

**IMPACT OF MERGER AND ACQUISITION ON EMPLOYEE'S  
SATISFACTION OF NEPALESE COMMERCIAL BANKS**

**A Thesis**

**By**

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## RECOMMENDATION LETTER

It is certified that thesis entitled **Impact of Merger and Acquisition on Employee's Satisfaction of Commercial Banks in Nepal** submitted by **Jeevan Prasad Awasthi** is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evidences the capacity of the candidate for critical examination and independent judgment. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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## APPROVAL SHEET

We, the undersigned, have examined the thesis entitled “**Impact of Merger and Acquisition on Employee’s Satisfaction of Commercial Banks in Nepal**” presented by Jeevan Prasad Awasthi , a candidate for the degree of **Master of Business Studies** (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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## **CERTIFICATION OF AUTHORSHIP**

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirement for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of the thesis.

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Date: .....

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## ***ABSTRACT***

*Mergers and Acquisition have become the main means of attaining higher performance which is the ultimate goal of every firm, including banks. Merger and Acquisition is a relatively new concept to the Nepalese banking and Financial Institutions (BFIs). Bank M&As have been driven by government policy initiatives for restructuring the banking industry. In this context the commercial banks are forced to go for merging and acquisition. At the same time, it becomes important to see the impact of merger and acquisition on financial performance of banks. The objective of this study was to determine the impact of mergers and acquisition on the financial performance of commercial banks in Nepal. The research was conducted to emphasize on the financial performance of targeted banks i.e. Global IME Bank Limited and NIC Asia Bank Limited after the mergers. The study used secondary sources of data from the annual reports of selected commercial banks, annual report of Nepal Rastra Bank and other official publications over the period. Financial data from Balance sheet and comprehensive Income Statement of the respective commercial banks and NRB Supervision report for five years before and after the mergers were used to calculate the EPS, ROE and ROA. The paired sample t- test was used to analyze the financial performance. After the conduction, it was concluded that both of them showed the mixed results. The results indicated that that NIC Asia Bank's ROE, EPS and ROA decreased after the merger as compared with before the merger while Global IME Bank's ROE, EPS and ROA increased for the period after the merger in comparison with before the merger. An increase in ROE, EPS and ROA confirm that the bank was able to efficiently utilize the shareholders' funds at their disposal thereby encouraging them to invest more in the bank. On the other hand, a decrease in ROE, EPS and ROA confirm that the bank was not able to efficiently utilize the shareholders' funds. But if we talk about the overall performance in long run, we can say that both banks have slightly shown improvement in their financial performance although the results of the NIC Asia Bank Limited were lower after the merger.*

**Keywords:** Merger, Acquisition, Financial performance, Banks, ROA, EPS, ROE.

## TABLE OF CONTENTS

### RECOMMENDATION

LETTER..... ii

APPROVAL SHEET.....  
iii

CERTIFICATION OF AUTHORSHIP.....  
iv

ACKNOWLEDGEMENT.....  
. v

### TABLE OF

CONTENTS..... vi

### LIST OF

TABLES..... x

### LIST OF

FIGURES..... xi

LIST OF CHARTS..... xii

ABBREVIATIONS..... xiii

ABSTRACT..... xiv

CHAPTER ONE..... 1

INTRODUCTION..... 1

1.1. Background of study..... 1

1.2. Statement of the problem..... 7

1.3. Purpose of the Study..... 9

1.4. Significance of the Study..... 9

1.5. Limitations of the Study..... 10

### CHAPTER TWO

#### LITERATURE REVIEW

2.1. Introduction..... 12

2.1.1 Concept of Mergers and Acquisitions

2.2 Theoretical Review

2.2.1 Free Cash Flow Theory

- 2.2.2 Resource Based Firm Theory
- 2.2.3 Agency Theory
- 2.2.4 Transaction Cost Theory
- 2.2.5 Modigliani – Miller Theorem
- 2.2.6 Managerial Hubris Theory
- 2.2.7 Financial synergy Theory
- 2.3 Bank merger and employees' satisfaction
- 2.4 Mergers and acquisitions link to human issues
- 2.5 Influence of Mergers and Acquisitions on Job Security
- 2.6 Influence of Mergers and Acquisitions on Pay/Remuneration
- 2.7 Influence of Mergers and Acquisitions on Organizational
- 2.8 Conceptual Framework
- 2.9 Merger by Laws of NRB 2011
  - 2.9.1 Introduction
  - 2.9.2 Guidelines and Conditions for Opting Merger Bylaws 2011
  - 2.9.3 Major Provisions of Merger Bylaws 2011

## CHAPATER THREE

### RESEARCH METHODOLOGY

- 3.1 Research design
- 3.2 Population and Sample
- 3.3 Nature and Sources of Data
- 3.4 Data Collection
- 3.5 Data Processing Technique
- 3.6 Limitation and challenges

## CHAPTER IV

### RESULT

- 4.1 Background
- 4.2 Presentation and analysis of data
  - 4.2.1 General Demographic Analysis
  - 4.2.2 Gender of Respondents
  - 4.2.3 Education of Respondents
  - 4.2.4 Age Respondent
- 4.3 Descriptive Analysis of Research Variables**
  - 4.3.1 Job Security**



## **LIST OF TABLES**

Table 4.1: Gender of the Respondents

Table 4.2: Education of the Respondent

Table 4.3: Age Respondent

Table 4.4 Bank provides enough time for me

Table 4.5 I feel secured in this bank after merger and acquisition

Table 4.6 Bank has made appropriate carrier plan for me

Table No. 4.7 I feel proud to be an employee of this bank

Table No. 4.8 Responses Regarding Job Security

Table No. 4.9 The bank has appropriate job design after merger and acquisition

Table No. 4.10 I like plan, policy and strategy of this bank after merger and acquisition

Table No. 4.11 There is positive impact on leadership style after merger and acquisition

Table No. 4.12 The efficiency of management is increased after merger and acquisition

Table No. 4.13 Management communication and listens well after merger and acquisition

Table No. 4.14 Response Regarding Organization

Table No. 4.15 I am satisfied with salary of this bank after merger and acquisition

Table No. 1.16 Bank has made appropriate carrier growth plan after merger and acquisition

Table No. 1.17 There is positive impact on bonus after merger and acquisitions

Table No. 1.18 The bank is providing more non-monetary benefits after merger and acquisition

Table No. 4.19 Response Regarding Pay

Table No. 4.20 The bank is using advance technology after merger and acquisition

Table No. 4.21 Working culture of this bank is improved after merger and acquisition

Table No. 4.22 The bank is providing more training and development opportunity after merger and acquisition

Table No. 4.23 The bank has more availability of equipment and devices to carry out the work after merger and acquisition

Table No. 4.24 Response Regarding Working Condition

## **LIST OF FIGURES**

Fig.4.1: Gender of the Respondents

Figure 4.2: Job Position of Respondent

Figure 4.2:3 Age Respondent

## LIST OF CHARTS

Chart No. 4.1: ROE of Global IME Bank Ltd.....	
40	
Chart No. 4.2: EPS of Global IME Bank Ltd.....	
42	
Chart No. 4.3: ROA of Global IME Bank Ltd.....	44
Chart No. 4.4: ROE of NIC Asia Bank Ltd. ....	
46	
Chart No. 4.5: EPS of NIC Asia Bank Ltd.....	
48	
Chart No. 4.6: ROA of NIC Asia Bank Ltd.....	50

## **ABBREVIATIONS**

M&A :	Mergers and Acquisitions
NRB :	Nepal Rastra Bank
BFI's :	Bank and Financial Institutions
ROA :	Return on Assets
ROE :	Return on Equity
EPS :	Earnings per Share
CAR :	Capital Adequacy Ratio
NEPSE:	Nepal Stock Exchange
LOI :	Letter of Intent
BAFIA:	Bank and Financial Act
CB :	Commercial Bank
SEC :	Shareholder's Equity
NIC :	Nepal Industrial & Commercial Bank
ATM :	Automated Teller Machine
CBON :	Central Bank of Nepal
BODS :	Boards of Directors
CIT :	Citizen Investment Trust
MOF :	Ministry of Finance