy for corporate restructuring and strengthening in today's globalized environment (Sharma, 2018).

This study examines the post-merger effects on work efficiency and employee performance in commercial banks in Nepal. By analyzing how mergers impact employee engagement, productivity, and overall organizational performance, the research aims to uncover the key factors that influence success during the integration process. The findings will provide valuable insights into the human aspects of mergers, highlighting the importance of addressing employee concerns and fostering a supportive environment to enhance work efficiency in the banking sector.

1.2 Problem Statement

The banking sector in Nepal has undergone significant transformations in recent years, largely due to the increasing trend of mergers and acquisitions (M&As). These corporate consolidations are often perceived as a strategy to enhance competitive advantage, streamline operations, and improve overall market presence (Shrestha et al., 2021). However, the aftermath of these mergers can create challenges that impact employee performance and work efficiency, raising critical concerns for both the organizations involved and the broader banking ecosystem (Shrestha & Singh, 2023). This study focuses on understanding the post-merger effects on work efficiency and employee performance within commercial banks in Nepal, emphasizing the need to address the human aspects of these transitions.

Mergers typically involve the integration of different organizational cultures, management practices, and operational processes (Sharma, 2018). This integration can create uncertainty and anxiety among employees, as they navigate the challenges of adapting to a new work environment. Factors such as potential job loss, changes in roles and responsibilities, and shifts in company culture can lead to decreased employee morale and engagement. Consequently, employees may exhibit reduced efficiency in their work, negatively affecting overall organizational performance. As commercial banks strive to

achieve their strategic goals post-merger, understanding the dynamics of employee behavior becomes essential for ensuring successful integration and sustained productivity (Adhikari et al., 2023).

Furthermore, the unique context of Nepal's banking sector presents additional challenges that may exacerbate the post-merger effects on work efficiency. The Nepalese banking industry is characterized by a diverse array of institutions, each with distinct organizational cultures and operational practices (Sharma, 2018). When these entities merge, the clash of different cultural values and management styles can lead to misunderstandings and conflicts among employees, ultimately hindering collaboration and teamwork. Additionally, the limited availability of skilled human resources in certain regions may pose challenges for banks seeking to maintain high levels of efficiency and service quality during the integration process (Adhikari et al., 2023).. Understanding how these contextual factors influence employee performance in the aftermath of mergers is crucial for developing effective strategies to address potential issues.

Another critical aspect of the post-merger effect on work efficiency is the role of communication and leadership during the integration process. Effective communication is vital for alleviating employee concerns and building trust in leadership. However, during mergers, communication may become fragmented or unclear, leading to further uncertainty and anxiety among employees. Additionally, the leadership styles adopted during the integration phase can significantly impact employee morale and performance. Leaders who prioritize employee well-being and actively engage with their teams can foster a positive work environment that enhances efficiency (Shrestha et al., 2021). Conversely, a lack of supportive leadership can exacerbate feelings of insecurity and disengagement among employees, ultimately hindering productivity.

In light of these challenges, this study aims to investigate the specific post-merger effects on work efficiency and employee performance in commercial banks in Nepal. By examining the experiences and perceptions of employees during the integration process, the research will identify the key factors that contribute to successful mergers and the barriers that hinder performance (Gautam, 2016). The findings will provide valuable insights for bank management and policymakers, enabling them to implement targeted strategies that promote employee engagement and enhance work efficiency in the context of mergers. Ultimately, this study seeks to contribute to the understanding of the human aspects of mergers and their implications for the banking sector in Nepal, fostering a

more sustainable and resilient financial environment. The research questions of this study are as follows:

- What is the perception of employees regarding mergers and acquisitions and their impact on work efficiency in commercial banks in Nepal?
- Is there any relationship between mergers and acquisitions and employee performance in commercial banks in Nepal?
- What is the impact of mergers and acquisitions on employee performance in commercial banks in Nepal?

1.3 Objectives of the Study

The objective of this study are as follows:

- To assess the perception of employees regarding mergers and acquisitions and their impact on work efficiency in commercial banks in Nepal.
- To examine the relationship between mergers and acquisitions and employee performance in commercial banks in Nepal.
- To analyze the impact of mergers and acquisitions on employee performance in commercial banks in Nepal.

1.4 Rationale of the Study

This study has multifaceted rationale, encompassing various stakeholders, including the government, policymakers, commercial banks, employees, investors, researchers, students, and academicians. This study aims to provide valuable insights into the implications of mergers on work efficiency and employee performance, which can significantly impact the overall health of the banking sector in Nepal.

For the government, understanding the post-merger effects is crucial in formulating policies that promote a stable and efficient banking environment. Mergers can significantly alter the landscape of the banking sector, and the government has a vested interest in ensuring that these consolidations lead to improved financial stability and enhanced service delivery. By examining the impact of mergers on work efficiency, the government can identify best practices and develop regulations that support successful integrations.

Policymakers benefit from this study as it sheds light on the factors influencing the success of mergers in the banking industry. Analyzing the relationship between mergers and employee performance allows policymakers to craft targeted interventions that address the challenges faced by commercial banks during mergers. This understanding can inform the development of guidelines that foster a conducive environment for mergers and acquisitions, ultimately contributing to the overall stability and growth of the financial sector.

For commercial banks, the findings of this study are essential for strategic planning and decision-making. By understanding how mergers affect work efficiency and employee performance, banks can better prepare for the challenges associated with integration. Insights gained from this research can help banks implement effective communication strategies, enhance employee engagement, and ultimately improve operational efficiency during and after the merger process.

Employees are directly affected by the changes that occur during mergers, making this study particularly relevant to their interests. By exploring employees' perceptions of mergers and their impact on work efficiency, the research highlights the importance of addressing employee concerns during the integration process. Understanding these dynamics can empower banks to implement supportive measures that enhance employee morale, leading to improved performance and job satisfaction.

Investors have a vested interest in the performance of commercial banks, as their returns are closely tied to the institutions' success. This study provides investors with insights into how mergers influence work efficiency and employee performance, which can impact the overall financial health of banks. By understanding these relationships, investors can make more informed decisions about their investments in the banking sector, potentially leading to better outcomes for their portfolios.

For researchers, this study adds to the existing body of knowledge on mergers and acquisitions, particularly within the context of the Nepalese banking sector. It highlights the importance of examining the human aspects of mergers, which are often overlooked in favor of financial and strategic considerations. This research opens avenues for further exploration into the implications of mergers on organizational behavior, culture, and performance in various sectors.

Students in fields related to finance, management, and economics can benefit from the findings of this study. It serves as a valuable case study for understanding the complexities of mergers and acquisitions, particularly in a developing country like Nepal. By engaging with this research, students can gain practical insights into the challenges and opportunities presented by mergers, enriching their academic experience and preparing them for careers in the banking sector.

Finally, academicians can utilize the findings of this study to inform their teaching and research. The insights gained from examining the post-merger effects on work efficiency and employee performance can enhance academic discourse around mergers and acquisitions. Additionally, this research can serve as a foundation for future studies, encouraging a deeper exploration of the human dimensions of organizational change and the unique challenges faced by the banking sector in Nepal.

1.5 Limitations of the Study

The limitation of this study are as follows:

- This study is concentrated on post-merger effect and work efficiency of commercial banks in Nepal.
- The study is based on primary data.

CHAPTER II

LITERATURE REVIEW

The literature review serves as a critical component of any research study, providing a comprehensive overview of existing knowledge related to the research topic. It involves the systematic examination of relevant concepts, terms, previous articles, journals, theories, and research gaps that inform the study. By synthesizing the findings from various scholarly sources, the literature review establishes a theoretical framework and contextualizes the research within the broader academic discourse. Additionally, it identifies gaps in the existing literature, highlighting areas that require further exploration and establishing the significance of the current study in advancing knowledge within the field.

2.1 Theoretical Review

2.1.1 Merger and Acquisition

Awasthi (2018) notes that mergers and acquisitions (M&A) have increasingly become a strategy for organizations aiming to expand and enhance their competitive advantage. However, despite high hopes, many M&A efforts fail to achieve their intended goals. A significant factor contributing to these failures is the insufficient focus on project planning and management, particularly regarding human resource concerns. Typically, these issues are only considered after serious challenges emerge, overlooking the essential role of employees and organizational culture in the success of M&A endeavors. Companies that acknowledge the connection between personnel and performance appreciate the importance of actively shaping employee behavior during the merger process.

While there has been considerable research into the financial implications of M&As in management and finance literature, less attention has been paid to their impact on employees. Much of the empirical work in this area has relied on non-representative samples of corporate changes and organizations (Stahl & Voigt, 2004). This chapter seeks to fill that gap by reviewing existing literature on how mergers and acquisitions affect employee performance. The review includes the concept of M&A, their impact on employee satisfaction, compensation, working conditions, job security, and overall

organizational performance, along with relevant theoretical frameworks and conceptual models.

One of the main challenges organizations face when contemplating mergers or acquisitions is determining which business areas will maximize long-term profitability. M&A strategies rank among the most crucial initiatives a company can pursue, with the potential to lead to financial shortcomings (Risberg, 2018). These strategies may involve diversifying income by acquiring firms or assets with differing earnings streams, thereby mitigating the risk of bankruptcy and its associated costs. M&A creates inter-organizational connections, allowing companies to purchase a portion of or gain control over another company. A merger merges two or more entities into one, while an acquisition involves one company purchasing another and taking over its operations. M&A can foster growth by leveraging existing strengths and acquiring new capabilities that are difficult to replicate or widely available.

Various types of mergers have distinct characteristics and implications. Horizontal mergers occur between directly competing companies with overlapping product lines and markets (Awasthi, 2018). Vertical mergers happen between a customer and a supplier, such as a cone supplier merging with an ice cream manufacturer. Market-extension mergers take place when two companies selling the same products in different markets combine, while product-extension mergers involve companies selling different but related products in the same market. Conglomerate mergers bring together companies with no common business focus. These mergers can be financed through purchase mergers, where one company buys another using cash or debt, or consolidation mergers, where a new entity is formed to combine both organizations (Stahl & Voigt, 2004).

The motivations and goals behind mergers and acquisitions vary but commonly include increasing the organization's size for economies of scale, diversifying risk, enhancing market competitiveness, avoiding taxation, expanding into existing markets, or entering new ones (Risberg, 2003). M&A initiatives can yield strategic advantages by tapping into growth opportunities, strengthening existing capabilities, or acquiring new ones that are difficult to imitate. Nonetheless, the success of M&A relies heavily on effectively transferring capabilities and knowledge to achieve cost-efficient synergies. Despite their potential advantages, mergers and acquisitions face numerous challenges, making careful planning and execution critical for success.

In recent years, M&As have been increasingly linked to negative employee responses, such as decreased morale, job dissatisfaction, unproductive behaviors, higher turnover, and absenteeism. These adverse outcomes can undermine the anticipated financial success of M&A initiatives. Research indicates that employee-related issues account for a significant proportion of merger failures, highlighting the importance of understanding the underlying causes of employee resistance. This study aims to examine the effects of mergers and acquisitions on employee performance, focusing specifically on aspects such as pay and remuneration, feelings of ownership and belonging, job security, and the chain of command (Awasthi, 2018). By addressing these factors, organizations can better plan and implement mergers and acquisitions, ultimately enhancing outcomes and improving employee satisfaction and performance.

2.1.2 Types of Merger and Acquisition and Probable Outcomes

Mergers and acquisitions (M&A) include several categories, such as vertical, horizontal, concentric, and conglomerate mergers. Each type targets specific strategic goals, such as enhancing market share, realizing economies of scale, or diversifying product lines. The results of these M&A transactions can vary widely, leading to synergies, cost reductions, market growth, and improved competitiveness. However, they may also face obstacles such as cultural disparities, employee pushback, and challenges related to integration. The success of M&A endeavors relies heavily on careful planning, effective execution, and a commitment to creating value for all stakeholders involved.

2.1.2.1 Vertical Mergers and Acquisitions

Kedia et al. (2011) describe vertical mergers and acquisitions as transactions where a firm acquires one of its suppliers, referred to as a backward merger, or merges with one of its customers, known as a forward merger. These transactions transform the corporate landscape by bringing the acquired entity under the acquiring firm's control, which often leads to increased complexity and changes in governance dynamics. As the acquired company becomes subject to the policies and regulations of the acquiring firm, it loses a degree of autonomy and self-direction.

The integration process typically results in the demotion of executives from the acquired firm to middle management roles, which can significantly affect turnover rates among top management within the acquired entity. Research, such as that by Walter (1985), indicates a relationship between corporate mergers and elevated executive turnover,

especially among former executives of the acquired firm. This trend is linked to the perceived loss of status and autonomy, which can foster feelings of inferiority and diminished social standing among these executives (Spiller, 1985). The treatment of executives during the merger can greatly impact their morale and job satisfaction. If they feel sidelined or subordinated within the new corporate structure, their commitment and performance may decline. Nord (1994) found that executives who perceive themselves as conquered or inferior after a merger are more likely to seek other employment opportunities (Kedia et al., 2011). Thus, effectively managing the integration process, particularly regarding executive roles, is essential for reducing turnover risks and ensuring the success of vertical mergers and acquisitions.

2.1.3.2 Horizontal Mergers

Horizontal mergers occur when one company acquires another that offers similar products or services. For instance, a printing company may acquire another printing company (Rozen-Bakher, 2018). These mergers pose significant human resources challenges, as the acquiring firm often aims to streamline operations, eliminate redundancies, and improve cost-effectiveness. This can result in downsizing and voluntary resignations before or soon after the merger as the acquiring firm assimilates the acquired company into its operations.

The integration of employees from both companies can lead to conflicts, particularly due to differing management styles and values. Typically, the acquiring firm exerts control over personnel decisions, imposing its culture and practices on the acquired firm, which can provoke resistance from the latter's employees who may view these changes as imposed. To facilitate a smoother integration, it is vital to communicate clearly the reasons behind the proposed changes, enabling employees from the acquired firm to prepare for and adapt to the new organizational framework (Kaplow, 2021).

Ensuring fairness and consistency in rules and procedures across both organizations is critical for maintaining cohesion and productivity post-merger (Rozen-Bakher, 2018). However, if the merging companies have significantly different organizational cultures, achieving productivity gains may take years, if it happens at all. The failure to reconcile cultural differences and effectively integrate employees can result in prolonged inefficiencies, potentially leading to the merger's failure. Therefore, careful planning,

communication, and cultural integration strategies are vital for the success of horizontal mergers (Häkkinen et al., 2004).

2.1.3.3 Concentric Mergers

According to Solomon (2012), concentric mergers occur when two companies with similar production or distribution technologies merge. For example, a merger between a motorcycle manufacturer and an automobile manufacturer would exemplify a concentric merger. Although both firms serve transportation needs, they possess distinct structural characteristics. In concentric mergers, there is often a tendency to consolidate certain operations, especially in technology and marketing departments (Lawlor et al., 2022). This consolidation aims to facilitate the sharing of expertise between the merging firms, although it may meet with resistance from employees at both organizations.

Resistance to the integration of operations and the sharing of expertise can present significant challenges during concentric mergers. To mitigate this resistance, it is crucial to engage the human resources management of the acquired firm early in the decision-making process before finalizing the merger. Involving human resources can help address employee concerns and reduce resistance (Lubatkin, 1987). Furthermore, transparent communication regarding the reasons for operational changes and the benefits of sharing expertise can foster greater acceptance and collaboration among employees from both merging entities.

Successfully managing the integration process in concentric mergers requires careful planning, collaboration, and alignment of organizational goals. By recognizing and addressing potential sources of resistance early, firms can promote a smoother transition and maximize the synergies from the merger. Ultimately, securing support from human resources management and fostering a culture of openness and collaboration are key to overcoming challenges and achieving the strategic objectives of concentric mergers (Lawlor et al., 2022).

2.1.2.4 Conglomerate Mergers

Conglomerate mergers involve acquiring a business that operates independently and is unrelated to the acquiring firm's existing operations (Mueller, 1977). Such mergers are often viewed as a means of achieving profitable diversification for the acquiring company. Given the unrelated nature of their products or services, internal changes within the acquired firm tend to be minimal, allowing it to maintain a relatively high level of

autonomy. As a result, conglomerate mergers typically have fewer cultural impacts compared to other types of mergers and acquisitions (Tremblay et al., 2012).

In some cases, the acquiring firm may appoint a new management team from its headquarters to oversee the acquired unit, which can lead to conflicts among the senior executives of the acquired firm who may feel marginalized by the new leadership. This situation can increase turnover rates among employees and create a pervasive sense of insecurity within the acquired firm (Mueller, 1977). Despite these challenges, conglomerate mergers are generally considered to be the least disruptive in terms of cultural change when compared to other merger types.

Melicher and Rush (1974) argue that while conglomerate mergers typically result in minimal cultural impacts, it remains essential for organizations to effectively navigate potential conflicts and uncertainties. Clear communication and transparent leadership can help alleviate employee concerns and mitigate resistance to changes imposed by the acquiring firm. Additionally, fostering a collaborative and inclusive work environment can facilitate the integration process and promote a sense of stability and security among employees. Ultimately, successful conglomerate mergers require a careful balance between maintaining the autonomy of the acquired firm and aligning its operations with the strategic objectives of the acquiring entity.

2.1.3 Employee Productivity and Efficiency

Employee productivity and efficiency are critical factors that can significantly influence the success of mergers and acquisitions (M&A). M&A often leads to organizational changes that create uncertainty among employees, impacting their motivation and overall performance. According to Cartwright and Cooper (2012), managing the intricacies of M&A requires a deep understanding of employee dynamics, as these transitions can evoke strong emotional responses that may either enhance or diminish productivity. The integration process necessitates careful consideration of employee perceptions and attitudes to maintain morale and drive operational effectiveness.

One of the primary challenges during M&A is the potential trauma experienced by employees, which can lead to decreased job satisfaction and increased turnover rates. Cocheo (2008) highlights that employees in the banking sector, for instance, may feel insecure about their job roles post-merger. As a result, they might exhibit diminished commitment to their positions, ultimately reducing their productivity. Furthermore,

research conducted by Priyadarshi et al. (2022) indicates that employees often perceive mergers as threats to their job security, prompting many to seek alternative employment opportunities, which further affects overall efficiency.

Psychological ownership plays a pivotal role in determining employee retention and productivity during M&A. Degbey et al. (2021) emphasize that when employees feel a sense of ownership over their work, they are more likely to remain committed and motivated, even amidst significant organizational changes. In contrast, a perceived loss of autonomy during mergers can lead to feelings of inferiority and diminished morale, as noted by Nord (1994). This psychological impact can have lasting effects on employee performance, necessitating strategies that foster a sense of belonging and stability during the integration process.

Effective communication and integration strategies are essential to mitigating the adverse effects of M&A on employee productivity. Gautam (2022) suggests that integrating organizational cultures and fostering an open dialogue about the changes can significantly enhance employee engagement and satisfaction. When employees are kept informed and involved in the integration process, they are more likely to adapt positively to new roles and responsibilities, ultimately contributing to higher productivity levels. Moreover, fostering a supportive work environment can alleviate concerns and build trust among employees, facilitating a smoother transition. This proactive approach to employee integration can ultimately lead to enhanced efficiency and productivity.

Overall, the impact of mergers and acquisitions on employee productivity and efficiency is profound and multifaceted. While M&A presents opportunities for growth and competitive advantage, it also poses challenges that can undermine employee morale and performance. As highlighted by various studies, effective management of the integration process, clear communication, and attention to employee psychological needs are critical to ensuring a successful transition. By prioritizing employee satisfaction and engagement, organizations can enhance productivity and ultimately realize the strategic objectives of their mergers and acquisitions.

2.1.4 Effects of Mergers and Acquisition on Employee Productivity

Mergers and acquisitions can significantly impact employee productivity as individuals navigate the changes and uncertainties associated with these organizational shifts. Hassan and Lukman (2020) note that employees often form their attitudes and feelings by

observing their behaviors in different contexts. When internal cues are unclear or ambiguous, individuals may take on the role of an external observer, which can shape their attitudes and actions. In the setting of mergers and acquisitions, employees might feel discomfort, attributing their feelings to their behaviors and attitudes, which can lead to fluctuations in productivity and job performance.

According to Siegel and Simons (2010), mergers and acquisitions can create considerable distress for employees and managers in both the acquiring and acquired firms. These organizational changes frequently result in negative responses, including decreased job satisfaction, reduced job security, and unfavorable attitudes toward management. The uncertainty surrounding these mergers may lead employees to cope by lowering their commitment to their current positions or actively seeking new job opportunities, as observed by Priyadarshi et al. (2022). Such coping strategies can further diminish productivity within the organization.

The implications of these attitudinal and productivity-related challenges are particularly significant over time. Findings by Hassan and Lukman (2020) suggest that the adverse effects of mergers tend to intensify as time progresses, exacerbating the difficulties faced by employees and managers. As initial uncertainties continue and organizational changes become more established, employees may find it increasingly difficult to adapt, resulting in further declines in productivity and morale. This highlights the necessity of effectively managing the post-merger integration process to alleviate these negative consequences and promote the long-term success of the newly formed entity.

Although mergers and acquisitions can offer advantages such as improved competitive positioning and the achievement of strategic goals, perceptions of these changes can differ greatly among stakeholders. While management may view mergers favorably as a strategy for growth and market enhancement, employees may have opposing viewpoints. Organizations must acknowledge and address these differing perceptions, as they can greatly impact employee attitudes, morale, and, ultimately, productivity (Priyadarshi et al., 2022). Effective communication, transparency, and support systems are essential for managing employee perceptions and ensuring a successful post-merger integration.

2.2 Empirical Review

Demirer and Karaduman (2024) conducted a study on do mergers and acquisitions improve efficiency? Evidence from power plants. The objective of the study was to

investigate the effects of acquisitions on work efficiency of employees. The study used multiple regression to analyze data. The study found that merger and acquisition has improved the efficiency of employee, and production capacity. The study concluded that merger and acquisition has enhanced the productivity through operational improvements, leading to increased output and reduced outages in the acquired plants.

Suryaningrum et al. (2023) researched entitled mergers and acquisitions: does performance depend on managerial ability?. The objective of the study was to reveal the role of the acquirer's managerial ability in determining both short-term and long-term performance outcomes in M&As. The study used mean, standard deviation and multiple regression to analyze data. The study found that managerial ability has a positive impact on both operating performance (MTBR) and stock performance (BHAR), indicating that higher managerial ability contributed to the long-term success of M&As. The study concluded that investors and potential investors should consider managerial ability while selecting investments in companies following an M&A.

Fahira and Yasin (2023) conducted a study on the influence of leadership style on employee performance through readiness for change post acquisition company. The objective of the study was to examine the effects of leadership style on employee performance after an acquisition. The study used partial least squares (PLS) to analyze data. This study found that leadership style significantly affects employee performance post-acquisition through readiness for change, which also directly influences employee performance. The study concluded that to enhance employee performance at Bank BRI AGRO, it is essential to maintain and improve leadership styles while recognizing the importance of readiness for change.

Devkota et al. (2023) conducted a study on effects of merger and acquisition on employee satisfaction in Nepalese Banking Sectors. The objective of the study was to examine the effects of mergers and acquisitions on employee satisfaction in Nepalese Banking Sectors. The study used Structural Equation Modeling (SEM) to analyze data. The study found that mergers and acquisitions significantly influence employee satisfaction, with only one out of every four employees reporting high levels of satisfaction post-M&A. The study concluded that organizational climate, recognition, nature of work, and pay/remuneration significantly affect employee motivation and satisfaction.

Li et al. (2022) researched entitled productivity analysis for banks' merger and acquisition using two-stage DEA: evidence from China. The objective of the study was to analyze the productivity change of Chinese banks that completed mergers and acquisitions. The study used two stage Data Envelopment Analysis (DEA) using Slacks-Based Measure (SBM) model and Global Malmquist Index (GMI) to analyze data. The study found that there is significant productivity changes in the M&A banks, identifying areas for improvement in both the deposit production and profit-earning processes. The study concluded that M&A can enhance bank productivity, but specific strategic improvements are needed for optimal performance in different operational stages.

Priyadarshi et al. (2022) conducted a study on impact of mergers and acquisitions on job satisfaction and employee productivity in Indian banking. The objective of the study was to assess the impact of mergers and acquisitions on employee job satisfaction and employee productivity in Indian banking Industry. The study used multiple regression to analyze data. The study found that the majority of employees at different banks reported high levels of job satisfaction following the merger, highlighting positive perceptions of various job facets. This study concluded that addressing employee satisfaction is crucial for enhancing performance in organizations undergoing mergers and acquisitions.

Ullah (2022) researched entitled the impact of mergers and acquisitions on operational performance of Islamic banking sector. The objective of the study was to analyze the impact of M&A on the operational performance of the Islamic banking sector. The study used empirical research methods, namely cross-sectional pooled regression and panel data regression to analyze data. The study found that bank size shows a negative impact on operational performance, with larger banks and a concentrated market structure significantly affecting the operational performance of Islamic banks in the post-M&A period. The study concluded that understanding the relationship between bank size and operational performance is crucial for policymakers and researchers in the context of M&A strategies in the Islamic banking sector.

Shrestha et al. (2021) conducted a study on post-merger employee satisfaction in commercial banks of Nepal: findings from employee satisfaction index. The objective of the study was to explore post-merger employee satisfaction of commercial banks in Nepal. The study used mean and standard deviation for the analysis of data. The study found that 50 percent of the employees were moderately satisfied, and 65.16 percent faced challenges related to post-merger conditions and ineffective communication.

Furthermore, 23 percent of employees believed that proper training and development opportunities could help mitigate the challenges arising from post-merger activities. This study concluded that banks should identify the needs of employees and create an environment that allows for flexible work conditions during the post-merger period.

Shenoy and Shailashri (2021) conducted a study on impact of merger on operational and HR efficiency: a case study of the State Bank of India. The objective of the study was to analyze the impact of mergers on financial indicators, market performance, asset quality, liquidity, and employee productivity of SBI after merging with its associate banks. The study used mean, standard deviation, correlation and multiple regression to analyze the data. The study found reduction in profitability, an increase in the cost-to-income ratio, a slight improvement in liquidity, a decline in asset quality and market performance, and a slight decrease in employee productivity after the merger. The study concluded that the merger has a mixed impact on SBI's operational and HR efficiency, indicating the need for further analysis and improvement in performance indicators.

Tian et al. (2021) researched entitled investigating employee and organizational performance in a cross-border acquisition- a case study of withdrawal behavior. The objective of the study was to examine the link between employee withdrawal, knowledge transfer, and cross-border acquisition performance. The study used Partial Least Squares Structural Equation Modeling (PLS-SEM) for data analysis. The study found that trust in the acquiring firm significantly reduces employee withdrawal behaviors, which negatively impacts employees' willingness to share tacit knowledge. The study concluded that enhancing trust within cross-border acquisitions can improve knowledge transfer and ultimately enhance acquisition performance.

Vidyakala and Devipriya (2021) conducted a study on a study on effects of merger and acquisition on employee morale. The objective of the study was to analyze the importance of maintaining employee morale during mergers and acquisitions, emphasizing its impact on organizational success. The study used simple percentage analysis and ANOVA techniques analysis to analyze data. The study found that neglecting employee morale during the merger process often results in the loss of key employees, adversely affecting the growth strategy of the newly formed company. The study concluded that effective management of employees during mergers is crucial for maximizing productivity and ensuring the success of the organization.

Kar et al. (2021) researched entitled role of mergers and acquisitions on corporate performance: emerging perspectives from Indian IT sector. The objective of the study was to investigate the impact of M&As on corporate performance in the Indian IT sector. The study used panel regression techniques, specifically fixed effects (FE) and random effects (RE) models for data analysis. The study found that M&As have a significant positive impact on Return on Net Worth and Revenue of IT companies in India, while Earnings Before Interest, Taxes, Depreciation, and Amortization experience a notable decline, and Return on Capital Employed shows no significant impact. The study concluded that domestic deals yield better performance outcomes compare to cross-border deals in two out of four financial variables analyzed.

Musah et al. (2020) conducted a study on the effect of mergers and acquisitions on bank performance in Ghana. The objective of the study was to examine the impact of mergers and acquisitions on key performance indicators, including net profit margin, return on assets, and return on equity of commercial banks in Ghana. The study used mean, standard deviation, correlation analysis, and multiple regression to analyze the data. The study found that there is a negative and significant relationship between mergers and acquisitions and net profit margin, while a positive but statistically insignificant relationship was observed between mergers and acquisitions and return on assets. The study concluded that mergers and acquisitions might not necessarily lead to improved financial performance for banks in Ghana.

Hassan and Lukman (2020) conducted a study on comparative effects of pre and post bank Mergers and Acquisitions (M&A) on employee productivity in selected banks in Nigeria. The objective of the study was to investigate the comparative effects of Mergers and Acquisitions (M&As) on employee productivity in selected Nigerian banks. The study analyzed the data using Paired t statistic using SPSS software and Trend Analysis to measure changes in employee productivity levels pre and post M&As. The study found that there is an increase in employee productivity post-merger, specifically concerning the parameters of Advances Per Employee and Deposits Per Employee. The study concluded that M&As positively impacts employee productivity in the Nigerian banking industry.

Alvarez-González and Otero-Neira (2020) researched entitled the effect of mergers and acquisitions on customer-company relationships: exploring employees' perceptions in the Spanish banking sector. The objective of the study was to investigate mergers and acquisitions in the banking sector and its effect on customers and financial entities. The

study used case analysis methodology, this study investigates the most important cases of M&A that occurred between 54 retail banks and saving banks in the Spanish market between 2009 and 2014. To do so, 36 face-to-face exploratory interviews were conducted amongst a sample of employees selected through a purposive sampling technique. The study found that employees perceive financial mergers and acquisitions to negatively impact prices, branch locations, and routine financial activities, while positively influencing the products and services offered after the merger. The study concluded that understanding employee perceptions can provide valuable insights into the customer relationship dynamics following mergers and acquisitions in the banking sector.

Shrestha and Parajuli (2020) conducted a study on impact of merger and acquisition practice on job stress: evidence from Nepal. The objective of the study was to examine the impact of M&A practices on job stress of employees and to suggest policies for managing this stress. The study used both descriptive and analytical approaches to research. A set of a self-administered questionnaire used to explore the impact of M&A practice on the job stress of employees. A total of 500 questionnaires (125 in each merged bank) were distributed to all level managers, branch managers, and other staff of various departments of the commercial banks involved in big M&A practice in Nepal. Only 351 (70.20%) of total distributed questionnaires were returned as a source of data. A five-point Likert scale is used for measuring responses. The study used analytical statistical tools such as mean, standard deviation, regression analysis, and ANOVA test for analyzing data. The study's findings revealed that individual-related problems, policy and procedure-related problems, job-related problems, and organization-related problems are key stressors associated with M&A practices, all having a positive impact on employee job stress. The study concluded that addressing these key stressors is essential for managing and reducing job stress among employees after M&A practices.

Kuvandikov et al. (2020) researched entitled the effect of mergers and acquisitions on employees: wealth transfer, gain-sharing, or pain-sharing. The objective of the study was to analyze the contributions of employee layoffs, along with employment and wage changes, to the takeover premium and abnormal share price movements. The study used correlation and multiple regression to analyze the data. The study found that planned layoffs at the takeover has either no effect or adverse effects on shareholder returns, while wage growth is positively related to shareholder returns from the second year after the takeover. The study concluded that labor and shareholder interests could be

complementary, sharing gains when the firm performs well and enduring pain when it does not.

Tarba et al. (2020) researched entitled mergers and acquisitions in the global context: the role of human resource management. The objective of the study was to emphasize the significance of employee morale during mergers and acquisitions, as it directly impacts organizational success. The study used correlation and multiple regression to analyze the data. The study found that neglecting employee morale often leads to the loss of key employees, which adversely affects the growth strategies of newly formed companies. The study concluded that effective management of human capital during mergers is essential for achieving maximum productivity and ensuring the success of the organization.

Wibowo et al. (2020) conducted a study on the effect of downsizing, merger & acquisition, and transformational leadership on company performance. The objective of the study was to investigate the impact of downsizing and merger & acquisition on company performance. The study used multiple regression to analyze the data. The study found that both downsizing and merger & acquisition negatively impact company performance, while transformational leadership shows a positive and significant impact on performance. The study concluded that transformational leadership should be emphasized to improve company performance, and downsizing and merger & acquisition should be avoided due to their negative effects.

Thanos et al. (2020) researched entitled does changing contexts affect linkages throughout the mergers and acquisition process?. The objective of this study was to investigate the impacts of different macroeconomic wave and non-wave periods of M&A activity on the motives, pre- and post-acquisition processes, and performance of acquisitions. The study used independent sample t-tests to analyze differences between wave and non-wave periods across various acquisition-related variables. The study found that acquisitions during non-wave periods are driven by different motives compared to those in-wave periods, although there are no statistically significant changes in pre- and post-acquisition processes and M&A performance between the two periods. The study concluded that the early stage of M&A activity in Greece may exhibit characteristics that could also be relevant to other countries' experiences.

Kivuti (2013) conducted a study on the influence of mergers and acquisitions on employee performance: a case study of Equatorial Commercial Bank. The objective of the study was to assess the influence of remuneration, sense of ownership and belonging, job security, and chain of command on employee performance at Equatorial Commercial Bank. The study used Pearson's coefficient of correlation and multiple regression to analyze the data. The study found that mergers and acquisitions factors such as employee pay and remuneration significantly affect performance, while job security and the sense of ownership and belonging also influence employee performance within the merged entity. The study concluded that merger and acquisition is one of the essential factors for enhancing employee performance in organizations.

Siegel and Simons (2010) conducted a study on assessing the effects of mergers and acquisitions on firm performance, plant productivity, and workers: new evidence from matched employer-employee data. The objective of the study was to evaluate the mergers and acquisitions and its effect on workers, plants, and firms using human capital theory. The study used empirical analysis based on longitudinal, linked employer-employee data for virtually all Swedish manufacturing firms and employees. The study found that mergers and acquisitions have enhanced employee performance as well as plant productivity while also resulting in the downsizing of establishments and firms. The study concluded that mergers and acquisitions improve efficiency of workers without causing a decline in firm performance following ownership changes.

Table 1
Summary of Empirical Review

S.N.	Source	Title	Objective	Methodology	Findings
1	Demirer and Karaduman (2024)	Do Mergers and Acquisitions Improve Efficiency? Evidence from Power Plants	To investigate the effects of acquisitions on work efficiency of employees	Analysis of hourly physical productivity data and ownership changes from US power plants using multiple regression	Merger and Acquisition has improved the efficiency of employee and production capacity
2	Suryanin grum et al. (2023)	Mergers and acquisitions: does performance depend on managerial ability?	To reveal the role of the acquirer's managerial ability in mergers and acquisitions based on performance.	Mean, standard deviation and multiple regression analysis of 153 MandA cases from Indonesia	Managerial ability positively impacts MTBR operating and BHAR stock performance, ensuring successful long-term MandAs.

S.N.	Source	Title	Objective	Methodology	Findings
3	Fahira and Yasin (2023)	The Influence of Leadership Style on Employee Performance through Readiness for Change Post Acquisition Company	To examine the effects of leadership style on employee performance after an acquisition	Partial Least Square (PLS) method; non-probability sampling; primary data collected from 100 employees at BRI AGRO bank using questionnaires.	Leadership style significantly affects employee performance post-acquisition through readiness for change, which also directly influences employee performance. Organizations should maintain and improve leadership styles to enhance employee performance.
4	Devkota et al. (2023)	Effects of merger and acquisition on employee satisfaction in Nepalese banking sectors	To examine the effects of mergers and acquisitions on employees' satisfaction in Nepalese banking sectors.	Explanatory research design using Job Characteristics Theory, with data collected from 310 employees in Nepalese banks post-M&A and analyzed through Structural Equation Modeling (SEM)	MandA influences employee satisfaction, with only 25% reporting high satisfaction levels. Organizational climate, recognition, nature of work, and remuneration are significant to motivation and satisfaction.
5	Li et al. (2022)	Productivity analysis for banks' merger and acquisition using two-stage DEA: Evidence from China	To analyze the productivity change of Chinese banks that completed mergers and acquisitions	Two-stage data envelopment analysis (DEA) using a slacks-based measure (SBM) model; evaluated productivity using the global Malmquist index (GMI) for efficiency change (EC) and technical change (TC).	The study identifies changes in productivity for 14 MandA banks, providing classifications based on productivity stages and efficiency changes, along with policy recommendations for MandA banks to enhance their processes and improve outcomes.

S.N.	Source	Title	Objective	Methodology	Findings
6	Priyadarshi et al. (2022)	Impact of mergers and acquisitions on job satisfaction and employee productivity in Indian banking	To assess the impact of mergers and acquisitions on employee job satisfaction and employee productivity in Indian banking industry	Survey method; data collected from 30 bank branches in the Delhi NCR region using a systematic questionnaire; analyzed using multiple regression	Most employees reported high job satisfaction post-merger, indicating that various aspects of their jobs positively influenced employee satisfaction levels. Recommendations for future research were also made.
7	Ullah (2022)	The impact of mergers and acquisitions on operational performance of Islamic banking sector	To analyze the impact of M&A on the operational performance of the Islamic banking sector	Empirical research methods, including cross-sectional pooled regression and panel data regression	Bank size shows a negative impact on operational performance; larger banks and concentrated market structure have a greater impact post-MandA.
8	Shrestha et al. (2021)	Post-merger employee satisfaction in commercial banks of Nepal: Findings from employee satisfaction index	To explore post-merger employee satisfaction of commercial banks in Nepal	Sample of 310 employees from Nepalese commercial banks; data collected using a satisfaction index and analyzed using mean and standard deviation.	Approximately 50% of employees reported moderate satisfaction; post-merger challenges and lack of effective communication were significant issues for 65.16% of employees.
9	Shenoy and Shailashri (2021)	Impact of Merger on Operational and HR Efficiency: A Case Study of the State Bank of India	To analyze the impact of mergers on financial indicators, market performance, asset quality, liquidity, and employee productivity of SBI after merging with its associate banks.	Mean, standard deviation, correlation and multiple regression	The study reveals a reduction in profitability, an increase in cost-to-income ratio, slight improvement in liquidity, decline in asset quality and market performance, and a slight decrease in employee productivity post-merger.

S.N.	Source	Title	Objective	Methodology	Findings
10	Tian et al. (2021)	Investigating employee and organizational performance in a cross-border acquisition—A case of withdrawal behavior	To examine the link between employee withdrawal, knowledge transfer, and cross-border acquisition performance	Partial Least Squares Structural Equation Modeling (PLS-SEM)	Trust in the acquiring firm reduces employee withdrawal; withdrawal negatively impacts willingness to share tacit knowledge, affecting knowledge transfer and acquisition performance. Effective management of employee morale during mergers is crucial for productivity and retention of key employees, which directly impacts the success of the newly formed organization. M&As significantly positively impact Return on Net Worth and Revenue of Indian IT companies, while EBITDA declined. Domestic deals show better performance compared to cross-border deals.
11	Vidyakala and Devipriya (2021)	A study on effects of merger and acquisition on employee morale	To analyze the importance of employee morale for the success of mergers and acquisitions	Primary data collection from 70 respondents using convenient sampling; Simple Percentage Analysis and ANOVA techniques applied	Return on Net Worth and Revenue of Indian IT companies, while EBITDA declined. Domestic deals show better performance compared to cross-border deals. There is a negative and significant association between mergers and acquisitions and net profit margin, a positive but statistically insignificant relationship with return on assets, and a negative but statistically insignificant relationship with return on equity. The study suggests that mergers and acquisitions might not necessarily improve bank financial
12	Kar et al. (2021)	Role of mergers and acquisitions on corporate performance: Emerging perspectives from Indian IT sector	To investigate the impact of mergers and acquisitions on corporate performance in the Indian IT sector	Panel regression techniques, specifically fixed assets (FE) and random effects (RE) models for data analysis	There is a negative and significant association between mergers and acquisitions and net profit margin, a positive but statistically insignificant relationship with return on assets, and a negative but statistically insignificant relationship with return on equity. The study suggests that mergers and acquisitions might not necessarily improve bank financial
13	Musah et al. (2020)	The effect of mergers and acquisitions on bank performance in Ghana	To examine the impact of mergers and acquisitions on key performance indicators, including net profit margin, ROA, and ROE of commercial banks in Ghana	Data collected from annual reports of eight commercial banks over a 10-year period; analyzed using mean, standard deviation, correlation analysis and multiple regression	There is a negative and significant association between mergers and acquisitions and net profit margin, a positive but statistically insignificant relationship with return on assets, and a negative but statistically insignificant relationship with return on equity. The study suggests that mergers and acquisitions might not necessarily improve bank financial

S.N.	Source	Title	Objective	Methodology	Findings
					performance.
14	Hassan and Lukman (2020)	Comparative Effects of Pre and Post Bank Mergers and Acquisitions (MandA) on Employee Productivity in Selected Banks in Nigeria	To investigate the comparative effects of Mergers and Acquisitions (M&As) on employee productivity in selected Nigerian banks.	Data extracted from annual reports; analyzed using Paired t statistic and Trend Analysis with SPSS software	There is an increase in employee productivity post-merger regarding Advances Per Employee and Deposits Per Employee, indicating a positive impact of MandA on employee productivity in the Nigerian Banking Industry.
15	Alvarez-González and Otero-Neira (2020)	The effect of mergers and acquisitions on customer-company relationships: Exploring employees' perceptions in the Spanish banking sector	To investigate mergers and acquisitions in the banking sector and its effect on customers and financial entities	Case analysis methodology; conducted 36 face-to-face exploratory interviews with employees from 54 retail and savings banks involved in M&A	Employees perceive that M&A negatively affect customer relationships in terms of prices, branch location and closeness, and financial activity routines, but positively impact the products and services offered after the merger.
16	Shrestha and Parajuli (2020)	Impact of merger and acquisition practice on job stress: Evidence from Nepal	To examine the impact of M&A practices on job stress of employees and to suggest policies for managing this stress	Descriptive and analytical approaches; self-administered questionnaire distributed to 500 employees (351 returned). Analysis included mean, standard deviation, regression analysis, and ANOVA test.	Individual-related, policies and procedures-related, job-related, and organization-related problems are key stressors in M&A practice, significantly impacting employee job stress. Several policies are suggested for managing and reducing job stress.

S.N.	Source	Title	Objective	Methodology	Findings
17	Kuvandikov et al. (2020)	The effect of mergers and acquisitions on employees: wealth transfer, gain-sharing or pain-sharing?	To analyze the contributions of employee layoffs, along with employment and wage changes, to the takeover premium and abnormal share price movements	Correlation and multiple regression	Layoffs at the takeover has either no effect or adverse effects on shareholder returns, while wage growth is positively related to shareholder returns from the second year after the takeover
18	Tarba et al. (2020)	Mergers and acquisitions in the global context: The role of human resource management	To emphasize the significance of employee morale during mergers and acquisitions	Correlation and multiple regression	Effective human resource management is crucial for maintaining employee morale during mergers, which impacts overall productivity and the success of the newly formed organization. Downsizing and merger and acquisition negatively impact company performance;
19	Wibowo et al. (2020)	The Effect of Downsizing, Merger and Acquisition, and Transformational Leadership on Company Performance	To investigate the impact of downsizing and merger and acquisition on company performance.	Multiple regression analysis	transformational leadership has a positive and significant impact on performance.
20	Thanos et al. (2020)	Does changing contexts affect linkages throughout the mergers and acquisition process?	To investigate how different macroeconomic contexts influence motives, pre- and post-acquisition processes, and performance in MandAs.	Independent sample t-tests to analyze differences between wave and non-wave periods across various acquisition-related variables	Acquisitions in non-wave periods are driven by different motives, but no significant changes in pre- and post-acquisition processes or performance were found between wave and non-wave periods.

S.N.	Source	Title	Objective	Methodology	Findings
21	Kivuti (2013)	The influence of mergers and acquisitions on employee performance: a case of Equatorial Commercial Bank	To assess the influence of remuneration, sense of ownership, job security, and chain of command on employee performance at Equatorial Commercial Bank.	Pearson's coefficient of correlation and multiple regression	Employee pay and remuneration affect performance; mergers impact sense of ownership and belonging; job security and chain of command also influence employee performance. The study recommends enhancing training programs and creating a motivational environment to improve performance post-merger.
22	Siegel and Simons (2010)	Assessing the effects of mergers and acquisitions on firm performance, plant productivity, and workers	To evaluate the mergers and acquisitions and its effect on workers, plants, and firms	Empirical analysis using longitudinal, linked employer-employee data from Swedish manufacturing firms.	Mergers and acquisitions enhance plant productivity but result in downsizing; firm performance does not decline post-acquisition.

2.3 Research Gap

Based on the reviewed literature, several significant research gaps have emerged in the context of mergers and acquisitions and their effects on employee performance and organizational outcomes. Previous studies, such as those conducted by Demirer and Karaduman (2024), Suryaningrum et al. (2023), and Fahira and Yasin (2023), have primarily focused on various aspects of efficiency, managerial ability, and leadership styles in the context of mergers and acquisitions. However, these studies have not specifically addressed the post-merger effects on work efficiency within commercial banks in Nepal. This gap indicates a need for research that specifically examines how these factors influence employee performance in the unique context of the Nepalese banking sector.

In terms of time gap, this study utilizes the latest data from 2024, offering a contemporary perspective on the effects of mergers and acquisitions. Many previous studies, such as those by Devkota et al. (2023) and Ullah (2022), have relied on data that may not reflect the current landscape of mergers and acquisitions in the banking sector. As a result, this research aims to provide timely insights that can help stakeholders understand the recent

dynamics and implications of mergers and acquisitions for employee performance and satisfaction.

Furthermore, the variable gap is evident as not all studies have included factors such as organizational climate, recognition, remuneration, nature of work, and employee motivation when examining their impact on employee performance post-merger. For example, while Musah et al. (2020) and Priyadarshi et al. (2022) investigated job satisfaction and performance, they did not encompass the broader range of variables that may contribute to employee performance in a post-merger environment. This study aims to address this gap by incorporating these critical variables into the analysis.

Finally, there is a methodology gap in the existing literature, as many previous studies have employed various research designs without a consistent approach. For instance, studies like those by Kar et al. (2021) and Wibowo et al. (2020) have utilized different analytical frameworks that may limit comparability. In contrast, this study has employed a combination of descriptive statistics and causal-comparative research design to enhance the robustness of the findings. Overall, this study attempts to address the identified research gaps by focusing on the specific context of post-merger effects on work efficiency in commercial banks in Nepal, integrating contemporary data, exploring a comprehensive range of variables, and employing a rigorous methodological framework.

CHAPTER III

RESEARCH METHODOLOGY

This chapter outlines the research methodology, detailing the research design, population and sample, and sampling design. It describes the nature and sources of data, the data collection instruments, and the methods of analysis. Additionally, it presents the research framework and definitions of variables to provide a comprehensive overview of the study's approach and analytical procedures.

3.1 Research Design

This study has employed both descriptive and causal-comparative research designs. Descriptive statistics have been utilized to assess the perception of employees regarding mergers and acquisitions and their impact on work efficiency in commercial banks in Nepal. Additionally, causal-comparative research design has been used to analyze the impact of mergers and acquisitions on employee performance in these banks.

3.2 Population and Sample, and Sampling Design

Since this study is focused on the post-merger effect and work efficiency of commercial banks in Nepal, the total population consists of all employees working in commercial banks located in the Kathmandu Valley. From this population, the study has selected a sample size of 400 employees. Convenience sampling has been employed to facilitate data collection as per the study's requirements.

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

This study has relied on a quantitative nature of data, utilizing primary sources collected firsthand. A structured questionnaire survey method has been used to gather this data. The researcher has designed the questionnaire with careful attention to the framework provided by Devkota et al. (2023). A five-point Likert scale has been employed, ranging from strongly disagree to strongly agree, with scores assigned from 1 to 5. This approach has facilitated a precise measurement of employees' perceptions and experiences regarding mergers and acquisitions in commercial banks. The questionnaire has been designed as follows:

Table 2
Instrument of Data Collection

Category	List of Questions
Demographic Profile	7
Organizational Climate	5
Recognition	5
Remuneration	5
Nature of Work	5
Employee Motivation	5
Employee Performance	5

3.4 Method of Analysis

After data collection, the data has been presented using statistical software, including Microsoft Excel and SPSS. The collected data has been analyzed with various statistical tools, such as descriptive statistics, correlation, and multivariate regression models. These tools have facilitated a comprehensive analysis of the data to understand the impact of mergers and acquisitions on employee performance and work efficiency in commercial banks.

3.4.1 Descriptive Statistics

Descriptive statistics involves summarizing and organizing data to provide a clear overview of its main features. In this study, descriptive statistics have been used, with mean and standard deviation as key tools, to assess the perception of employees regarding mergers and acquisitions and their impact on work efficiency in commercial banks in Nepal. The mean has provided an average measure of employee perceptions, while the standard deviation has indicated the variability of these perceptions, helping to understand the consistency or divergence in employee views on the impact of mergers and acquisitions.

3.4.1.1 Mean

Mean is a measure of central tendency that represents the average value of a dataset. It is calculated by summing all the individual values in the dataset and then dividing this total by the number of values. In this study, the mean has been used to assess the perception of employees regarding mergers and acquisitions and their impact on work efficiency in commercial banks in Nepal. By calculating the mean of survey responses, the study has determined the average perception of employees, providing an overall measure of how employees view the effects of mergers and acquisitions on their work efficiency.

Mathematically,

$$\text{Mean} = \frac{\sum x}{n}$$

Where,

X = Value of responses of each independent or dependent variable

n = Number of responses

3.4.1.2 Standard Deviation (S.D.)

Standard Deviation (S.D.) is a measure of the amount of variation or dispersion in a set of values. It quantifies how much individual values in a dataset deviate from the mean of that dataset. A low standard deviation indicates that the values tend to be close to the mean, while a high standard deviation suggests that the values are spread out over a wider range. In this study, the standard deviation has been used to analyze the variability of employees' perceptions regarding mergers and acquisitions and their impact on work efficiency in commercial banks in Nepal. By examining the standard deviation, the study has assessed how much individual employees' responses differ from the average perception, providing insight into the consistency or diversity of opinions among employees

Mathematically,

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

Where,

X = Value of responses of each dependent or independent variable

\bar{X} = Mean value of responses of each dependent or independent variable

n = Number of responses

3.4.2 Correlation Analysis

Correlation Analysis is a statistical technique used to measure and describe the strength and direction of the relationship between two or more variables. It quantifies how changes in one variable are associated with changes in another variable, providing insights into whether and how strongly variables move together. The correlation coefficient ranges

from -1 to +1, where -1 indicates a perfect negative correlation, +1 indicates a perfect positive correlation, and 0 indicates no correlation.

In this study, correlation analysis has been used to analyze the relationship between mergers and acquisitions and employee performance in commercial banks in Nepal. By applying correlation analysis, the study has examined how variations in mergers and acquisitions are associated with changes in employee performance, thus providing insights into the strength and direction of their relationship. The correlation coefficient between two variables is calculated by using the following formula:

$$\text{Correlation Coefficient}(r) = \frac{n \sum XY - \sum X \sum Y}{\sqrt{n \sum X^2 - (\sum X)^2} \sqrt{n \sum Y^2 - (\sum Y)^2}}$$

Where,

n = Number of responses

X = Value of independent variable

Y = Value of dependent variable

3.4.3 Regression Analysis

Regression Analysis is a statistical method used to understand the relationship between one dependent variable and one or more independent variables. It helps to identify how changes in the independent variables affect the dependent variable and to quantify this effect.

In this study, multivariate regression analysis has been used to analyze the impact of mergers and acquisitions on employee performance in commercial banks in Nepal. This analysis has allowed the study to evaluate how various aspects of mergers and acquisitions influence employee performance, taking multiple factors into account simultaneously. The regression equation of this study are as follows:

$$Y_{EP} = \alpha + \beta_1 OC + \beta_2 RC + \beta_3 RM + \beta_4 NW + \beta_5 EM + E \dots \dots \dots$$

Eq(1)

EP = Employee Performance

OC = Organizational Climate

RC = Recognition

RM	=	Remuneration
NW	=	Nature of Work
EM	=	Employee Motivation
E	=	Error Term
α	=	Intercept term
$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5 =$ Beta Coefficients		

3.5 Reliability Test

In this study, a reliability test has been conducted to assess the consistency of the data. Cronbach's alpha has been utilized as the statistical measure to evaluate the reliability of the dataset, ensuring that the variables used in the analysis are internally consistent and reliable for further study. This method helps verify the accuracy and dependability of the data, providing a solid foundation for drawing meaningful conclusions from the research findings.

Table 3
Reliability Test

Code	Variables	Cronbach's Alpha	N of Items
OC	Organizational Climate	0.728	5
RC	Recognition	0.709	5
RM	Remuneration	0.716	5
NW	Nature of Work	0.794	5
EM	Employee Motivation	0.773	5
EP	Employee Performance	0.817	5
Overall		0.943	30

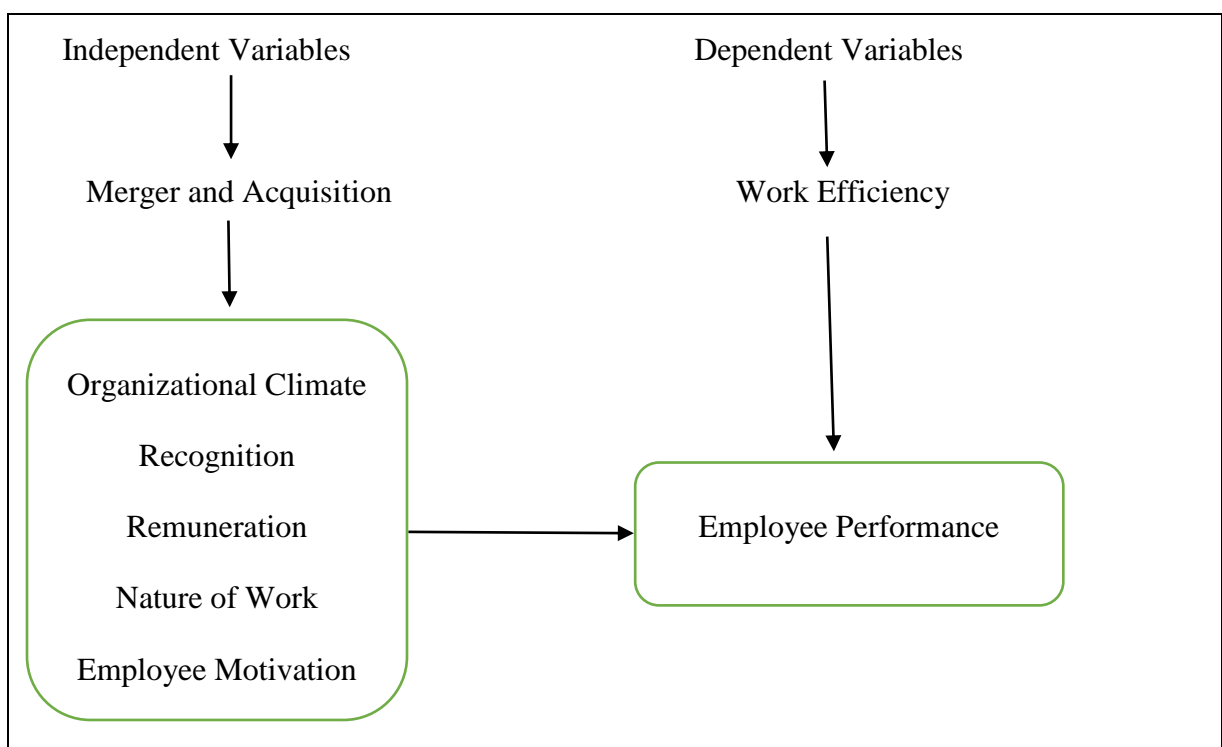
Source: Field Survey, 2024

Table 3 presents the reliability test of the data collected for this study using Cronbach's alpha for each variable. The organizational climate (OC) shows a Cronbach's alpha of 0.728, indicating reliable data as it is greater than 0.70. Similarly, recognition (RC) has a Cronbach's alpha of 0.709, which also confirms reliability. The remuneration (RM) variable, with a Cronbach's alpha of 0.716, meets the threshold for reliability. Nature of work (NW) demonstrates a Cronbach's alpha of 0.794, ensuring strong reliability. Employee motivation (EM) has an alpha of 0.773, again confirming reliability. Lastly, employee performance (EP) shows the highest reliability with a Cronbach's alpha of

0.817. The overall reliability for all 30 items is 0.943, indicating that the data collected for this study is highly reliable across all variables.

3.6 Research Framework and Definition of Variables

Research Framework is a structured plan that outlines the relationships between variables and guides the study's approach to investigating those relationships. In this study, the research framework has been developed based on Devkota et al. (2023), where organizational climate, recognition, remuneration, nature of work, and employee motivation serve as independent variables, and employee performance is the dependent variable.



Source: Devkota et al. (2023)

Figure 1. Research Framework of this Study

Organizational Climate

Organizational climate refers to the overall atmosphere or environment within an organization, including factors like leadership style, communication patterns, and culture. In mergers and acquisitions, the organizational climate significantly influences employee perceptions and experiences. A positive climate, marked by open communication, trust, and support, can ease transitions and enhance satisfaction. Conversely, a negative climate,

characterized by uncertainty and distrust, can lead to reduced morale and productivity (Devkota et al., 2023).

Recognition

Recognition involves acknowledging and appreciating employees' contributions and achievements. During mergers and acquisitions, maintaining recognition is crucial for boosting morale and engagement. Acknowledging employees' adaptability and commitment during transitions can foster a sense of belonging and loyalty, thereby enhancing overall satisfaction and retention (Devkota et al., 2023).

Remuneration

Remuneration pertains to the compensation and benefits provided to employees. In the context of mergers and acquisitions, changes in organizational structure and compensation policies can impact remuneration. Ensuring fair and equitable pay practices post-merger is essential to address concerns about salary disparities, retain top talent, and sustain employee satisfaction and motivation (Devkota et al., 2023).

Nature of Work

The nature of work includes the tasks and responsibilities assigned to employees. Mergers and acquisitions can alter job duties, reporting relationships, and work processes. Effectively managing these changes is critical for maintaining employee satisfaction and engagement. Providing clarity on new roles, opportunities for skill development, and a supportive work environment can help mitigate concerns and enhance satisfaction during transitions (Devkota et al., 2023).

Employee Motivation

Employee motivation refers to the internal drive and enthusiasm towards achieving organizational goals. During mergers and acquisitions, motivation is crucial for successful integration and overall performance. Motivated employees are more likely to adapt to change and contribute positively. Addressing factors affecting motivation, such as communication and career development, is key to maintaining morale and productivity throughout the merger process (Devkota et al., 2023).

Employee Performance

Employee performance refers to the effectiveness and efficiency with which employees execute their job responsibilities and contribute to organizational goals. It encompasses

various aspects such as productivity, quality of work, and adherence to organizational standards. High employee performance is often indicative of effective management practices, clear role expectations, and a positive work environment, whereas low performance can signal issues such as inadequate training, unclear objectives, or low motivation. In the context of mergers and acquisitions, employee performance can be significantly influenced by changes in organizational structure, job roles, and overall workplace climate. Therefore, monitoring and enhancing employee performance during such transitions is crucial for maintaining operational effectiveness and achieving strategic objectives (Kivuti, 2013).

CHAPTER IV

RESULTS AND DISCUSSION

This chapter presents the results of the study, where data has been analyzed to address the research objectives. The findings are followed by a discussion, comparing and contrasting the results with conclusions from previous research. This comparison helps to identify similarities, differences, and unique contributions of the current study to the existing body of knowledge.

4.1 Results

In this section, the results of the descriptive study, correlation, and regression analysis have been presented in tabular form. Each analysis has been thoroughly examined to provide insights into the relationships between variables, assessing the impact of mergers and acquisitions on employee performance and work efficiency in commercial banks in Nepal.

4.1.1 Demographic Profile of Respondents

In this section, the demographic profile of respondents, including factors such as gender, age, education, position, experience, marital status, and income, has been examined. These demographic characteristics provide a comprehensive understanding of the respondents' backgrounds and their relevance to the study on the post-merger effect and work.

Table 4

Gender Group

Variables	Frequency	Percent
Male	232	58.00
Female	168	42.00
Total	400	100

Source: Field Survey, 2024

Table 4 illustrates the gender distribution of respondents in the study focused on the post-merger effect and work efficiency of commercial banks in Nepal. Out of the total 400 respondents, 232 (58%) are male, while 168 (42%) are female. This indicates that the study has a higher representation of male respondents.

Table 5*Age Group*

Variables	Frequency	Percent
18- 25 Years	16	4.00
26-35 years	86	21.50
36-45 Years	173	43.25
46-55 Years	101	25.25
56 and above	24	6.00
Total	400	100

Source: Field Survey, 2024

Table 5 presents the age distribution of respondents in the study on the post-merger effect and work efficiency of commercial banks in Nepal. The majority of respondents, 173 individuals (43.25%), fall within the age group of 36–45 years, indicating that middle-aged employees constitute the largest portion of the sample. This is followed by 101 respondents (25.25%) in the 46–55 years age group, and 86 respondents (21.50%) aged between 26 and 35 years. Only 16 respondents (4.00%) are in the youngest age group of 18–25 years, while 24 respondents (6.00%) are 56 years and above.

Table 6*Education Level*

Variables	Frequency	Percent
10+2 or Below	145	36.25
Bachelor's Degree	165	41.25
Master's Degree or above	90	22.50
Total	400	100

Source: Field Survey, 2024

Table 6 presents the educational background of the respondents in the study on the post-merger effect and work efficiency of commercial banks in Nepal. The largest proportion of respondents, 165 individuals (41.25%), hold a bachelor's degree, indicating that the majority of employees possess an undergraduate qualification. This is followed by 145 respondents (36.25%) who have completed 10+2 or below, representing a significant portion of the workforce with intermediate or lower educational qualifications. A smaller group of 90 respondents (22.50%) have attained a master's degree or higher.

Table 7*Position/Job Role*

Variables	Frequency	Percent
Executive/Managerial	119	29.75
Administrative/Support Staff	94	23.50
Technical/Professional	92	23.00
Sales/Marketing	95	23.75
Total	400	100

Source: Field Survey, 2024

Table 7 outlines the distribution of respondents based on their position or job role in the study on the post-merger effect and work efficiency of commercial banks in Nepal. Among the respondents, 119 individuals (29.75%) hold executive or managerial positions, making them the largest group. This is followed by 95 respondents (23.75%) in sales or marketing roles, reflecting the importance of customer engagement and business development within the banks. Administrative or support staff account for 94 respondents (23.50%), and the smallest group consists of technical or professional staff, with 92 respondents (23.00%).

Table 8*Years of Experience*

Variables	Frequency	Percent
Less than 1 year	33	8.25
1-5 years	187	46.75
6-10 years	93	23.25
11-15 years	47	11.75
More than 15 years	40	10.00
Total	400	100

Source: Field Survey, 2024

Table 8 presents the distribution of respondents based on their years of experience in the commercial banks under study. The majority, 187 respondents (46.75%), have 1 to 5 years of experience, indicating that a significant portion of the workforce is relatively early in their career. This is followed by 93 respondents (23.25%) with 6 to 10 years of experience, reflecting a substantial mid-level career representation. A smaller number, 47 respondents (11.75%), have 11 to 15 years of experience, while 40 respondents (10.00%) have more than 15 years of experience. The smallest group, 33 respondents (8.25%), has less than 1 year of experience.

Table 9
Marital Status

Variables	Frequency	Percent
Single	123	30.75
Married	277	69.25
Total	400	100

Source: Field Survey, 2024

Table 9 illustrates the marital status of the respondents participating in the study. The majority of the respondents, 277 individuals (69.25%), are married, reflecting a predominance of employees with familial responsibilities within the commercial banks. Meanwhile, 123 respondents (30.75%) are single. This distribution highlights that a significant portion of the workforce experiencing the post-merger effect and its influence on work efficiency in the commercial banks comprises individuals who are married, potentially influencing their perspectives on work stability and career development during the merger process.

Table 10
Monthly Income

Variables	Frequency	Percent
Below Rs. 30,000	84	21.00
Rs. 30,001 - Rs. 50,000	92	23.00
Rs. 50,001 - Rs. 70,000	87	21.75
Rs. 70,001 - Rs. 100,000	73	18.25
Above Rs. 100,000	64	16.00
Total	400	100

Source: Field Survey, 2024

Table 10 presents the monthly income distribution of the respondents involved in the study. A total of 400 participants provided information regarding their income levels. The income brackets reveal that 92 respondents (23.00%) earn between Rs. 30,001 and Rs. 50,000, making this the most common income range among the respondents. Following closely, 87 individuals (21.75%) fall within the Rs. 50,001 to Rs. 70,000 bracket, while 84 respondents (21.00%) earn below Rs. 30,000. A smaller portion of the participants, 73 (18.25%), earn between Rs. 70,001 and Rs. 100,000, and 64 respondents (16.00%) earn above Rs. 100,000. This income distribution suggests a diverse economic background among employees, which may influence their perceptions and experiences regarding the post-merger effects on work efficiency in the commercial banks of Nepal.

4.1.2 Descriptive Statistics

In this study, descriptive statistics have been utilized to analyze the perceptions of employees regarding mergers and acquisitions and their impact on work efficiency in commercial banks in Nepal. This analytical approach has enabled a comprehensive understanding of the employee viewpoints by summarizing key characteristics of the data collected. Through measures such as means and standard deviations, the study has effectively captured the central tendencies and variability in employee perceptions, providing valuable insights into how mergers and acquisitions influence work efficiency within the banking sector.

4.1.2.1 Summary of Descriptive Statistics

In this section, a summary of descriptive statistics has been conducted to analyze the overall factors influencing employee perceptions in the context of mergers and acquisitions. The factors examined include organizational climate (OC), recognition (RC), remuneration (RM), nature of work (NW), employee motivation (EM), and employee performance (EP). Utilizing mean and standard deviation (SD) values, the analysis has provided a comprehensive overview of each factor, highlighting their central tendencies and variability.

Table 11

Summary of Descriptive Statistics

Code	Variables	Mean	S.D.
OC	Organizational Climate	3.644	0.630
RC	Recognition	3.590	0.638
RM	Remuneration	3.571	0.636
NW	Nature of Work	3.659	0.688
EM	Employee Motivation	3.631	0.703
EP	Employee Performance	3.738	0.716

Source: Field Survey, 2024

Table 11 presents the summary of descriptive statistics regarding employee perceptions of the post-merger effect on work efficiency in commercial banks in Nepal.

The mean score for organizational climate is 3.644 with a standard deviation of 0.630. This indicates that employees generally perceive the organizational climate positively, as the mean score is above the midpoint of the Likert scale. A relatively low standard deviation suggests that there is a consensus among employees regarding their perceptions,

indicating a stable and favorable organizational climate, which can contribute to enhanced work efficiency in the context of post-merger scenarios.

The mean score for recognition is 3.590 with a standard deviation of 0.638. This score reflects a positive perception among employees regarding the recognition they receive for their contributions. The standard deviation indicates moderate variability in responses, suggesting that while many employees feel recognized, some may still perceive inadequacies in acknowledgment. Overall, this perception of recognition is vital in maintaining morale and motivation during the transition period post-merger.

With a mean score of 3.571 and a standard deviation of 0.636, the data suggests that employees have a generally favorable perception of their remuneration. The mean being above the midpoint indicates that employees feel their compensation is appropriate; however, the standard deviation indicates some variation in opinions. This highlights that while many employees are satisfied, there is still a segment that may have concerns regarding their remuneration, particularly in the context of changes resulting from mergers and acquisitions.

The nature of work has a mean score of 3.659 and a standard deviation of 0.688. This suggests that employees perceive their roles and responsibilities positively. The mean score indicates that employees generally find their work engaging and meaningful. However, the higher standard deviation suggests variability in experiences, possibly reflecting differing levels of clarity and satisfaction regarding job roles during the merger process. A clear and supportive nature of work can significantly influence employee performance.

The mean score for employee motivation is 3.631 with a standard deviation of 0.703. This score indicates a generally positive perception of motivation levels among employees. A mean above the midpoint reflects that employees feel sufficiently motivated, yet the higher standard deviation suggests that individual experiences may vary widely. This variability may point to differing motivational factors at play, which could be critical for leaders to address during the integration period following mergers.

The mean score for employee performance is 3.738, with a standard deviation of 0.716. This high mean score reflects a strong perception of performance among employees, suggesting that they believe their work contributions are effective. The higher standard deviation indicates some differences in how employees perceive their performance levels,

which may relate to varying expectations and experiences during the post-merger environment. Ensuring consistent support for employee performance is crucial for the success of integration efforts.

4.1.2.2 Descriptive Statistics of Organizational Climate

The descriptive statistics of organizational climate on post-merger effect and work efficiency of commercial banks in Nepal has explored the impact of mergers on the workplace environment and employee relations. Through surveys and qualitative interviews, the research has gathered insights from employee regarding changes in communication, collaboration, and morale after the merger process.

Table 12

Descriptive Statistics of Organizational Climate

Statements	Mean	S.D.
Goals and work expectations are clearly communicated by management.	3.543	0.933
I receive fair treatment and democracy from management.	3.600	0.934
There is a high level of trust between employees and management.	3.800	0.844
Supervisors demonstrate effective leadership skills.	3.780	0.908
I receive support from my colleagues.	3.498	0.931

Source: Field Survey, 2024

Table 12 presents the descriptive statistics of organizational climate based on employee perceptions of 400 respondents from commercial banks in Nepal. It assesses various aspects of organizational climate, such as communication, leadership, trust, and support within the organization.

The statement "There is a high level of trust between employees and management" has the highest mean score of 3.800, with a standard deviation of 0.844, indicating that employees generally agree that trust between employees and management is a strong aspect of the organizational climate. A relatively lower standard deviation suggests consistency in employee opinions, highlighting that trust is a widely shared perception.

On the other hand, the statement "I receive support from my colleagues" has the lowest mean score of 3.498, with a standard deviation of 0.931. This indicates that while the

majority of employees feel they receive support, the perception is not as strong as other aspects of organizational climate.

Overall, the descriptive statistics shows that employees have a fairly positive perception of the organizational climate, with higher levels of trust and leadership noted, but there is some variability in opinions on peer support and communication of goals. The standard deviations across all statements indicate moderate consistency in responses, reflecting that employees' views on the organizational climate are generally aligned.

4.1.2.3 Descriptive Statistics of Recognition

This section describes the descriptive statistics of recognition on work efficiency and employee performance of commercial banks in Nepal. It examines the impact of employee recognition on their motivation and its subsequent effect on their efficiency and performance at work. By analyzing various forms of recognition, such as verbal praise, awards, and incentives, the research seeks to explore the extent to which these factors contribute to improving employee productivity and overall performance in the banking sector.

Table 13

Descriptive Statistics of Recognition

Statements	Mean	S.D.
Employees receive praise from management for their work.	3.555	0.990
There are ample opportunities for promotion within the organization.	3.355	0.955
Employees receive gifts or rewards for their outstanding performance.	3.785	0.846
The organization values and appreciates employee contributions.	3.778	0.903
Recognition and rewards are provided consistently and fairly.	3.478	0.993

Source: Field Survey, 2024

Table 13 presents the descriptive statistics of recognition based on the perceptions of 400 respondents from commercial banks in Nepal. This table highlights various aspects of recognition within the organization, including the impact of management's praise, rewards, and value on employee contributions.

The statement "Employees receive gifts or rewards for their outstanding performance" has the highest mean score of 3.785, with a standard deviation of 0.846, indicating that employees generally feel positively about receiving rewards for their exceptional work. The relatively low standard deviation reflects that most respondents share similar views on this aspect of recognition, showing consistency in the perception that outstanding performance is acknowledged.

On the other hand, the statement "There are ample opportunities for promotion within the organization" has the lowest mean score of 3.355, with a standard deviation of 0.955. This indicates that employees perceive fewer opportunities for advancement within their organizations, with some variability in their responses, suggesting that promotion practices may not be equally clear or accessible to all employees.

Overall, the descriptive study indicates that employees generally have a positive perception of the recognition they receive, particularly in terms of rewards for outstanding performance and appreciation of their contributions. However, opportunities for promotion and consistency in recognition practices appear to be areas where employees see room for improvement.

4.1.2.4 Descriptive Statistics of Remuneration

This section describes the descriptive statistics of remuneration on work efficiency and employee performance of commercial banks in Nepal. The study examines the impact of different aspects of remuneration, such as salary, bonuses, and benefits, on employees' motivation, productivity, and overall performance.

Table 14
Descriptive Statistics of Remuneration

Statements	Mean	S.D.
Employees are satisfied with their wages and benefits.	3.475	0.875
Organization offers favorable terms of employment.	3.543	0.908
Payment is based on employee performance.	3.538	1.001
Additional bonuses or allowances are provided for exceptional performance.	3.680	0.925
Employees feel adequately compensated for their work responsibilities.	3.618	0.935

Source: Field Survey, 2024

Table 14 presents the descriptive statistics of remuneration based on the perceptions of 400 respondents from commercial banks in Nepal.

The statement "Additional bonuses or allowances are provided for exceptional performance" has the highest mean score of 3.680, with a standard deviation of 0.925, indicating that employees generally feel positively about the availability of bonuses for exceptional work. The moderate standard deviation shows that the responses are relatively consistent, with most employees agreeing that bonuses or allowances are an important part of the remuneration system.

On the other hand, the statement "Employees are satisfied with their wages and benefits" has the lowest mean score of 3.475, with a standard deviation of 0.875. This suggests that, while many employees feel moderately satisfied with their pay and benefits, there may be some dissatisfaction or uncertainty, as reflected by the lower mean.

Overall, the descriptive study indicates that employees have a generally positive perception of their remuneration, particularly with respect to bonuses and feeling adequately compensated for their responsibilities. However, satisfaction with wages and clarity about performance-based pay are areas where some employees have concerns. The standard deviations reflect moderate consistency in perceptions, with a few areas showing higher variability in employee responses.

4.1.2.5 Descriptive Statistics of Nature of Work

This section describes the descriptive statistics of the nature of work on work efficiency and employee performance of commercial banks in Nepal. The study explores the influence of the type, complexity, and demands of work tasks on employees' productivity and overall performance. By analyzing various job roles and responsibilities, the research aims to identify the effects of nature of work on work efficiency and the ability of employees to meet performance targets.

Table 15

Descriptive Statistics of Nature of Work

Statements	Mean	S.D.
The organization supports a healthy work-life balance.	3.575	0.981
Employees are given autonomy to utilize their skills in performing tasks.	3.498	0.986
Workload is manageable and reasonable.	3.785	0.884

The organization offers opportunities for career advancement and growth.	3.770	0.905
Employees are satisfied with the level of challenge and variety in their work tasks.	3.668	0.885

Source: Field Survey, 2024

Table 15 presents the descriptive statistics of the nature of work based on the perceptions of 400 respondents from commercial banks in Nepal.

The statement "Workload is manageable and reasonable" has the highest mean score of 3.785, with a standard deviation of 0.884. This indicates that employees generally feel that their workloads are balanced and attainable, suggesting that the organization effectively manages workloads, allowing employees to perform their tasks without feeling overwhelmed.

Conversely, the statement "Employees are given autonomy to utilize their skills in performing tasks" has the lowest mean score of 3.498, with a standard deviation of 0.986. This indicates that while some employees feel they have the freedom to apply their skills, there is a notable degree of variability in opinions, suggesting that not all employees may feel empowered in their roles.

Overall, the descriptive study indicates that employees generally have a positive perception of the nature of work within their organization, particularly regarding manageable workloads and opportunities for career growth.

4.1.2.6 Descriptive Statistics of Employee Motivation

This section describes the descriptive statistics of employee motivation on work efficiency and employee performance of commercial banks in Nepal. The study focuses on the impact of different motivational factors, such as rewards, recognition, and career growth opportunities, on employees' drive to perform and their overall productivity.

Table 16
Descriptive Statistics of Employee Motivation

Statements	Mean	S.D.
I feel motivated to perform well at my job.	3.490	1.016
I receive adequate recognition for my contributions to the organization.	3.730	0.900
I feel valued and appreciated by my supervisors and colleagues.	3.645	0.965

The organizational culture fosters a sense of belonging and loyalty among employees.	3.658	1.026
I am satisfied with the opportunities for personal and professional development provided by the organization.	3.630	0.944

Source: Field Survey, 2024

Table 16 presents the descriptive statistics of employee motivation based on the perceptions of 400 respondents from commercial banks in Nepal.

The statement "I receive adequate recognition for my contributions to the organization" has the highest mean score of 3.730, with a standard deviation of 0.900. This indicates that employees generally feel acknowledged for their contributions, suggesting that the organization values and rewards their efforts, which likely enhances overall motivation and job satisfaction.

In contrast, the statement "I feel motivated to perform well at my job" has the lowest mean score of 3.490, with a standard deviation of 1.016. This suggests that while some employees feel motivated, there is significant variability in responses, indicating that not all employees experience the same level of motivation in their roles. This could imply that certain factors affecting motivation may not be uniformly present for all employees.

Overall, the descriptive study reveals a generally positive perception of employee motivation among respondents, particularly concerning recognition and appreciation within the organization. However, the lower mean score for the statement about feeling motivated highlights an area for potential improvement.

4.1.2.7 Descriptive Statistics of Employee Performance

This section describes the descriptive statistics of work efficiency and employee performance of commercial banks in Nepal. The study aims to analyze the efficiency with which employees carry out their tasks and the alignment of their performance with organizational goals.

Table 17
Descriptive Statistics of Employee Performance

Statements	Mean	S.D.
I have been able to maintain my work productivity after the merger.	3.670	1.014
My overall job performance has improved since the merger.	3.815	0.832

I feel that my performance is well recognized and appreciated after the merger.	3.793	0.898
The bank has provided sufficient support for me to maintain or improve my performance post-merger.	3.790	0.893
I have experienced personal growth and skill development in my role since the merger.	3.620	1.058

Source: Field Survey, 2024

Table 17 presents the descriptive statistics of employee performance based on the perceptions of 400 respondents from commercial banks in Nepal. This table assesses employees' views on their performance and productivity after the merger, focusing on factors such as productivity, recognition, support, and personal growth.

The statement "My overall job performance has improved since the merger" has the highest mean score of 3.815, with a standard deviation of 0.832. This indicates that a significant number of employees feel that their job performance has enhanced in the post-merger environment, suggesting a positive transition and adaptation to the new organizational dynamics, which may be attributed to effective management and support mechanisms.

On the other hand, the statement "I have experienced personal growth and skill development in my role since the merger" has the lowest mean score of 3.620, accompanied by a standard deviation of 1.058. This indicates that while some employees feel they have grown and developed skills, there is notable variability in responses. The lower mean suggests that not all employees perceive personal growth equally, which could imply potential gaps in training and development opportunities post-merger.

Overall, the descriptive statistics highlights a generally favorable perception of employee performance among respondents, particularly regarding overall job performance and recognition. However, the lower mean score for personal growth and skill development points to an area that may require further attention from management to ensure that all employees have the necessary resources and opportunities to enhance their skills and contribute effectively to the organization in the post-merger phase.

4.1.3 Correlation Analysis

In this section, correlation analysis has been utilized to examine the relationship between mergers and acquisitions and employee performance in commercial banks in Nepal. This

analysis aims to identify the strength and direction of the association between these two variables, shedding light on how mergers and acquisitions influence employee performance outcomes. By assessing the correlation coefficients, the study has aimed to determine whether a significant relationship exists, which can inform strategies for managing employee performance effectively during periods of organizational transition.

Table 18

Correlation Matrix

Variables		OC	RC	RM	NW	EM	EP
OC	Pearson Correlation	1					
	Sig. (2-tailed)						
RC	Pearson Correlation	.747**	1				
	Sig. (2-tailed)	0.000					
RM	Pearson Correlation	.541**	.579**	1			
	Sig. (2-tailed)	0.000	0.000				
NW	Pearson Correlation	.716**	.728**	.632**	1		
	Sig. (2-tailed)	0.000	0.000	0.000			
EM	Pearson Correlation	.718**	.645**	.555**	.729**	1	
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		
EP	Pearson Correlation	.752**	.764**	.620**	.787**	.784**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	

Source: Field Survey, 2024

Table 18 presents the correlation between the independent variables—organizational climate (OC), recognition (RC), remuneration (RM), nature of work (NW), and employee motivation (EM)—and the dependent variable, employee performance (EP). The correlation analysis reveals significant relationships among these variables.

The correlation between organizational climate (OC) and employee performance (EP) is 0.752, indicating a strong positive correlation. This suggests that improvements in organizational climate are associated with enhanced employee performance. The relationship is statistically significant at the 5 percent level ($p < 0.001$), confirming that a favorable organizational climate positively impacts how well employees perform.

Recognition (RC) shows a correlation of 0.764 with employee performance (EP), indicating a strong positive relationship. This means that higher levels of recognition are

associated with improved employee performance. The significance level of this correlation is also less than 0.001, which demonstrates that recognition plays a crucial role in enhancing performance among employees in commercial banks.

The correlation between remuneration (RM) and employee performance (EP) is 0.620, reflecting a moderate positive relationship. This indicates that as remuneration increases, employee performance tends to improve, albeit at a slightly weaker level compared to organizational climate and recognition. The correlation is significant at the 5 percent level ($p < 0.001$), suggesting that fair and adequate remuneration contributes positively to employee performance.

Nature of work (NW) correlates with employee performance (EP) at 0.787, indicating a strong positive correlation. This finding implies that a more engaging and supportive work environment leads to better performance among employees. The correlation is statistically significant ($p < 0.001$), emphasizing the importance of a positive nature of work in fostering high employee performance.

Lastly, employee motivation (EM) shows a correlation of 0.784 with employee performance (EP), indicating a strong positive relationship. This suggests that motivated employees tend to perform better in their roles. The significance level is again less than 0.001, reinforcing the notion that employee motivation is a critical factor influencing performance in the banking sector post-merger.

Overall, the correlations indicate that all independent variables positively influence employee performance, with organizational climate and recognition having the strongest associations.

4.1.4 Regression Analysis

In this section, multivariate regression analysis has been employed to analyze the impact of mergers and acquisitions on employee performance in commercial banks in Nepal. This analysis aims to evaluate how various factors associated with mergers and acquisitions influence employee performance outcomes, allowing for the simultaneous consideration of multiple independent variables.

Table 19*Model Summary of Regression Model*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.876	0.768	0.765	0.34727

Source: Field Survey, 2024

Table 19 presents the model summary of the regression analysis, where the dependent variable is employee performance (EP) and the predictors include employee motivation (EM), remuneration (RM), recognition (RC), organizational climate (OC), and nature of work (NW). The model demonstrates a strong relationship, with an R value of 0.876, indicating a high degree of correlation between the predictors and employee performance. The R Square value of 0.768 signifies that approximately 76.8% of the variance in employee performance can be explained by the independent variables included in the model. The adjusted R Square of 0.765 further confirms the model's effectiveness, and the standard error of the estimate is 0.34727, indicating a relatively low level of prediction error. This model thus shows a robust fit for analyzing the impact of the selected predictors on employee performance.

Table 20*ANOVA Table of Regression Model*

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	157.122	5	31.424	260.576	0.00
1	Residual	47.515	394	0.121		
	Total	204.637	399			

Source: Field Survey, 2024

Table 20 presents the ANOVA results for the regression model, indicating the overall significance of the model. The regression sum of squares is 157.122, with a mean square of 31.424, and an F-value of 260.576. The significance level (Sig.) is reported as 0.00, which is less than the critical value of 0.05. This indicates that the model is statistically significant and fit for analysis, suggesting that the independent variables—employee motivation (EM), remuneration (RM), recognition (RC), organizational climate (OC), and nature of work (NW)—have a meaningful impact on the dependent variable, employee performance (EP).

Table 21*Beta Coefficient of Regression Model*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-0.183	0.116		-1.579	0.115		
OC	0.147	0.048	0.129	3.081	0.002	0.334	2.997
RC	0.276	0.046	0.246	6.034	0.000	0.355	2.818
RM	0.098	0.037	0.087	2.676	0.008	0.560	1.786
NW	0.238	0.045	0.228	5.295	0.000	0.316	3.160
EM	0.324	0.040	0.318	8.101	0.000	0.383	2.610

Source: Field Survey, 2024

Table 21 presents the beta coefficients of the regression model, showcasing the relationship between independent variables and the dependent variable, employee performance (EP).

Starting with organizational climate (OC), the unstandardized beta coefficient is 0.147, and the standardized beta is 0.129, with a significance level of 0.002, which is below the 0.05 threshold. This indicates that a positive change in organizational climate is associated with an increase in employee performance, suggesting that fostering a supportive organizational environment can enhance employee productivity. The variance inflation factor (VIF) is 2.997, indicating no multicollinearity issues, which means OC can reliably predict EP.

For recognition (RC), the unstandardized beta is 0.276, while the standardized beta is 0.246, with a significance level of 0.000. This strong significance indicates that recognition significantly contributes to employee performance. This implies that recognizing employees' efforts can enhance their performance levels, leading to a more motivated workforce. The VIF of 2.818 also confirms that there is no multicollinearity, supporting the reliability of RC as a predictor.

Regarding remuneration (RM), the unstandardized beta is 0.098, with a standardized beta of 0.087 and a significance level of 0.008. This suggests that while remuneration positively influences employee performance, its impact is less pronounced compared to other variables. The VIF of 1.786 indicates no multicollinearity, affirming that RM

remains a significant predictor of EP. Proper remuneration may enhance job satisfaction, but its effects might be overshadowed by other factors.

The unstandardized beta for nature of work (NW) is 0.238, with a standardized beta of 0.228 and a significance level of 0.000. This indicates a substantial positive effect of nature of work on employee performance, emphasizing the importance of providing meaningful and engaging work tasks. With a VIF of 3.16, NW does not exhibit multicollinearity issues, confirming its role as a strong predictor of EP, which highlights the need for organizations to ensure that work roles are fulfilling and appropriately challenging.

Lastly, employee motivation (EM) shows an unstandardized beta of 0.324 and a standardized beta of 0.318, with a significance level of 0.000. This strong correlation suggests that increased employee motivation leads to higher performance levels, making it a crucial factor for management to consider. The VIF of 2.61 further confirms the absence of multicollinearity, indicating that EM is a reliable predictor. Thus, fostering employee motivation is essential for improving overall employee performance, making it a priority in organizational strategies.

4.2 Discussion

The first objective of this study was to assess employees' perceptions regarding mergers and acquisitions and their impact on work efficiency in commercial banks in Nepal. The findings indicated that employees generally view the organizational climate positively, suggesting a favorable environment for enhancing work efficiency post-merger. Perceptions of recognition and remuneration were largely positive, although some variability suggested that a few employees felt inadequately recognized or compensated. Employees also reported a favorable nature of work, indicating engagement, and motivation levels were perceived positively, underscoring the importance of addressing individual motivational factors. Demirer and Karaduman (2024) found that mergers significantly improved employee efficiency and operational performance, aligning with the positive perceptions of employees in the current study. Suryaningrum et al. (2023) emphasized the role of managerial ability in achieving favorable outcomes in M&As, indicating that effective leadership could further enhance employee satisfaction, which is consistent with the current findings of a supportive work environment. Fahira and Yasin (2023) noted that leadership style impacts employee performance post-acquisition,

suggesting that attention to leadership may also help address individual recognition and motivation concerns expressed in the current study. Devkota et al. (2023) observed that organizational climate significantly influences employee satisfaction, echoing the current study's findings of a favorable organizational atmosphere. In contrast, Shrestha et al. (2021) revealed that only 50% of employees felt satisfied post-merger, which contrasts with the more favorable perceptions reported in the current study.

The second objective of this study was to examine the relationship between mergers and acquisitions and employee performance in commercial banks in Nepal. The findings revealed a strong positive correlation between organizational climate and employee performance, indicating that workplace improvements significantly enhance performance levels. Recognition also exhibited a strong positive relationship with employee performance, emphasizing the importance of acknowledging employee contributions. The relationship between remuneration and employee performance was moderate but positive, suggesting that while fair compensation is essential, it may not be as impactful as organizational climate and recognition. The nature of work showed a strong positive correlation with employee performance, and employee motivation similarly demonstrated a strong positive relationship, indicating that motivated employees are likely to excel. Overall, all independent variables positively influence employee performance. Kivuti (2013) found that remuneration, job security, and a sense of belonging significantly influence employee performance, similar to the current study's emphasis on organizational climate and recognition. Siegel and Simons (2010) reported enhanced employee performance post-M&A, aligning with the current study's findings that all independent variables positively impact performance. In contrast, Suryaningrum et al. (2023) highlighted managerial ability as crucial for M&A success, which diverges from the current study's focus on organizational climate and employee recognition. Furthermore, Fahira and Yasin (2023) found that leadership style significantly influences employee performance through readiness for change, adding a different dimension that was not explored in the current research. Lastly, Devkota et al. (2023) underscored the importance of organizational climate and recognition, which aligns with the current study, suggesting that consistent findings across various contexts highlight the significance of these factors in enhancing employee performance post-M&A.

The third objective of this study was to analyze the impact of mergers and acquisitions on employee performance in commercial banks in Nepal. The findings indicated that

organizational climate has a positive and significant impact on employee performance, suggesting that a supportive environment enhances productivity. Recognition also had a strong positive and significant effect on performance, highlighting the importance of acknowledging employee contributions. Although remuneration positively influenced employee performance, its impact was weaker compared to other variables, indicating that its effect may be less pronounced but still significant for job satisfaction. The nature of work showed a strong positive and significant relationship with performance, emphasizing the need for meaningful tasks, while employee motivation exhibited a strong positive and significant influence on performance, reinforcing that motivated employees are more likely to excel. Demirer and Karaduman (2024) found that mergers and acquisitions enhanced employee efficiency and productivity through operational improvements, aligning with the current study's emphasis on organizational climate. Similarly, Suryaningrum et al. (2023) noted that managerial ability positively influenced performance outcomes in M&As, suggesting that leadership qualities could enhance employee performance, paralleling the importance of recognition found in the current research. Conversely, Fahira and Yasin (2023) emphasized that leadership style, through readiness for change, significantly impacts employee performance post-acquisition, which contrasts with the current study's focus on organizational climate and motivation. Additionally, Devkota et al. (2023) confirmed that factors like organizational climate and recognition significantly affected employee satisfaction post-M&A, supporting the current study's findings. In contrast, Li et al. (2022) highlighted the need for strategic improvements for optimal performance, which suggests that the specific contextual factors influencing employee performance may vary across different banking environments. Lastly, Ullah (2022) and Kivuti (2013) indicated that remuneration and organizational factors significantly influence employee performance, reflecting a contrast in the relative importance assigned to these elements in various studies.

CHAPTER V

SUMMARY AND CONCLUSION

This chapter provides a concise summary of the study, presenting key findings on the factors influencing employee performance in the context of mergers and acquisitions within Nepalese commercial banks. The study concludes that organizational climate, recognition, remuneration, nature of work, and employee motivation all positively impact employee performance, with recognition and employee motivation being the most significant. The implications of this study highlight the importance of fostering a supportive organizational environment and recognizing employee contributions to enhance performance, especially during post-merger transitions. These insights offer valuable recommendations for improving work efficiency in the banking sector.

5.1 Summary

Mergers and acquisitions (M&As) have become vital strategies for organizations seeking to enhance their competitive edge, with significant attention paid to financial, strategic, and human factors. However, despite their potential benefits, many M&As fail to meet their goals due to insufficient focus on employee-related issues, leading to negative impacts on job satisfaction, morale, and performance. This problem is particularly important in the context of Nepalese commercial banks, where M&As have been encouraged by regulatory policies to improve financial stability and market competitiveness. The main objective of this study has been to assess employee perceptions of M&As, examine their relationship with employee performance, and analyze the impact of M&As on work efficiency in Nepalese commercial banks.

The literature review of this study has been categorized into conceptual, theoretical, empirical reviews, and the research gap. The conceptual review has provided an understanding of mergers and acquisitions (M&As) by defining the types of M&As, including vertical, horizontal, concentric, and conglomerate mergers, and discussing their probable outcomes on businesses. The theoretical review has explored various theories surrounding employee productivity and efficiency, particularly focusing on how M&As affect these human dimensions in organizations. The empirical review has examined previous research findings related to the impact of M&As on employee performance and organizational outcomes, considering studies from both global and Nepalese contexts. Finally, the research gap has been identified by analyzing the shortcomings in existing

literature, emphasizing the lack of focus on the human aspects of M&As in the context of Nepalese commercial banks, which this study aims to address.

This study has employed both descriptive and causal-comparative research designs to examine the effects of mergers and acquisitions on employee performance and work efficiency in commercial banks in Nepal. The descriptive design has been used to assess employees' perceptions of mergers and acquisitions, while the causal-comparative design has been applied to analyze their impact on employee performance. The population has consisted of all employees working in commercial banks within the Kathmandu Valley, and a sample of 400 employees has been selected using convenience sampling to facilitate efficient data collection. The study has relied on primary, quantitative data collected through a structured questionnaire, which has been designed following the framework of Devkota et al. (2023). The questionnaire has utilized a five-point Likert scale, ranging from strongly disagree to strongly agree, allowing for the precise measurement of employees' perceptions and experiences related to mergers and acquisitions in the banking sector.

This study has employed both Microsoft Excel and SPSS for data presentation and analysis, utilizing various statistical tools such as descriptive statistics, correlation, and multivariate regression models to evaluate the impact of mergers and acquisitions on employee performance and work efficiency in commercial banks. A reliability test has been conducted using Cronbach's alpha for each variable, confirming that all variables—organizational climate, recognition, remuneration, nature of work, and employee motivation—exhibit reliable data with alpha values above 0.70. The research framework has been structured based on Devkota et al. (2023), with organizational climate, recognition, remuneration, nature of work, and employee motivation serving as independent variables, and employee performance as the dependent variable, guiding the study's analysis.

This study has found that the independent variables—organizational climate, recognition, remuneration, nature of work, and employee motivation—are significant determinants of employee performance in commercial banks in Nepal, particularly in the context of mergers and acquisitions. The findings have concluded that organizational climate has established a strong positive relationship with employee performance, demonstrating that a supportive work environment enhances productivity. Recognition has emerged as a critical factor, showing a strong positive impact on performance by acknowledging

employee contributions, thereby boosting motivation and effectiveness. While remuneration has positively influenced performance, its impact has been comparatively weaker, indicating that other factors may play a more prominent role in driving employee satisfaction and performance. Additionally, the nature of work has revealed a strong positive correlation with employee performance, emphasizing the importance of engaging and meaningful tasks in fostering high performance. Finally, employee motivation has been confirmed as a crucial determinant, with a strong positive influence on performance levels. Overall, the study has reinforced the idea that these independent variables collectively contribute to enhancing employee performance, underscoring their importance in the strategic management of human resources during and after mergers and acquisitions.

Overall, this study has significant practical and theoretical implications, highlighting the importance of fostering a positive organizational climate and recognizing employee contributions to enhance performance, especially during mergers and acquisitions. It recommends that management prioritize initiatives aimed at improving recognition, remuneration, and the nature of work to boost employee motivation and productivity. Additionally, organizations should focus on creating engaging and supportive work environments to ensure smooth transitions during mergers, ultimately leading to improved employee performance and overall organizational effectiveness.

5.2 Conclusion

The first objective of this study has been to assess the perception of employees regarding mergers and acquisitions and their impact on work efficiency in commercial banks in Nepal. The findings have indicated that employees generally perceive the organizational climate positively, suggesting a favorable environment that can enhance work efficiency during post-merger scenarios. Additionally, the perceptions of recognition and remuneration have been largely positive, reflecting employees' acknowledgment of their contributions, although some variability has indicated that certain individuals may feel inadequately recognized or compensated. Employees have also reported a favorable view of their nature of work, suggesting engagement and meaningfulness in their roles, despite some fluctuations in satisfaction levels. Moreover, motivation levels have been perceived positively, highlighting the importance of addressing individual motivational factors during integration. Lastly, employees have exhibited a strong perception of their performance, indicating effective contributions in their roles. Overall, these findings

underscore the critical role that perceptions of organizational climate, recognition, remuneration, nature of work, and motivation play in influencing employee performance and work efficiency in the context of mergers and acquisitions.

The second objective of this study has been to examine the relationship between mergers and acquisitions and employee performance in commercial banks in Nepal. The findings have demonstrated that organizational climate has a strong positive correlation with employee performance, indicating that improvements in the workplace environment are significantly linked to enhanced performance levels. Similarly, recognition has shown a strong positive relationship with employee performance, underscoring the importance of acknowledging employee contributions in boosting their effectiveness. The relationship between remuneration and employee performance has been identified as moderate but still positive, suggesting that while fair compensation is important, it may not have as strong an impact as organizational climate and recognition. The nature of work has also displayed a strong positive correlation with employee performance, highlighting that a supportive and engaging work environment is crucial for optimal performance. Lastly, employee motivation has exhibited a strong positive relationship with performance, emphasizing that motivated employees are likely to excel in their roles. Overall, these findings confirm that all independent variables positively influence employee performance,

The third objective of this study has been to analyze the impact of mergers and acquisitions on employee performance in commercial banks in Nepal. The findings have indicated that organizational climate has a positive and significant impact on employee performance, suggesting that creating a supportive environment enhances productivity. Recognition has also shown a strong positive and significant effect on employee performance, highlighting the importance of acknowledging employees' contributions to boost motivation and effectiveness. Remuneration, while positively influencing employee performance, has demonstrated a weaker impact compared to other variables, suggesting that its effect may be less pronounced but still significant in promoting job satisfaction. The nature of work has revealed a strong positive and significant relationship with employee performance, underscoring the importance of providing meaningful and engaging tasks to foster high performance. Lastly, employee motivation has exhibited a strong positive and significant influence on performance, reinforcing the notion that motivated employees are more likely to excel in their roles. Overall, these results confirm

that all independent variables positively affect employee performance, with organizational climate, recognition, and employee motivation having the most substantial impacts.

5.3 Implications

Theoretical implications of this study on the post-merger effect and work efficiency of commercial banks in Nepal suggest that existing frameworks regarding organizational climate, recognition, remuneration, nature of work, and employee motivation require adaptation to account for the unique challenges and dynamics associated with mergers and acquisitions in the banking sector. These findings reinforce the significance of employee perceptions as key determinants of work efficiency in post-merger environments, contributing to the broader understanding of organizational behavior. Practically, the study underscores the necessity for bank management to implement targeted strategies that enhance the organizational climate, improve recognition and remuneration systems, and foster engaging work environments to mitigate potential disruptions during mergers. By focusing on these areas, banks can enhance employee performance and work efficiency, ensuring successful integration and operational effectiveness in the aftermath of mergers.

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APPENDICES

Appendix I Questionnaire

Dear Sir/Mam,

I kindly request your participation in a survey titled "**POST MERGER EFFECT AND WORK EFFICIENCY OF COMMERCIAL BANKS IN NEPAL.**" Your insights are invaluable for understanding the impact of mergers and acquisitions on employee performance within the commercial banks in Nepal.

Your participation is voluntary, and all responses will be kept confidential. Your honest and thoughtful feedback is highly appreciated and will serve as a significant contribution to this research endeavor.

Thank you for your time and valuable input.

Pramila Thapa Magar

Part I Demographic Profile of Respondents

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

1. Gender:

Male

Female

2. Age:

18-25

26-35

36-45

46-55

56 and above

3. Education Level:

10+2 or below

Bachelor's Degree

Master's Degree or
above

4. Position/Job Role:

- Executive/Managerial
- Administrative/Support Staff
- Technical/Professional
- Sales/Marketing

5. Years of Experience:

- Less than 1 year
- 1-5 years
- 6-10 years
- 11-15 years
- More than 15 years

6. Marital Status:

- Single
- Married

7. Monthly Income:

- Below Rs. 30,000
- Rs. 30,001 - Rs. 50,000
- Rs. 50,001 - Rs. 70,000
- Rs. 70,001 - Rs. 100,000
- Above Rs. 100,000

Part II Core Questions

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

S.N.	Organizational Climate:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Goals and work expectations are clearly communicated by management.					
2	I receive fair treatment and democracy from management.					
3	There is a high level of trust between employees and management.					

4	Supervisors demonstrate effective leadership skills.					
5	I receive support from my colleagues.					
S.N.	Recognition:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Employees receive praise from management for their work.					
2	There are ample opportunities for promotion within the organization.					
3	Employees receive gifts or rewards for their outstanding performance.					
4	The organization values and appreciates employee contributions.					
5	Recognition and rewards are provided consistently and fairly.					
S.N.	Remuneration:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Employees are satisfied with their wages and benefits.					
2	Organization offers favorable terms of employment.					
3	Payment is based on employee performance.					
4	Additional bonuses or allowances are provided for exceptional performance.					
5	Employees feel adequately compensated for their work responsibilities.					
S.N.	Nature of Work:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	The organization supports a healthy work-life balance.					

2	Employees are given autonomy to utilize their skills in performing tasks.					
3	Workload is manageable and reasonable.					
4	The organization offers opportunities for career advancement and growth.					
5	Employees are satisfied with the level of challenge and variety in their work tasks.					
S.N.	Employee Motivation:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I feel motivated to perform well at my job.					
2	I receive adequate recognition for my contributions to the organization.					
3	I feel valued and appreciated by my supervisors and colleagues.					
4	The organizational culture fosters a sense of belonging and loyalty among employees.					
5	I am satisfied with the opportunities for personal and professional development provided by the organization.					
S.N.	Employee Performance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I have been able to maintain my work productivity after the merger.					
2	My overall job performance has improved since the merger.					
3	I feel that my performance is well recognized and appreciated after the merger.					

4	The bank has provided sufficient support for me to maintain or improve my performance post-merger.					
5	I have experienced personal growth and skill development in my role since the merger.					

Appendix II
Frequency Table

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	232	58.0	58.0	58.0
	Female	168	42.0	42.0	100.0
	Total	400	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18- 25 Years	16	4.0	4.0	4.0
	26-35 years	86	21.5	21.5	25.5
	36-45 Years	173	43.3	43.3	68.8
	46-55 Years	101	25.3	25.3	94.0
	56 and above	24	6.0	6.0	100.0
	Total	400	100.0	100.0	

Education Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10+2 or Below	145	36.3	36.3	36.3
	Bachelor's Degree	165	41.3	41.3	77.5
	Master's Degree or above	90	22.5	22.5	100.0
	Total	400	100.0	100.0	

Position/Job Role

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Executive/Managerial	119	29.8	29.8	29.8
	Administrative/Support Staff	94	23.5	23.5	53.3
	Technical/Professional	92	23.0	23.0	76.3
	Sales/Marketing	95	23.8	23.8	100.0
	Total	400	100.0	100.0	

Years of Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	33	8.3	8.3	8.3
	1-5 years	187	46.8	46.8	55.0
	6-10 years	93	23.3	23.3	78.3

	11-15 years	47	11.8	11.8	90.0
	More than 15 years	40	10.0	10.0	100.0
	Total	400	100.0	100.0	

Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	123	30.8	30.8	30.8
	Married	277	69.3	69.3	100.0
	Total	400	100.0	100.0	

Monthly Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below Rs. 30,000	84	21.0	21.0	21.0
	Rs. 30,001 - Rs. 50,000	92	23.0	23.0	44.0
	Rs. 50,001 - Rs. 70,000	87	21.8	21.8	65.8
	Rs. 70,001 - Rs. 100,000	73	18.3	18.3	84.0
	Above Rs. 100,000	64	16.0	16.0	100.0
	Total	400	100.0	100.0	

Appendix III
Reliability Test

Reliability Statistics of Organizational Climate

Cronbach's Alpha	N of Items
0.728	5

Reliability Statistics of Recognition

Cronbach's Alpha	N of Items
0.709	5

Reliability Statistics of Remuneration

Cronbach's Alpha	N of Items
0.716	5

Reliability Statistics of Nature of Work

Cronbach's Alpha	N of Items
0.794	5

Reliability Statistics of Employee Motivation

Cronbach's Alpha	N of Items
0.773	5

Reliability Statistics of Employee Performance

Cronbach's Alpha	N of Items
0.817	5

Overall Reliability Statistics

Cronbach's Alpha	N of Items
0.943	30

Appendix IV
Descriptive Statistics

	N	Mean	Std. Deviation
Goals and work expectations are clearly communicated by management.	400	3.543	0.933
I receive fair treatment and democracy from management.	400	3.600	0.934
There is a high level of trust between employees and management.	400	3.800	0.844
Supervisors demonstrate effective leadership skills.	400	3.780	0.908
I receive support from my colleagues.	400	3.498	0.931
Employees receive praise from management for their work.	400	3.555	0.990
There are ample opportunities for promotion within the organization.	400	3.355	0.955
Employees receive gifts or rewards for their outstanding performance.	400	3.785	0.846
The organization values and appreciates employee contributions.	400	3.778	0.903
Recognition and rewards are provided consistently and fairly.	400	3.478	0.993
Employees are satisfied with their wages and benefits.	400	3.475	0.875
Organization offers favorable terms of employment.	400	3.543	0.908
Payment is based on employee performance.	400	3.538	1.001
Additional bonuses or allowances are provided for exceptional performance.	400	3.680	0.925
Employees feel adequately compensated for their work responsibilities.	400	3.618	0.935
The organization supports a healthy work-life balance.	400	3.575	0.981
Employees are given autonomy to utilize their skills in performing tasks.	400	3.498	0.986
Workload is manageable and reasonable.	400	3.785	0.884
The organization offers opportunities for career advancement and growth.	400	3.770	0.905
Employees are satisfied with the level of challenge and variety in their work tasks.	400	3.668	0.885
I feel motivated to perform well at my job.	400	3.490	1.016

I receive adequate recognition for my contributions to the organization.	400	3.730	0.900
I feel valued and appreciated by my supervisors and colleagues.	400	3.645	0.965
The organizational culture fosters a sense of belonging and loyalty among employees.	400	3.658	1.026
I am satisfied with the opportunities for personal and professional development provided by the organization.	400	3.630	0.944
I have been able to maintain my work productivity after the merger.	400	3.670	1.014
My overall job performance has improved since the merger.	400	3.815	0.832
I feel that my performance is well recognized and appreciated after the merger.	400	3.793	0.898
The bank has provided sufficient support for me to maintain or improve my performance post-merger.	400	3.790	0.893
I have experienced personal growth and skill development in my role since the merger.	400	3.620	1.058
OC	400	3.644	0.630
RC	400	3.590	0.638
RM	400	3.571	0.636
NW	400	3.659	0.688
EM	400	3.631	0.703
EP	400	3.738	0.716
Valid N (listwise)	400		

Appendix V
Correlation Analysis

		Correlations ^b					
		OC	RC	RM	NW	EM	EP
OC	Pearson Correlation	1	.747**	.541**	.716**	.718**	.752**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000	0.000
RC	Pearson Correlation	.747**	1	.579**	.728**	.645**	.764**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000	0.000
RM	Pearson Correlation	.541**	.579**	1	.632**	.555**	.620**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000	0.000
NW	Pearson Correlation	.716**	.728**	.632**	1	.729**	.787**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000	0.000
EM	Pearson Correlation	.718**	.645**	.555**	.729**	1	.784**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		0.000
EP	Pearson Correlation	.752**	.764**	.620**	.787**	.784**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	

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

b. Listwise N=400

Appendix VI
Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.876 ^a	0.768	0.765	0.34727

a. Predictors: (Constant), EM, RM, RC, OC, NW

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	157.122	5	31.424	260.576	.000 ^b
	Residual	47.515	394	0.121		
	Total	204.637	399			

a. Dependent Variable: EP

b. Predictors: (Constant), EM, RM, RC, OC, NW

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-0.183	0.116		-1.579	0.115		
	OC	0.147	0.048	0.129	3.081	0.002	0.334	2.997
	RC	0.276	0.046	0.246	6.034	0.000	0.355	2.818
	RM	0.098	0.037	0.087	2.676	0.008	0.560	1.786
	NW	0.238	0.045	0.228	5.295	0.000	0.316	3.160
	EM	0.324	0.040	0.318	8.101	0.000	0.383	2.610

a. Dependent Variable: EP

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ABSTRACT The main objective has been to assess these perceptions and analyze the impact of M&As on work efficiency. The study employs both descriptive and causal-comparative research designs, focusing on employees in commercial banks within the Kathmandu Valley. A sample of 400 employees has been selected using convenience sampling to facilitate efficient data collection. Primary quantitative data has been gathered through a structured questionnaire designed. Data