MERGER OF BANK AND FINANCIAL INSTITUTIONS: EFFECTS ON EMPLOYEE PERFORMANCE

SHRADDHA UPRETI

Roll No: - 808/19

TU Registration No: 7-2-242-826-2014

A Research Project Submitted to

Central Department of Management

Faculty of Management

Tribhuvan University

In partial Fulfillment of the requirements for the degree of

Masters of Business Management (MBM)

Kirtipur, Kathmandu

July, 2022

Statement of Authorship and Originality

I hereby certify that I am the author of this document and that any assistance I received in its preparation is fully acknowledged and disclosed in the document. I have also cited all the sources from which I obtained data, ideas or words that are copied directly or paraphrased in the document. Sources are properly credited according to accepted standards for professional publications.

I also certify that this research project report was prepared by me for the purpose of partial fulfillment of requirements for the MBM degree of Faculty of Management, Tribhuvan University.

Shraddha Upreti

Signature:

Date of Submission:

Report of Research Committee

Miss. Shraddha Upreti has defended a research proposal entitled “Merger of Bank and Financial Institutions: Effects on Employee Performance” 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 Assist. Prof. Dr. Bal Ram Duwal and submit the thesis for evaluation and viva voce examination.

Asst. Prof. Dr. Bal Ram Duwal
Research Project Supervisor
…………………………………

Dissertation Proposal Defended Date:-

Asst. Prof. Dr. Bal Ram Duwal
…………………………………
Research Project Supervisor

Dissertation Submitted Date:-

Prof. Dr. Bhoj Raj Aryal
Signature: …………………………………
Head of Research Committee

Dissertation Viva Voce Date:-

Approval Sheet

We, the undersigned, certify that we have carefully read the research project report submitted by Miss. Shraddha Upreti and conducted the viva-voce examination of the candidate. We are fully satisfied with the quality and academic standard of the research project report. The candidate has defended his research work very satisfactorily. We therefore recommend that the research project entitled **"**Merger of Bank and Financial Institutions: Effects on Employee Performance**"** be accepted as partial fulfillment of the requirements for the award of the degree of Master of Business Management (MBM) of Tribhuvan University.

…………………………...
Asst. Prof. Dr. Bal Ram Duwal
Research Project Supervisor

…………………………….

External Examiner

…………………………….
Asso. Prof. Gyan Mani Adhikari
Director, MBA/MBM Program

………………………….
Prof. Dr. Bhoj Raj Aryal
Head of Research Committee

………………………….
Prof. Dr. Ramji Gautam
Head of Central Department of Management
Date:

Acknowledgements

The graduate research project entitled “MERGER OF BANK AND FINANCIAL INSTITUTIONS: EFECTS ON EMPLOYEE PERFORMANCE” has been submitted to the Central Department of Management- Tribhuvan University (CDM) for partial fulfillment of the requirements for the degree of Masters of Business Management (MBM). There are many individuals to whom I owe a debt of gratitude for their assistance in this graduate research work.

First and foremost, I would like to express my immense gratitude and appreciation to my supervisor Asst. Prof. Dr. Bal Ram Duwal for his valuable and prompt advice, constructive comments, useful criticisms that made this thesis work possible.

Besides, I must express my very profound gratitude to parents for their encouragement and support throughout my study life. Also, I would like to express my love to my siblings for providing me with unfailing support and continuous encouragement throughout my years of study and through the process of researching and writing this Dissertation.

Finally, acknowledgments are due to my teachers, family, and friends for their tacit support and valuable inspiration that assisted in preparing this report. This opportunity is big for me to develop my academic qualification. I will strive to use gained knowledge and skills in the best possible way and will continue to work on their improvement, to attain desired career objectives. Hope to continue cooperation with all of you in the future.

Shraddha Upreti

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Common Abbreviation Used

BFIs: Bank and Financial Institutions

CS: Compensation Strategy

EP: Employee Performance

M&A: Merger and Acquisition

MS: Management Structure

NRB: Nepal Rastra Bank

S.D: Standard Deviation

SF: Strategic Fit

SP: Strategic Placement

SPSS: Statistical Package for Social Science

Executive Summary

Because more nations are adopting higher levels of deregulation, privatization, globalization, and liberalization, mergers and acquisitions have become more popular as an external growth strategy. In recent years, mergers have been a typical occurrence in Nepal. The Central Bank of Nepal (NRB) adopted a considerable monetary tightening posture in an effort to contain growing inflation as a result of the difficult local and global macroeconomic environments, reduced economic growth, and credit rating downgrades of major economies. The constrained economic situation led to the merger of numerous financial institutions.The necessity to expand the branch network and balance sheet was the primary driver driving these acquisitions.There aren't many studies on the project management and planning aspects of mergers and acquisitions, particularly in the banking industries where employee performance is impacted by disputes caused by disparities in organizational structures and cultures. By conducting a study on the impact of mergers on staff performance in BFIs with a specific focus on development banks of Nepal, this study aims to close the current information gap.The particular goals were to evaluate how compensation strategy, strategic fit, strategic placement, and management structure affected employees' performance while they were employed by Nepalese development banks. With the aid of a survey descriptive research approach, the issue was investigated. Among the 250 respondents who were targeted were those working for development banks with Kathmandu-based headquarters. 150 respondents were chosen as the sample. Each participant in the study completed a questionnaire that was given to the sample population. Quantitative data was gathered, evaluated, and presented using percentages, means, standard deviations, and frequencies using descriptive statistics in SPSS. Karl Pearson Correlation and multiple regression analysis were used to assess the relationships between the variables and draw conclusions. The study comes to the conclusion that employee performance in the merged organization is influenced by compensation strategy, strategic fit, and strategic placement. The management structure was ommitted from the regression analysis because it had no effect on employee performance. The Bank's management should also assess the volume of work and evaluate it in relation to the wages paid to the staff.

In order to improve worker morale and performance through mergers, the bank should expand both official and informal training programs. By fostering an environment that raises employees' motivation levels to satisfactory levels, policies and measures to improve job security for staff members of the amalgamated institutions should be accomplished. The difficulties encountered in putting merger practices into practice as well as potential solutions should be the topic of further research.

Key words: M&A, Compensation strategy, Strategic fit, Strategic placement, Management structure and Employee performance.

CHAPTER I

INTRODUCTION

This chapter consists of the background of the study which explains about the topic of the study and its importance. Problem statement is explained in this chapter with research objectives and research questions.Hypothesis is set and limitations of the study are explained.

1.1 Background of the Study

The increase of interdependence of markets for various goods and services as well as increasing foreign competition, it is obvious that today we live in a time of significant changes. That's why many companies are expanding their geographic reach and growing. Companies which choose to grow, normally try to take an additional market share, reach new customer base, create economic profits, provide returns for their stakeholders, etc., while companies which choose not to grow are obviously doomed to failure due their loss of customers and market shares, destroyed shareholder and stakeholder values and so on. Therefore, Mergers and acquisitions have become common business tools, implemented by thousands of companies in the world (Tamosiuniene & Duksaite, 2009).

A financial institution is a company engaged in the business of dealing with financial and monetary transactions such as deposits, loans, investments, and currency exchange. Financial institutions encompass a broad range of business operations within the financial services sector including banks, trust companies, insurance companies, brokerage firms, and investment dealers (Hayes, 2022).

A bank is a financial institution licensed to receive deposits and make loans. Banks may also provide financial services such as wealth management, currency exchange, and safe deposit boxes. There are several different kinds of banks including retail banks, commercial or corporate banks, and investment banks. In most countries, banks are regulated by the national government or central bank (Barone & Anderson, 2022).

Combining two or more banks is known as a merger of banks. It describes a situation in which a bank merges with another bank, buys its assets, and takes over its ownership to form a new bank.

As cited by Gatheru et al. (2014) in the fast-paced world of Mergers and Acquisitions, at the beginning of every transaction is a vision for the future of a newer, bigger, better operation where everything is rosy and profits are there for the taking as indicated by Angwin (2001). In today‟s market, growth is essential for sustaining the viability, dynamism and the value enhancing capability of any firm. This is because a growth oriented firm is able to attract talented executives and also be in a position to retain them. The main objective for any firm in the market today is to make profits and be in a position to create and maximize shareholder‟s wealth (Jovanovic & Peter, 2002). Growth of the firm can be achieved by introducing new products and services to the market, improving on the already existing products and services in the market or by expanding its present operations on its existing products. The internal growth of a firm can be achieved by entering into mergers and acquisitions (Ghosh & Das, 2003).

The late 1980s financial liberalization had a huge positive impact on the Nepali economy, increasing private sector investment and access to financing options. Through the development of customer-centric services and creative technology use, the competitive financial system has expanded the range of services offered by banking institutions across the nation. The Nepali financial industry, however, has not lived up to the promises it had made immediately following the liberalization process because of insufficient capital and little financial inclusion. Low volume of transactions, high lending interest rates, wide interest rate spreads, ineffective administration, and a lack of resources to support large projects are all characteristics of the Nepali banking sector. The Nepali financial system exhibits regional and urban-rural disparities in addition to not having achieved real financial inclusion. To address these issues, Nepal Rastra Bank (NRB) has implemented a financial consolidation strategy. One of the effective methods of financial system consolidation is merger and acquisition (M&A). The consolidation of weaker and stronger banks to form an effective and reliable combined organization has been encouraged by the government of Nepal as a way to achieve efficiency through economies of scale and scope.

Beginning in January 2010, foreign investors were permitted to invest in Nepal's wholesale banking sector. This happened not long after the International Monetary Fund stated that about one-third of Nepal's BFIs were underperforming, had excessive liquidity, high operating costs, insufficient working capital, unfavorable competition, and were poorly managed. With the exception of a few banks, most BFIs' financial sheets showed diminishing profits and an increasing proportion of problematic loans. Banks were unable to operate effectively due to the deteriorating economic environment, which was characterized by volatility and an unclear future. They then promoted the option of M&A in order to strengthen local banks' ability to compete with their foreign counterparts, who were anticipated to join Nepal shortly, and to improve the nation's financial health. Following the liquidity crisis and the erratic investment environment, M&A offered the perfect remedy for the issues the Nepali financial industry was experiencing.

For Nepali BFIs, M&A is a relatively new concept. The rate of merger and acquisition activity among banks and financial institutions increased after the central bank of Nepal issued merger regulations in 2011 and a capital improvement strategy in 2015. The BAFIA 2006 article 68 and 69, as well as the Merger Bylaws 2011 article 177, were introduced by Nepal Rastra Bank, who also urged all BFIs to combine as a consolidation measure.

Few banks underwent the merger process prior to the publication of the bylaws, including Laxmi Bank, Nepal Bangladesh Bank, and Narayani National Finance. The NRB announced a rise in the minimum paid up capital of commercial banks and development banks through the 2015 Monetary Policy. The national level development bank would need to increase to Rs. 2.5 billion, while the commercial banks would need to rise to Rs. 8 billion in paid-up capital. The banking regulator's demand has further improved the environment for merger and acquisition activity; the wave of M&A, which began in 2011, has affected the Nepali BFI sector. With the intrduction of the merger by-laws, the number of BFIs has gradually declined in

Nepal.Until the end of December 2021, the number of BFIs has declined to 129. The total number of BFIs (A, B and C) stood at 61.

M&A have become the most widely used business strategy for restructuring and strengthening banks to achieve competitiveness, ensure long term existence with considerable profitability, forge entering into new markets, and ascertain the capital base etc. Growth is the key essence for the existence of any organization. A firm can achieve growth either internally by expanding its operations, establishing new units or externally through M&A, takeover, amalgamations, joint ventures etc (Sharma, 2018).

BFIs employees faced an uncertain future after the merger, as new policies were implemented. This resulted in some employee‘s even resisting change. The management of the BFIs should be focused on the human side after merger and acquisitions to minimize the risk of the failure rates of merger and acquisitions (Upadhyay, 2019).

Presently, the Nepalese Banking Sector is facing a big problem and is in a critical stage. So, in order to cope with this problem Nepal Rastra Bank (NRB) has directed the banking institutions to go in the process of mergers and acquisitions. Mergers and acquisitions are an important process in the banking sector to make financial gains enormously. Main aim of mergers and acquisitions in the banking sector is to improve the economies of scale. NRB, the regulatory body of banks in Nepal, has experienced mergers and acquisitions as the most effective weapons for the Nepalese banking sector. Merger and Acquisition is considered a vital tool to facilitate the sound and efficient performance of the financial industry while subjugating the problems underlying the system. M&As are considered as a relatively fast and efficient way to expand into new markets and incorporate new technologies (Goyal & Joshi, 2012).

Several studies have illustrated that employee dynamics and human resource issues, both pre and post-merger, are important determinants of the success or failure of the actual merger or acquisition process. The process of M&A often involves a high degree of uncertainty and can be challenging for the employees. There are numerous studies, which confirm the need for firms to systematically address a variety of human resource issues, activities, and challenges in their merger and acquisition activities (Goyal & Joshi, 2012).

Motives for Merger and Acquisition

M&A has evolved into a corporate strategy that allows a company to bolster its key skills. The elements influencing mergers alter as a result of the shifting societal, political, legal, and economic contexts. Businesses engage in merger and acquisition activities for a variety of financial motives. Some of the common motives of firms for mergers and acquisitions are discussed below:

Synergy

Synergy is commonly used in a merger and acquisitions activity. Synergy has been described as the combined firms having a value that is greater than the sum of the values of the separate firms. Hypothetically the underlying principle of synergy is 2+2=5, or 5+5=11 which is technically incorrect. However, it is believed that the net positive gain will be achieved resulting from the merger of two separate entities. Synergy can be produced as operational, managerial and financial synergies. Operational synergy can be explained as the combination of economies of scale, which would reduce average costs as a result of more efficient use of resources, and economies of scope, which would help companies, deliver more from the same amount of inputs. Financial synergy refers to the impacts of mergers and acquisitions on the cost of capital of the acquiring firm or the newly formed firm resulting from a merger or acquisition. The merged entity will be able to reduce the cost of capital and increase its buying power. A conglomerate merger enables an individual unit under the umbrella of one centralized parent company beyond what would have been achieved by each unit competing individually (Ross et al., 2003).

Revenue Enhancement

According to Ross et al. (2003), “One important reason for a merger or acquisition is that the combined firm may generate greater revenues than two separate firms”. The increase in revenue may come from marketing gains, strategic benefits, and an increase in market power. Enhancing the revenue of companies can be done by market gains, strategic benefits, and market power. It is perfectly obvious that mergers and acquisitions can produce greater operating revenues from improved marketing. For example, “when Microsoft purchased Tiny Vermeer in 1996, Vermeer’s front-page software used to create webpages was selling at a snail’s pace. But, when the software was superimposed on the Microsoft front page, the sales took off reflecting Microsoft marketing muscle”. Some M&A produce strategic benefits when companies enter into another line of business to enhance management flexibility with regard to future operations. For example, suppose a motor company from the original business can provide opportunities to begin manufacturing electric motors and generators.

Cost Reductions

Many M&A are undertaken with the belief that a merged firm may operate more efficiently than two separate firms. A firm can obtain cost reductions in several ways through M&A. According to Ross et al. (2003) a firm can obtain a cost advantage when its average cost per unit decreases as the total level of output increases.

Tax Gains

There are various ways that companies may lower their taxes through merger and acquisition activity. In many cases, a state government and its corporate bodies encourage companies opting for mergers by imposing a flexible tax rate system. Some firms choose to merge with another company that has net operating losses. The combined firm will have lower tax liabilities than the two firms operating separately. In another case, whenever there is an acquisition of assets rather than shares, the assets of the acquired company firm will be revalued. If the value of the assets is increased, the tax deductions for depreciation will be a benefit (Ross et al., 2003).

1.2 Problem Statement

The frequency of M&A has been steadily rising over the past years, both locally and internationally. The industries most impacted by M&A activity have been those focused on expertise and services, like banking. The firms that take a modest pause from their acquisition process to process the lessons learned through acquisitions—a break long enough for management to consolidate important lessons, but short enough to prevent those lessons from being forgotten—achieve the best results. Future merger attempts are not worthwhile if the initial merger fails. The body of research on the value of prior expertise when conducting M&A has produced a mixed bag of findings.

After the successful merger of some banks and financial institutions, many others are in the same direction. The beginning hours of the merger have shown positive signs on BFIs status in terms of capital base, human resources and branch network; but the Nepalese banking industry has yet to see the result of M&A practices (Gautam, 2016)

The primary goal of the study is to examine how a merger affects employee performance. Employees come together as a result of the organizational merger. Human resources are any company's most valuable resource. So, if the combined organization is unable to address employee complaints, conflict may result. It is suggested that satisfied and motivated employees are necessary conditions for happy customers. Nowadays, the banking industry in Nepal employs its own people. It faces difficulties making a satisfactory adjustment after the merger.

Initially, there has not been any problem regarding employees in case of M&A of BFIs. It is because, Nepalese banking industry is still in a growing stage and requires more branch networking in the country. However, the M&A has started showing its effect on employee performance, satisfaction, grievances and turnover (Gautam, 2016).

1.3 Objective of the Study

Numerous studies have shown that pre- and post-merger employee dynamics and human resource concerns play a significant role in determining the success or failure of the actual merger or acquisition process. So, this study seeks to understand the employee's efficiency and effectivemess after the merger process.

The main objectives of the study are:

1. To assess the effect of compensation strategy on employee performance, as a result of Merger & Acquisitions in Bank and Financial Institutions.

2. To examine the effect of strategic fit on the employee performance resulting from Merger & Acquisitions in Bank and Financial Institutions.

3. To assess the effect of strategic placement on the employee performance, as a result of Merger & Acquisitions in Bank and Financial Institutions.

4. To determine the effect of management structure on employee performance resulting from Merger & Acquisitions in Bank and Financial Institutions.

1.4 Research Question

In this research, there are several research questions that has been developed to examine and determine the factors that influence employee's performance in merged bank. Those research questions are as below:

1. How does compensation strategy affect employee performance of merged Bank and Financial Institutions?

2. What is the effect of strategic fit on the performance of Employees working in merged Banks and Financial Institutions?

3. How does strategic placement affect the performance of employees working in merged Bank and Financial Institutions?

4. What is the effect of management structure on the performance of employees working in merged Bank and Financial Institutions?

1.5 Hypothesis

The below hypothesis is based on the findings of different researchers. After reviewing the literature of the (Kivuti, 2013), (Gatheru et al., 2014) and (Ali & Raja, 2021) (Notanubun et al., 2019), we found out that there exists a positive relationship between merger and acquisition and employees' performance. After reviewing the article (Mwanga, 2019) there is an insignificant level of employee involvement, commitment, and productivity after the merger.

H1: There is a positive effect of compensation strategy on employee performance in merged Bank and financial institutions.

H2: There is a positive effect of strategic fit on employee performance in merged Bank and Financial Institutions.

H3: There is a positive effect of strategic placement on employee performance in merged Bank and Financial Institutions.

H4: There is a positive effect of management structure on employee performance in merged Bank and Financial Institutions.

1.6 Rationale of the Study

In this study, the management of human resources after merger and acquisition processes is highlighted. Since it appears that M&A in Nepal has overlooked human resource concerns, this study encourages future improvements in performance. The results of this study may be used by other academics as a starting point for further investigation into the banking, finance, and other merger-related industries. The outcome will provide the various organizations with clear recommendations about how to strengthen their human resource policies and practices for maintaining human capital after merger. The main research findings of this study will give the individual banks the chance to compare their performance with that of other banks.

1.7 Limitation of the Study

This study primarily focuses on how mergers affect employee performance in the banking sector of Nepal. This study's biggest limitation is that it was unable to include additional organizations from throughout the nation. Management's reluctance to give information due to concerns over confidentiality and the lack of readily available records and reports on the operations of development banks is another limitation of the study. The survey is performed among the merging banks with corporate offices in Kathmandu; therefore the views stated by the respondents may not represent those of the entire financial industry. Some of the limitations are:

1. The data were collected from the development banks having head offices in Kathmandu valley only.

2. This study only uses correlation, regression and ANOVA analysis for generating the result; other methods like Structural Equation Modeling (SEM), Factor analysis methods are not used.

3. Only four independent variables were used for this study other variables such as emplyee morale, working emvironment and turnover intention werenot studied in this research.

CHAPTER II

REVIEW OF THE LITERATURE

A literature review is a thorough summary of earlier studies on a subject. The literature review examines scholarly books, journals, and other sources that are pertinent to a particular field of study. The review should list, characterize, condense, impartially assess, and explain the prior research. Additionally, it should provide a theoretical framework for the study and aid the author in understanding the nature of your research. The literature review acknowledges the contributions of earlier researchers, reassuring the reader that the study project has been properly thought through. It is considered that the researcher has read, assessed, and incorporated any prior works in the subject of study that are mentioned in the current work.

2.1 Theoretical Review

Human Capital Theory

This theory holds that the firm's organizational structure and strategy will be influenced by the environment; the more diverse the environment, the more distinctive the structure. Differential remuneration between occupations is typically explained using the human capital approach. Human capital can be described in general terms, such as the ability to read and write, or it can be described in more detail, such as the acquisition of a specialized talent with a limited number of industrial uses. Since that time, the human capital hypothesis has dominated discussions of how wages are determined. It claims that a worker's capacity for earning on the job depends on their knowledge and skills.

Matching' Theory of Ownership Change

Building on this idea, Lichtenberg & Siegel (2009) presented a "matching" theory of ownership transition, according to which the organization's productivity is influenced by how well varied plants and owners "fit" together. Poor plant productivity is a symptom that an owner and the plant are not a good match, and this will be a key factor in the firm's decision to keep or sell a particular plant. This framework was modified by Holmes & Schmitz (2008) to include a new human capital dimension they refer to as "business quality," which is closely tied to the manager's quality. In their model, top managers invest in businesses that carry out high-quality initiatives based on fresh concepts.

Reversal Theory

Understanding what motivates employee behavior patterns can help to promote higher levels of performance and accomplishment (Lichtenberg & Siegel, 2007). Reversal Theory explains a variety of discrete worldviews and demonstrates that these basic states are made up of opposite pairs. Reversals are the changes between each pair of opposites. The primary concept of reversal theory is that human experience is molded by a variety of alternative worldviews, each of which is predicated on a core belief or motivation. Four such opposite state combinations in particular have been identified. We often bounce back and forth between opposing motivational states or styles in the course of everyday life and under a range of conditions.

Expectancy Theory

People frequently make predictions about what will probably happen in the future and form expectations about what will happen. People's efforts depend on their traits and ability to make a difference if things appear to be reasonably possible and alluring, and this will inspire us to take action to bring about this particular conduct. According to expectation theory, our motivation depends on how much we desire something and how likely we believe we are to obtain it. Victor Vroom created the formal framework for expectation theory (1964). According to this concept, effort and motivation together produce performance, which in turn produces results.

Thus, Merger and acquisition refer to the aspect of corporate strategy, corporate finance, and management dealing with the buying, selling, and the combination of another company that can help a growing company in a given industry to grow rapidly without having to create another business entity (Upadhyay, 2019). Mergers and acquisitions practices are increasing in the organizations to enhance their competitive advantages and expand their operations. Mergers and acquisitions are contemporary in the Banking and Financial Institutions of Nepal and will likely remain so for the next few years since the recent moves of NRB policies seem concerned about the mushrooming financial institutions (Upadhyay, 2019). Mergers and acquisitions in the banking sector have become familiar in the majority of all the countries in the world. The objective behind the mergers and acquisitions in the banking sector is to reap the benefits of economies of scale. With the help of mergers and acquisitions in the banking sector, the banks can achieve significant growth in their operations and minimize their expenses to a considerable extent (Karn, 2020).

Types of Mergers:

1. Horizontal Mergers:

Horizontal mergers occur when one firm merges with or acquires another that operates in the same industry and is in the same stage of production as the acquiring company and provides the same or similar product lines and services to the ultimate consumers. In this situation, businesses are typically direct rivals. Example of horizontal merger is between Global IME bank and Janata Bank.

2. Vertical Mergers:

A vertical merger aims to bring together two businesses that are producing the same goods and services along the same value chain, with the only distinction being the stage of production in which they are engaged. The example of vertical merger can be merger between hotelier and tour operator.

3. Concentric Mergers:

Concentric mergers happen between companies in a specific industry that serve the same clients but don't provide the same goods and services. Although technically not the same things, their offerings may compliment one another and work well together. Merger between Coca Cola with Six Flags Entertainment Company is one of the examples of concentric merger.

4. Conglomerate Merger:

Conglomerate mergers occur when companies from completely unrelated industries decide to unite, regardless of where in the production process they are. Usually, this is done to diversify into different industries, which lowers risks. Walt Disney Company and American Broadcasting Company are an example of a conglomerate merger.

Mergers and acquisitions are increasing in the world as organizations try to expand their operations and increase their competitive advantage. Despite optimistic expectations, mergers and acquisitions frequently fail or succeed, in part because of the little attention given on the project planning and management part of it and the great neglect of human resource issues, which are rarely considered until serious problems arise. This is against the conception that the success of any merger or acquisition is as much about people and culture as it is about the financials. As such, organizations that recognize the link between people and performance make it their business to understand how to shape employee behavior during and after the mergers. However, there has been some attention in the management and finance literature devoted to assessing the consequences of mergers and acquisitions, while there has been little analysis of the effects of such events on employees (Kivuti, 2013).

Reasons of Mergers and Acquisitions:

The Nepalese banking industry was compelled to engage in merger and acquisition activity in the current scenario for a number of reasons. Some of them are explained below:

Competitive advantage: - As a result of merging, competitors in the banking sector are eliminated, which reduces competitiveness in this process. Banks can significantly increase their operations and significantly reduce their costs with the aid of mergers and acquisitions in the banking sector.

Capital requirement: - The minimum paid-up capital requirement for the Commercial Nepalese bank is Rs 8 billion. For large banks, meeting the government's requirements may not be a problem, but for middle- and small-sized institutions, it may be extremely difficult, if not impossible. Therefore, mergers and acquisitions may be a way to meet this need.

Open Financial Market: - The government of Nepal's liberalization program allowed for the opening of the financial market to foreign investment. Many foreign banks have already submitted applications to begin doing business. It relates to the ability of regional banks to compete with their international counterparts. As a result, mergers and acquisitions will cut costs, boost economies of scale, and boost an institution's capability, enabling it to compete on a global scale.

Increase capabilities: - Capability may come through acquiring a special technology rather than only from a specific department. The cost of capital for banks and other financial organizations is rising as a result of the development of expensive and sophisticated financial technologies. The adoption of cutting-edge financial technologies and the provision of contemporary banking services to the public, especially in remote areas, would be made possible in this context by merger and acquisition in the Nepalese banking sector.

2.2 Empirical Review

Ali & Raja (2021) examined the effect of Merger and Acquisitions on organizational behavior of Manufacturing Firms. Policy change, structural change, and process change are the study's independent factors, while reaction to change and overall performance are its dependent variables. The majority of the research was observational in nature. The study approach included the utilization of both primary data and secondary data from reliable sources. Extensive secondary data were gathered using a variety of sources, including books, related articles in journals, newspapers, reputable websites, and electronic media. The correlation and multiple regression statistical techniques were employed to establish the link between the study variables. These statistical techniques were used to examine the gathered data and interpret the results. The influence of M&A on organizations was measured through the use of multiple regression and correlation analysis, and the findings showed a positive association between the variable and overall performance.

Shrestha et al. (2021) explored the post-merger employee satisfaction of commercial banks in Nepal. Using a descriptive research design, this study was conducted. The main tools utilized for data collecting were expert opinion, survey questionnaires created using KoBo Toolbox, and observation during the survey period. According to the report, employees are dealing with merger and acquisition since they must consent to it in order to keep their jobs. It might be argued that the majority of staff are only moderately satisfied with the state of the banks following the merger. A considerable number of employees indicated that issues that surfaced following the procedure as the cause for being just somewhat happy. Some employees believed that because of how resistant people are, difficulties could not be overcome. However, few workers said that if the workers were provided adequate training and development chances, they would feel content. This study's conclusion is that it is important to understand the wants and circumstances of the employees so that they may operate comfortably and effectively in the post-merger environment.

Hassan & Lukman (2020) investigated the comparative effects of Mergers and Acquisitions (M&As) on employee productivity in selected Nigerian banks.The dependent Variable is Employee productivity and Independent variable is Merger and Acquisition. Data were extracted from the banks’ annual reports and analyzed using Paired t statistics using SPSS software and Trend Analysis to measure changes in employee productivity levels pre and post-M&As. The findings of the study showed an increase in employee productivity post-merger with respect to the studied parameters, namely, Advances Per Employee and Deposits Per Employee.

Kempton & Sarala (2021) reviewed the state-of-the-art in the employee perspective on mergers and acquisitions (M&As).The dependent Variables used in the study were Employee reactions, Culture, Communication, Knowledge, and Speed and Independent variable is Merger and Acquisition. The study was based on qualitative data so content analysis was used to analyze the data.The findings of the study showed the role of employees in M&As is very practical and relevant.

Karn (2020) explored the current issues of Mergers and acquisitions in the banking sector in Nepal. Analytical Research Design was used as a methodology In the study, employees management and customer satisfaction were the dependent variables and Merger and acquisition was the dependent variable.The study found out that employees came together and provided service satisfactory, not difficult to employee adjustment due to increasing number of branches towards different local bodies. Trust of customers is also building with getting different modern types of facilities and several other advantages.

Notanubun et al. (2019) analyzed the effect of organization restructuring on the performance of the organization, directly or indirectly, involving 276 employees in the education office and the Ministry of Education and Culture offices and collected by survey method.Data analysis was done using causal correlation technique to see the effect of organizational restructuring on organization performance. The results of the research indicated that there is a direct influence of organization restructuring on organizational performance also, the result showed that the restructuring performed positively affects the employee performance in the Office of Youth and Sports Education of Maluku province.

Mwanga (2019) investigated the effect of organization merging on employee engagement in the public sector at Tanzania Railway Corporation (TRC), using three determinants of employee engagement named: employee involvement, employee commitment and organizational productivity and further the study explored challenges resulting from merging.The study adopted a mixed method research design whereby both qualitative and quantitative data were captured.The study found out that merging of Railways Asset Holding Company (RAHCO) and Tanzania Railways Limited (TRL) negatively affected employee engagement at TRC. It was found that the level of engagement is weak; there is an insignificant level of employee involvement, commitment, and productivity. Scarcity of resources and inefficient reward mechanisms were identified as main challenges.

Upadhyay (2019) examined the impact of Merger and Acquisition on employee satisfaction. Descriptive-cum-analytical research design has been selected because of the specific nature of the study aims. Employee satisfaction served as the study's dependent variable, while independent variables included employee turnover, job stress, and working environment. After the merger and purchase, NMB Bank Limited and Citizen Bank Limited's employees were deemed to be satisfied. Employee satisfaction has a positive relationship with working conditions, employee turnover, and job stress. This demonstrates that all of the contributing factors had an equal impact on employee satisfaction following the merger.

Sharma (2018) investigated the impacts of M&A on employees, shareholders, and overall financial markets. The research was descriptive in nature. Open-ended and closed-ended questionnaires were used to obtain primary data from respondents, which were then interpreted using survey methodology. Using MS-Excel, data were quantitatively evaluated and presented, and graphic representations of column charts were created. To evaluate the combined entity's financial performance, secondary data based on several financial indicators were employed. According to the study, banks that participated in merger operations saw an improvement in performance, but the staff did not feel comfortable discussing their concerns with the new management. Additionally, studies revealed that workers anticipate greater professional advancement in the post-merger phase.

Kangetta & Kirai (2017) surveyed the impacts of mergers and acquisitions on employee spirit (morale) in the Insurance segment in Kenya. Adopting a descriptive research design, a purposive sampling strategy and simple random sampling was utilized to distinguish respondents. Data was broken down utilizing descriptive statistics by methods for SPSS. The examination discovered that mergers/acquisitions had an incredible effect on the worker spirit of insurance agencies.

Gautam (2016) compared employees' job satisfaction before and after merger and acquisition (M&A); and measured the association of job satisfaction with switching intention after M&A of Nepalese Banks and Financial Institutions. The research was done using a survey methodology. Employees of those BFIs that underwent M&A were polled. The sample respondent was chosen via convenience sampling. M&A has been used as a control variable in this study. Level of education, level of employment, amount of experience, compensation, and demographic parameters are additional independent variables having moderating characteristics. Job satisfaction and switching intention are the dependent variables in this situation. The dependent variable switching intention has, however, also been taken into account as an independent variable, along with work satisfaction. The study's findings suggest that employees experience uncertainty following BFI M&A and express unhappiness with the M&A process relative to before M&A. Even if they do not express a desire to switch jobs, employees do not enjoy their positions after an M&A. However, contented workers declared that they planned to change jobs. They believed they were capable of obtaining a better position. Due to the M&A process, education has an effect on job satisfaction but not switching intention.

The study on the influence of mergers and acquisitions on employee performance in Kenya focused on Equatorial Commercial Bank. This research problem was studied through the use of a descriptive research design. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS and presented through percentages, means, standard deviations and frequencies. From the findings, the study revealed that compensation strategy, strategic integrations, management structure and strategic placement influence organization performance at the Equatorial Commercial Bank, as a result of Mergers and Acquisitions (Gatheru et al., 2014).

Adhikari (2014) analyzed the impact of merger and acquisition in the Nepalese banking and financial institutions. To assess the impact of M&A on the employees and customers, a web-based quantitative research was adopted by using webropol and Microsoft excel.The theoretical part of this research focussed on brief introduction of the central bank of Nepal, financial system and classification in Nepal. It also covers the merger bylaws policy introduced by NRB. Some contemporary theories of merger and acquisition have been studied.The study found a remarkable effect of M&As on HRM, IT, Loan, Finance, and Treasury departments. The Human Resource Department (HRM) among merged banks has been highly affected with 31 percent due to layoffs of employees and position restructuring arising from the merged entity. Likewise, the IT department picked up modestly to about 18 percent, closely followed by the loan department and finance department by 17 and 16 percent respectively.

Kivuti (2013) established the influence of mergers and acquisitions on employee performance in Equatorial Commercial bank.The dependent variable of the study was Employee performance and Independent variables were Job security, Remuneration, Sense of belongingness and Chain of command along with moderating variable employee performance. Survey descriptive research design was used in the study.From the findings; mergers between the financial institutions were found to affect employee performance in ECB.

Goyal & Joshi (2012) studied the growth of ICICI Bank Ltd. through mergers, acquisitions, and amalgamationAmalgamation was the study's independent variable, and human resource was its dependent variable. An in-depth analysis of ICICI Bank Ltd. was conducted using a case study. The study's findings showed that mergers and acquisitions (M&As) were regarded as corporate events that aid in synergy creation and sustainable competitive advantage, but they also have the potential to cause severe personal trauma and stress, which can lead to issues with psychological, behavioral, health, performance, and survival for both people and businesses.

Naveed et al. (2011) investigated the impact of M&A on the employee’s job motivation and job satisfaction having both pre & post M&A job experience and those having only post M&A experience. The study's independent variable was the process of mergers and acquisitions in the banking industry, and its dependent variables were the effects of M&A on employees' job security and job motivation. Data analysis was done using descriptive analysis. According to the survey, people who have worked in environments affected by mergers and acquisitions both before and after them firmly believe that their level of motivation is inadequate and that their job security is in danger. The individuals who had just post-M&A employment experience, on the other hand, had produced satisfactory results because they hadn't worked in a pre-M&A atmosphere. As a result, they gave a favorable reaction in terms of employment motivation and job security.

Several studies have been conducted to understand the post-merger financial health of the companies in Nepal. However, very few studies have been conducted to study the effects of the merger process on the employee’s performance. This study seeks to comprehend the employee attitude and performance after the merger process and determine the factors responsible for affecting the Employee performance after the merger process.

Table: 2.1 Literature Review Matrix

Author	Objectives	Variables	Data analysis	Findings
Ali & Raja (2021)	To examine the effect of Merger and Acquisitions on organizational behavior of Manufacturing Firms.	Independent Variable -Policy Change, Structural Change and Process Change. Dependent Variable-Overall Performance	Multiple Regression and Correlation Analysis	The policy change, structural change and process change is positively correlated to overall performance
Kempton & Sarala (2021)	To enhance the understanding of the role of employees in M&As	Dependent Variables-Employee reactions, Culture, Communication, Knowledge, and Speed Independent variable- M & A.	Content Analysis	The role of employees in M&As is a very practical and relevant.
Shrestha et al. (2021)	To explore post-merger employee satisfaction of commercial banks in Nepal	Dependent variable-Employee satisfaction Independent variable-Merger and Acquisition	Descriptive Analysis	It was found that employees are coping with merger and acquisition since they must agree to it to sustain their jobs.
Hassan & Lukman (2020)	To investigate the comparative effects of Mergers and Acquisitions on employee productivity in selected Nigerian banks.	Dependent Variable-Employee productivity. Independent variable- M & A	Descriptive Analysis	The study concludes that M&A positively impacted employee productivity in the Nigerian Banking Industry.
Karn (2020)	To study the current issues of Mergers and acquisitions in the banking sector in Nepal.	Dependent variables-Employees Management, Customer Satisfaction Independent variable- M&A	Content analysis	-No difficult employee adjustment due to the increasing number of branches -Trust of customers is also building.
Notanubun et al. (2019)	To analyze the effect of organization restructuring on the	Control variable-Organization Restructuring	Causal correlation technique	The results of the research indicates that there is a direct influence of

	performance of the organization, directly or indirectly.	Independent variable-Employee performance and Leadership effectiveness Dependent Variable-Organization's performance		organizational restructuring on organization performance also ,the result showed that the restructuring performed positively affects the employee performance in the Office of Youth and Sports Education of Maluku province.
Mwanga (2019)	To investigate the effect of organization merging on employee engagement.	Determinants- employee involvement, employee commitment and organizational productivity	Descriptive Analysis	It was found that the level of engagement is weak; there is an insignificant level of employee involvement, commitment, and productivity
Upadhyay (2019)	To examine the impact of Merger and Acquisition on employee satisfaction	Dependent variables- Employee satisfaction Independent variables-Working Condition, Employees Turnover, Job Stress	Regression analysis	Employees are satisfied after merger and acquisition of the Financial Institutions of Nepal
Sharma (2018)	To identify the impacts of M&A on employees, shareholders, and overall financial markets	Dependent Variables- Employees, Financial performance. Independent Variables-Merger and Acquisition	Primary data are analyzed and presented quantitatively by using MS-Excel. Secondary data are analyzed using different financial indicators .	Banks participating in merging activities have experienced an improvement in performance. Also analysis showed that employees expect better career growth in the post-merger phase.
Kangetta & Kirai (2017)	To assess the effects of mergers and acquisitions on employee morale in	Dependent variable-Employee Morale	Descriptive analysis	Mergers and acquisitions had a great impact on employee morale of

	the insurance sector in Kenya.	Independent Variables-work environment and Job satisfaction		insurance companies. Most of the firms studied showed improved work environment and job satisfaction after merger or acquisition.
Gautam(2016)	This paper compared employees‟ job satisfaction before and after merger and acquisition (M&A); and measured the association of job satisfaction with switching intention after M&A of Nepalese Banks and Financial Institutions.	Control Variable-M&A Dependent variables -Job satisfaction and switching Intention. Independent variable- Level of education, Level of job, work experience and remuneration and demographic factors.	Descriptive Analysis	Employees were found less satisfied after M&A compared to before M&A but switching intention of employees was not found after M&A.
Adhikari (2014)	To study the impact of merger and acquisition in the Nepalese banking and financial institutions	Dependent Variables-employees, customers, shareholders Independent Variable-Merger and Acquisition	Descriptive analysis	M&A has created a high degree of confidence and hope in doing better performance by the merged entity among employers, corporate clients and customer as well as Shareholders.
Kivuti (2013)	To establish the influence of mergers and acquisitions on employee performance	Dependent variable-Employee performance Independent variables- Remuneration,Ownership/Belongin	Descriptive and content analysis	The study concludes that employee pay and remuneration affect Employee performance in the merged organization.

		gness,job security and Chain of command Moderating variable-Employee motivation.		
Goyal & Joshi (2012)	To study the growth of ICICI Bank Ltd. through mergers, acquisitions, and amalgamation	Independent variable-Amalgamation. Dependent variable-Human Resources	Content Analysis	M&As are considered as corporate events which helps an organization to create synergy and provide sustainable competitive advantage , but, simultaneous they create severe personal trauma and stress for both the individuals and companies.
Naveed et al.(2011)	To examine the impact of M&A on employee’s job satisfaction and security	Independent Variable: process of M&A in banking sector Dependent Variables-Impact of M&A on Employees' Job Motivation. - Impact of M&A on Employees' Job Security.	Descriptive analysis	Employees those who have worked in both pre and post- mergers & acquisitions environments strongly feel that their motivation level is unsatisfactory and feel a strong threat to their job security.

2.3 Conceptual Framework

Instead of the anticipated improvement in financial performance, mergers and acquisitions are now more frequently linked to decreased morale, job unhappiness, unproductive conduct, higher turnover, and absenteeism. The root reasons of employee under performance should therefore be carefully investigated because gaining an understanding of them could enhance merger planning and outcomes. Understanding the different ways that mergers and acquisitions affect employee performance can have long-term effects on how individuals, businesses, and nations as a whole prosper economically. The conceptual framework for this study is derived from the literature review and includes the numerous components of mergers and acquisitions that affect employee performance. A conceptual framework is a fundamental structure made up of specific abstract building blocks that stand in for the experiential, analytical, and synthetical components of a process or system under consideration.

The conceptual framework of this study examines studies on merger and employee performance in Nepalese Development Banks. Merger has been used as a control variable in this study. Independent variables are compensation strategy, strategic fit, strategic placement and management structure. Here, the dependent variable is Employee Performance.

Operational Definitions of Variables:-

Employee Performance: These are the duties that come with the job that a person is supposed to perform, and how well they are carried out will depend on how well an employee performs in order to pass the rating criteria used to assess their skills and output.

Compensation Strategy: A compensation strategy outlines how your business will compensate employees in terms of pay and benefits. In order to recruit and keep employees with the necessary knowledge, abilities, skills, competences, and attitudes for the job, an effective pay strategy is necessary.

Strategic Fit: The degree to which a business is aligning its resources and talents with the opportunities in the external environment is expressed by its strategic fit. The organization must therefore have the actual resources and competencies to implement and support the plan because the matching is done through strategy. A company's existing strategic condition, as well as prospects like mergers and acquisitions (M&A) and the sale of organizational divisions, can be actively assessed using the concept of strategic fit.

Strategic Placement: The process of connecting the chosen candidate with the employer in order to create a long-term work relationship is referred to as strategic placement. Finding and hiring the greatest candidates for your firm, then placing them in the positions for which they are most qualified, is known as strategic placement.

Management Structure: An organization's management hierarchy is organized according to a management structure. A hierarchy is present in practically all organizations. The organization's hierarchy establishes the lines of power, channels of communication, and obligations.

Table: 2.2 Summary of studies that used Compensation Strategy, Strategic Fit, Strategic Placement, Management Structure and Employee performance.

Domain	Author
Compensation Strategy	Gatheru, Lydiah Wangui & Susan Were(2014),Pamela J. Mwanga(2019)
Strategic Fit	Gatheru, Lydiah Wangui & Susan Were(2014),Pamela J. Mwanga(2019)
Strategic Placement	Gatheru, Lydiah Wangui & Susan Were(2014),Pamela J. Mwanga(2019)
Management Structure	Gatheru, Lydiah Wangui & Susan Were(2014),Pamela J. Mwanga(2019)
Employee Performance	Mary kivuti(2013),Gatheru, Lydiah Wangui & Susan Were(2014), Pamela J. Mwanga(2019),Zainuddin Notanubun, Ribka Lemi Ririhena, John Rafafy Batlolona(2019),J.Mohamed Ali and A.Javith Raja(2021).

Table 2.2 shows the summary of studies that used the independent and dependent variables used in this research such as Compensation strategy, Strategic fit, Strategic placement, Management structure and Employee performance respectively.

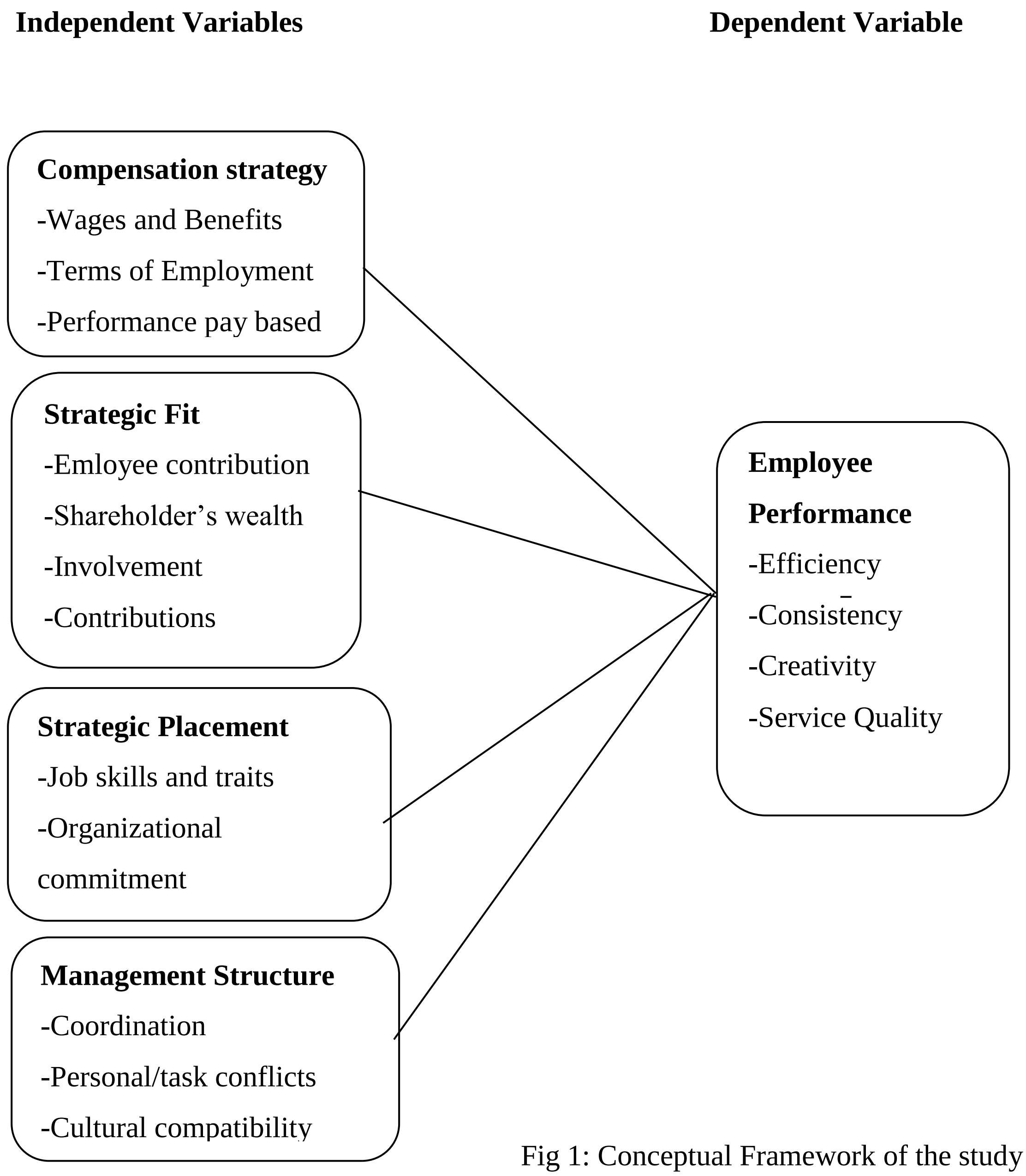

Fig 1: Conceptual Framework of the study

Source: Gatheru et al. (2014)

Table: 2.3 Operational Definitions of Variables:-

Variables	Types of Variables	Indicators	Scale	Data Collection instruments	Data Analysis Tools
Compensation Strategy	Independent	-Wages and benefits -Terms of employment -Performance based pay -Allowances/ bonuses	Scale	Questionnaire	**Descriptive** - Frequency, Percentage, Mean and S.D. **Inferential-** Correlation and Regression
Strategic Fit	Independent	-Employee composition -Shareholder wealth -Involvement -Contributions -Belonging	Scale	Questionnaire	**Descriptive** - Frequency, Percentage, Mean and S.D. **Inferential-** Correlation and Regression
Strategic Placement	Independent	-Job skills and traits -Organizational commitment -Job satisfaction -Employee retention	Scale	Questionnaire	**Descriptive** - Frequency, Percentage, Mean and S.D. **Inferential-** Correlation and Regression
Management Structure	Independent	-Coordination -Personal/task conflicts -Cultural compatibility -Work loads	Scale		**Descriptive** - Frequency, Percentage, Mean and S.D. **Inferential-** Correlation and Regression
Employee Performance	Dependent	-Efficiency -Consistency -Creativity -Service quality	Scale	Questionnaire	**Descriptive** - Frequency, Percentage, Mean and S.D. **Inferential-** Correlation and Regression

Table 2.3 shows the summary of studies that used the independent and dependent variables used in this research such as Compensation strategy, Strategic fit, Strategic placement, Management structure and Employee performance respectively.

2.4 Research Gap

A number of researches have been carried out to comprehend the financial health post-merger of the Nepali companies. There have, however, been a relatively limited number of studies done to examine how the merger process affects employee performance. This study aims to understand employee attitudes and performance following the merger process and identify the variables that have an impact on that performance. This analysis makes a small effort to close this gap by concentrating on mergers in emerging nations. The purpose of the study was to shed light on the impact of mergers on employee performance at the Development Banks of Nepal.

CHAPTER III

RESEARCH METHODOLOGY

Research methodology refers to the particular steps or methods used to find, choose out, organize, and evaluate data on a subject. It is the structure that supports a research's plan. The methodology that was employed to carry out the study is presented in this chapter. Also covered are the types of data used, their sources, target audiences, sampling strategies, and methods for determining sample size. It also outlines the data collection and analysis process. The appropriate approach in this study provides instructions for acquiring and processing data.

3.1 Research Design

This research problem was studied through the use of a descriptive research design and correlational research design. Descriptive research aims to accurately and systematically describe a population, situation or phenomenon. It can answer what, where, when and how questions, but not why questions (McCombes, 2019). With a correlational research design, relationships between variables are examined without any of the variables being under the researcher's direct control or manipulation. As a result, the results of this study might be applied to all organizations. This study's primary emphasis was quantitative. Employee performance is the dependent variable in this study, and the independent variables are compensation strategy, strategic fit, strategic placement, and management structure.

3.2 Population and Sampling

Population for this study includes all the employees working in the corporate office of the Development bank of Nepal in Kathmandu. Taking the base year 2018, there were 33 development banks in Nepal. Now due to many mergers and acquisitions there are 18 Development banks in Nepal till January 2022 among which 11 banks have corporate offices out of Kathmandu. Thus, among the corporate offices of 7 development banks, 5 banks were taken for this study because among them 5 banks are merged. From the corporate office of each bank, 30 employees will be chosen on the basis of purposive sampling, making the total sample size 150. A total of 126 acceptable questionnaires—representing a response rate of 84 percent—were gathered out of 150 self-administered surveys that were issued. This response rate was adequate for drawing study-related conclusions. The response percentage was typical.

3.3 Nature and Sources of Data Collection

The primary method of data collection was used to get the data for the study. The primary techniques for gathering data include surveys, interviews, and observations. The questionnaire for this study was created using Likert type scales. A questionnaire with two sections, A and B, was used as the research tool for this study. While section B asks questions about the study, section A is made up of inquiries about the respondents' biographies. In order to gather primary data, questionnaires with five option each and one open-ended question was used. The respondents were provided with a standardized questionnaire during a personal visit. A five-point Likert scale was employed in this investigation, as shown below:

1-Strongly Disagree,

2-Disagree,

3-Neutral,

4-Agree and

5-Strongly Agree

Each participant in the sample population was given a survey questionnaire, which was used in the study. Both open-ended and closed-ended questions were included in the survey. The answers to the closed-ended questions were well-structured, allowing for more specific recommendations. In order to get more diversified answers, less related responses were provided by using closed-ended questions to assess the ranking of several traits. The answers to the open-ended questions revealed additional data that the close-ended questions would not have included. Additionally, secondary data were gathered for this investigation. These materials were helpful in creating new information for the study from reports or previously published data that had already been documented. A valuable quantitative tool for assessing historical or modern private or public records, reports, government documents, and opinions is secondary data.

3.3.1 Reliability Analysis

The question of whether a study's findings can be repeated is what reliability is all about. The phrase is frequently used in reference to the issue of whether the metrics used for business principles are consistent.

Table: 3.1 Reliability test of dependent and independent variables

Variables	Cronbach's Alpha
Compensation Strategy	0.785
Strategic Fit	0.848
Strategic Placement	0.849
Management Structure	0.828
Employee Performance	0.780
Average	0.818

Source: SPSS

The study employed the internal consistency-based Cronbach's alpha methodology to assess the results' dependability. The correlation between measurable items and their average is measured by Cronbach's alpha. The relationship between mergers and employee performance was examined in the context of the existing and ideal circumstances. The validity of the data that had been gathered was checked using SPSS software. Cronbach's alpha, which needs to be higher than the permissible level of 0.70, was used to assess the overall scales' reliability of the current scenario and the desired situation. In order to achieve the acceptable threshold, the reliability value for this study was established at 0.818. By measuring internal consistency with Cronbach's Alpha, the questionnaire's reliability was assessed. The Alpha determines if a certain item measures the same construct to determine internal consistency. For each target, Cronbach's Alpha was constructed to see if each scale would yield reliable results if additional research were conducted. All four scales were considered reliable because their reliability values were higher than the required cutoff of 0.7.

3.4 Method of Data Analysis

The completed questionnaires were reviewed for accuracy and coherence before processing the responses. Quantitative data was gathered, evaluated, and presented using percentages, means, standard deviations, and frequencies using descriptive statistics in SPSS. The data was presented both visually and verbally. Through the use of SPSS, this was accomplished by adding up replies, calculating percentages of response variation, and analyzing and interpreting the data in accordance with the study's objectives and presumptions. The data that was gathered from the open-ended questions that are qualitative in character or have certain aspects were tested using content analysis. For the purpose of drawing reliable and repeatable conclusions about the context of the data, the content analysis employs a set of categorizations. The researcher used the Karl Pearson's coefficient of correlation to express how strongly the variables were related. In order to investigate how mergers affect bank and financial institution staff performance, the researcher also performed a multiple regression study. The regression equation ($Y = \beta0 + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4+ \varepsilon$): Whereby Source: Gatheru et al. (2014)

Y = employee performance

X1 = Compensation strategy

X2 = Strategic Fit

X3 = Strategic Placement

X4 = Management Structure

β1, β2, β3, β4 = Coefficients of determination

ε = Error term

3.4.1 Descriptive Statistics

The first phase of our analysis is descriptive statistics. Mean and standard deviation are computed and examined in descriptive statistics. The demographic traits of the respondents are described using descriptive statistics. Tables, the mean, the standard deviation, and the percentage distribution were specifically used in the descriptive study portion for presentation and analysis.

3.4.2 Inferential Statistics

An inferential statistical test is one in which conclusions about the population are drawn from the examination of a sample drawn from it. Using information about the characteristics of a sample of the population, it estimates or forecasts features of a population. It offers resources for computing the participants' future behavior probabilities. It is possible to generalize from a sample to the population using inferential statistics. This study makes use of the multiple regression analysis, the ANOVA test, and the Pearson's correlation coefficient.

3.4.2.1 Correlation Analysis

One of the most helpful statistics is correlation.

In other terms, correlation is a statistical method for determining the strength of a relationship between two variables. If a change in one variable seems to be connected to or related to a change in the value of the other variables, then two or more variables are said to be correlated. The degree of association between two or more variables is demonstrated through correlation. It does not consider the relationship between causes and effects. Both positive and negative correlations are possible. Correlation ranges from -1 to +1. There is a strong correlation between two variables when Pearson's correlation (r) is close to 1. This indicates that changes in one variable have a significant impact on changes in the other. There is a weak association between two variables when the correlation coefficient (r) is near to zero.

3.4.2.2 Regression Analysis

Regression analysis is a method of determining the statistical relationship between two or more variables where a change in one or more independent variables is linked to and dependent upon a change in the dependent variable. A statistical technique called multiple regression is used to calculate a criterion's value from a number of other independent variables. Multiple factors are combined simultaneously to determine how and how much they influence a certain outcome. It can be applied to predict the consequences or repercussions of changes. To obtain point estimates, multiple linear regression analysis can be utilized.

CHAPTER IV

RESULTS AND DISCUSSION

This study aimed to determine how mergers affected bank and financial institution employees' performance. Data analysis, interpretation, and presentation are the main topics of this chapter. As a result, the study sought to establish the relationship between compensation strategy and employee performance, as well as the relationship between strategic fit and employee performance, strategic placement and employee performance, and the relationship between management structure and employee performance in banks and financial institutionsAs the research tool, a questionnaire was used to collect the data. The questionnaire was created with the study's goals in mind. The study uses a variety of statistical techniques to gather data on how mergers affect employee performance, focusing on Development banks with Kathmandu-based head offices.

Questionnaire Return Rate

Regarding the impact of mergers on employee performance at Development Banks of Nepal, a sample of 150 respondents from the target demographic was gathered for the study. The findings of the questionnaire return rate are displayed below:

Table: 4.1 Response Rate

Response	Frequency	Percentage
Responded	126	84
Not Responded	24	16
Total	150	100

126 out of the 150 target participants in the study completed and returned the questionnaire, making up 84 percent of the total. After repeated personal calls and visits to remind the responder to complete and return the surveys and to explain the significance of their participation in this study, this fantastic response rate became a reality. This response rate was satisfactory; a rate of 50% is sufficient for analysis and reporting; a rate of 60% is good; and a rate of 70% or above is exceptional. The respondents were unavailable at the time to complete the questions, and despite persistent follow-ups, there were no encouraging responses from them. These factors

led to the questionnaires not being returned. The response rate shows how eager the respondents were to take part in the study.

4.1 Respondent Profile

Male and female employees were expected to make up the respondents sampled for this study. In order to participate in the study, respondents had to check the appropriate boxes on the questionnaire to indicate their gender. The distribution of responders by gender is seen in Table 4.2.

Table 4.2 Respondent Profile

Respondent's profile	Specification	Frequency	Percentage
Gender	Male	62	49.2
	Female	64	50.8
Age			
	21-30 years	78	61.9
	31-40 years	26	20.6
	41-50 years	22	17.5
Education level	Diploma	12	9.5
	Bachelor's Degree	56	44.4
	Master Degree	58	46
Position	Assistant	65	51.5
	Officer/Supervisor	49	38.9
	Manager	7	5.6
	Others	5	4
Working Period in a bank.	0-5 yrs	72	57.1
	5-10 yrs	36	28.6
	10-15 yrs	17	13.5
	Over 15 yrs	1	0.8

In accordance with the table, 49.2% of the respondents were men and 50.8 % were women. The results demonstrate that there are both male and female employees at the institution under investigation, but women make up the majority. The results suggest that the opinions presented in these findings are gender sensitive and may be regarded as indicative of views held by people of both sexes with regard to the impact of mergers and acquisitions on Developments Bank employees' performance.

According to the study, 61.9 % of them said their ages fell between 21 and 30 years, 20.6% said their ages fell between 31 and 40 years, and 17% said their ages fell between 41 and 50 years.

Additionally, it is obvious that the respondents' ages were evenly divided and that they actively participate in technological improvements and productivity, which means they can positively influence how mergers and acquisitions affect the staff performance of development banks.

Respondents at banks were asked to specify their level of education, with the majority indicating a master's degree (51.6%), followed by a bachelor's degree (44.4%), and a diploma (9.5%). This demonstrates that master's degree holders make up the bulk of the workforce.

We can observe from the above table that 51.6% of respondents were in assistant level roles, followed by 38.9% in office/supervisor positions, managers at 5.6%, and 4% in other positions. This demonstrates that the majority of respondents worked as assistants for development banks.
According to the study's findings, which are shown in table 4.2, 57.1% of respondents said they had 0-5 years of experience, 28.6% had worked there for between5-10 years , 13.5% had worked there for between 10-15 years, and 0.8% said they had more than fifteen years of experience. This demonstrates that the vast majority of survey participants lacked sufficient work experience in development banks.

4.2 Descriptive Analysis

Under the headings of M&A and employee performance, descriptive analysis includes an evaluation of the compensation strategy, strategic fit, strategic placement, and management structure. Respondents were asked to indicate how much they agreed or disagreed with the statements, which were anchored on a five point Likert-type scale ranging from 5=Strongly Agree to 1=Strongly Disagree. Included in the descriptive statistics were percentages, frequencies, means, and standard deviations. The most typical value in a set of values is described by the term "mean," which is a measure of central tendency. The standard deviation demonstrates how far the distribution deviates from the mean.

Effect of Merger in Bank and Financial Institution: Effects on Employees Performance

Effect of Compensation Strategy on Development Banks

Table 4.3: Analysis of Compensation strategy

No	Items		Rating Scales					Mean	St. dev.
			1	2	3	4	5		
1	I am satisfied with my salary after the merger.	F	9	5	30	50	32		
		%	7.1	4.0	23.8	39.7	25.4	**3.72**	**1.107**
2	Terms of employment are good after merger.	F	4	3	9	35	75		
		%	3.2	2.4	7.1	27.8	59.5	**4.38**	**0.954**
3	My salary matches my abilities and contributions.	F	6	2	6	37	75		
		%	4.8	1.6	4.8	29.4	59.5	**4.37**	**1.002**
4	Allowances/ Bonuses are better after merger.	F	6	3	5	37	75		
		%	4.8	2.4	4.0	29.4	59.5	**4.37**	**1.017**
	Average Mean							**4.21**	**1.02**

Key: 1 = strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree

Source: SPSS

According to the above table, the statement "Terms of employment are good after merger" has a mean value of 4.38 and a standard deviation of 0.954, indicating that respondents agree with the statement to a moderately high degree. However, the statement "I am satisfied with my salary after the merger." had a low mean value of 3.72 and a small standard deviation of 1.107, indicating that respondents only somewhat agreed with the statement. The average mean value of the compensation strategy overall is 4.21, with a standard deviation of 1.02, indicating that respondents overwhelmingly supported the compensation strategy following the merger.

Table 4.4: Analysis of Strategic Fit

No	Items		Rating Scales					Mean	St. dev.
			1	2	3	4	5		
1	Better employee composition after the merger.	F	6	3	12	38	67		
		%	4.8	2.4	9.5	30.2	53.2	**4.25**	**1.048**
2	Shareholder wealth has increased after	F	6	3	20	33	64		

	merger.	%	4.8	2.4	15.9	26.2	50.8	**4.15**	**1.084**
	Involvement of employees has increased	F	6	2	7	37	74	**4.36**	**1.008**
3	in decision making after merger.	%	4.8	1.6	5.6	29.4	58.7		
4	Contributions of employees at the time of	F	6	0	4	41	75		
	merger.	%	0.8	0	3.2	32.5	59.5	**4.42**	**0.941**
	Sense of belonging in the merged bank.								
5		F	6	6	5	37	72	**4.29**	**1.074**
		%	4.8	4.8	4.0	29.4	57.1		
	Average Mean							**4.29**	**1.031**

Key: 1 = strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree

Source: SPSS

According to the above table, the statement "Contributions of employees at the time of merger" has a mean value of 4.42 and a standard deviation of 0.941, indicating that respondents strongly agree with the statement. However, the statement "Shareholder wealth has increased after merger" has a low mean value of 4.15 and a small standard deviation of 1.084, indicating that respondents strongly agree with the statement. Strategic fit overall has an average mean value of 4.29 and a standard deviation of 1.031, showing that respondents are quite satisfied with the strategic fit following the merger.

Table 4.5: Analysis of Strategic Placement

No	Items		Rating Scales					Mean	St. dev.
			1	2	3	4	5		
1	My job skills and traits fit the	F%	5	3	11	30	77		
	merged bank.		4.0	2.4	8.7	23.8	61.1	**4.36**	**1.016**
2	My organization is committed	F	5	2	4	31	84	**4.48**	**0.944**
	towards its Employees.	%	4.0	1.6	3.2	24.6	66.7		
	I am not satisfied with the job	F	77	36	7	1	5	**4.42**	**0.941**
3	after the merger.	%	61.1	28.6	5.6	0.8	4.0		
4	Employee turnover has increased	F	87	27	5	1	6	**4.49**	**0.978**
	after merger.	%	69.0	21.4	4.0	0.8	4.8		
	Average Mean							**4.44**	**0.970**

Key: 1 = strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree

Source: SPSS

According to the above table, the statement "Employee turnover has increased after merger" has a mean value of 4.49 and a standard deviation of 0.978, indicating that respondents do not agree with the claim. However, the statement "My job skills and traits fit the merged bank." has a low mean value of 4.36 with a standard deviation of 1.016, indicating that respondents strongly agree with the statement. In general, respondents agreed with strategic placement following merger, as evidenced by the average mean value of 4.44 and s.d. of 0.970.

Table 4.6: Analysis of Management Structure

No	Items		Rating Scales					Mean	St. dev.
			1	2	3	4	5		
1	Coordination among employees	F	3	8	12	41	62		
	has increased in merged banks.	%	2.4	6.3	9.5	32.5	49.2	**4.20**	**1.012**
2	Personal/task conflicts have	F	58	38	22	6	2	**4.14**	**0.977**
	increased after merger	%	46	30.2	17.5	4.8	1.6		
	Cultural compatibility among	F	2	7	8	31	78	**4.40**	**0.947**
3	employees in merged banks	%	1.6	5.6	6.3	24.6	61.9		
4	Work loads have increased	F	2	5	14	33	72		
	after merger.	%	1.6	4.0	11.1	26.2	57.1	**4.33**	**0.938**
	Average Mean							**4.27**	**0.97**

Key: 1 = strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree

Source: SPSS

According to the above table, the statement "Cultural compatibility among employees in merged banks" has a mean value of 4.40 and a standard deviation of 0.947, indicating that a large majority of respondents agree with it. However, the statement "Personal/task conflicts have increased after merger" has a low mean value of 4.14 and a small standard deviation of 0.977, indicating that respondents disagree with the statement to a moderate extent. The average mean value of management structure across all respondents is 4.27, with a standard deviation of 0.970, indicating moderate dissatisfaction with management structure following merger.

Table 4.7: Analysis of Employees Performance

No	**Items**		**Rating Scales**					**Mean**	**St. dev.**
			1	**2**	**3**	**4**	**5**		
1	Service quality of employees	F	5	3	9	32	77	**4.37**	**1.002**
	has increased after merger.	%	4.0	2.4	7.1	25.4	61.1		
2	Employees are creative at	F	5	2	7	25	87	**4.48**	**0.969**
	their work after merger.	%	4.0	1.6	5.6	19.8	69		
	Employees' consistency has	F	6	1	6	33	80		
3	increased after merger.	%	4.8	0.8	4.8	26.2	63.5	**4.43**	**0.983**
4	Employees are efficient and	F	4	4	7	43	68	**4.33**	**0.954**
	effective in their work after	%	3.2	3.2	5.6	34.1	54.0		
	merger.								
	Average Mean							**4.40**	**0.977**

Key: 1 = strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree

Source: SPSS

According to the data in the above table, the statement "Employees are creative at their work after merger" has a mean value of 4.48 and a standard deviation of 0.969, indicating that a large majority of respondents agree with the claim. However, the statement "Employees are efficient and effective in their work after merger" has a low mean value of 4.33 and a small standard deviation of 0.954, indicating that respondents are only slightly opposed to the claim. The average mean value of the employee performance across all respondents is 4.40, with a standard deviation of 0.977, indicating that they agree with the statement.

4.3 Inferential Analysis

Inferential analysis uses a test hypothesis to establish whether or not the observed differences between variables are real. By drawing conclusions and forming generalizations based on samples, it generates new information. This chapter will test the hypothesis put out in the previous chapter and offer the methodology for interpreting the empirical results. Correlation and regression are the two analytical techniques covered in this section.

4.3.1 Correlation Analysis

The association between two or more variables is referred to as correlation. For variables with straightforward multiple-choice responses, Pearson's correlation analysis was performed. A positive correlation shows that the relationship is skewed toward positivity, with one variable rising in response to the other's rise, whereas a negative correlation shows the opposite of the above: a variable rising as the other falls. Strong correlation is defined as r>0.60, while moderate correlation is defined as r>0.30 and weak correlation as r0.30. In order to determine their interrelationship, correlations between Compensation Strategy (CS), Strategic Fit (SF), Strategic Placement (SP), Management Structure (MS), and Employee Performance (EP) have been determined. The following chart displays the correlation between these dependent and independent variables.

Table 4.8

Correlations Matrix between Dependent and Independent Variables (n=126)

Variables		EP	CS	SF	SP	MS
EP	Pearson Correlation	1				
	Sig. (2-tailed)					
CS	Pearson Correlation	747**	1			
	Sig. (2-tailed)	.000				
SF	Pearson Correlation	.722**	.775**	1		
	Sig. (2-tailed)	.000	.000			
SP	Pearson Correlation	.732**	.663**	.563**	1	
	Sig. (2-tailed)	.000	.000	.000		
MS	Pearson Correlation	.596**	.580**	.579**	.563**	1
	Sig. (2-tailed)	.000	.000	.004	.000	

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

**. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS

Note: EP- Employee Performance, SF- Strategic Fit, SP- Strategic Placement, MS- Management Structure.

According to Table 4.8, there is a +0.747 connection between compensation strategy and employee performance, which is significant at the 0.01 significant levels because the p value is 0.000. It implies that their relationship is really close. Similar to this, it was discovered that there was a +0.722 correlation coefficient between strategic fit and employee performance; this is similarly significant at the 0.01 significant levels because the p value is.000. It indicates that their relationship is really close. The correlation coefficient between strategic placement and employee performance, which was discovered to be +0.732, is also significant at the 0.01 level due to the fact that the p value is 0.000, indicating a strong association between the two. Participation in the Management Structure was shown to be correlated with employee performance at a coefficient of +0.569; this is significant at the 0.01 level and has a p value of 0.000, indicating a moderately positive association.

Table 4.9: Multicollinearity test

		Unstandardized Coefficients		Standardized Coefficients			Collinearity	Statistics
Model		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	1.934	0.988		1.958	.053		
	CS	.227	.084	.239	2.693	.008	.319	3.130
	SF	.221	.061	.297	2.623	.000	.374	2.673
	SP	.360	.066	.382	5.456	.000	.512	1.954
	MS	.042	.064	.043	.653	.515	.574	1.743

a. Dependent Variable: EP

Source: SPSS

Table 4.9 shows the Muticollinearity test. The VIF value of compensation strategy is 3.130, strategic fit is 2.673,strategic placement is 1.954 and management structure is 1.743 which are less than 10 so there is no multicollinearity betweeen the independent variables in the above model.

4.3.2 Regression Analysis

Regression is a statistical technique that enables us to examine associations between the dependent variable, in this case employee performance, and the independent variable (Compensation strategy, Strategic Fit, Strategic Placement and Management Structure).

Regression Model Output

Table 4.10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.835[a]	.696	.686	1.698

Source: SPSS

Predictors: (Constant), MS, SF, CP, SP

Table 4.10 demonstrates that the R^2 for the four independent variables that were investigated explains for 69.6% of the employee performance. This implies that the four independent variables account for around 69.6% of the variance in employee performance, while other variables not included in the study account for the remaining 30.4%. Therefore, more research should be done to learn more about the additional elements (30.4%) that have an impact on employee performance.

Table 4.11 ANOVA Table

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	800.876	4	200.219	69.403	.000[b]
	Residual	349.068	121	2.885		
	Total	1149.944	125			

a. Dependent Variable: EP

b.Predictors: (Constant), MS, SF, CP, SP

Source: SPSS

According to Table 4.11, the regression model successfully predicts employee performance in a significant way. In this case, the regression model significantly predicts the outcome variable overall, as indicated by the value of $p<0.05$. (i.e., it is a good fit for the data).

Table 4.12 Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	1.934	0.988		1.958	.053
CS	.227	.084	.239	2.693	.008
SF	.221	.061	.297	2.623	.000
SP	.360	.066	.382	5.456	.000
MS	.042	.064	.043	.653	.515

a. Dependent Variable EP

Source: SPSS

The researcher used a multiple regression analysis to determine how the four independent variables and different merger-related aspects related to employee performance in Development Banks. The regression equation ($Y = \beta0 + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4$) now becomes:

$Y = 1.934+0.227\ X1 +0.221X2 + 0.360X3+e$

Whereby Y = Employee Performance at Development Banks

X1 = Compensation Strategy

X2 = Strategic Fit

X3 = Strategic Placement

$\beta1$, $\beta2$, $\beta3$= coefficient of determination

e = an error term, normally distributed of mean 0 (usually e is assumed to be 0)

Table 4.12 shows the Coefficient of variables. The beta coefficient of Compensation strategy (CS) is 0.227, Strategic fit (SF) is 0.221, Strategic placement (SP) is 0.360 and Management structure (MS) is 0.042. The p- value of CS, SF and SP is 0.008, 0.000, 0.000 respectively which are less than 0.05 this means they are significant predictor of Employee performance (EP). However, p-value of Management structure is 0.515 which is more than 0.05 so this variable is ommitted from the model.

4.3.2.1 Analysis of Effect of M&A on Employee Performance

According to the established regression equation, the actual employee performance in Development Banks would be 1.934 if all other parameters (compensation strategy, strategic fit, strategic placement, and management structure) were held constant at zero. A unit increase in compensation strategy resulted in a 0.227 rise in employee performance in Development Banks, according to the data findings analyzed, even when all other independent factors were set to zero. Employee performance in development banks will rise by 0.221 units for strategic fit, 0.360 units for strategic placement, and 0.042 units for management structure, respectively. Based on these findings, it can be concluded that strategic placement, compensation strategy, and strategic fit all have a greater impact on employee performance in development banks than management structure, which is why it was ommitted from the model.

According to the Coefficient table, since the t=2.693, p=0.008, and b2=0.227, compensation strategy significantly influence employees' performance. This implies that employee performance will rise by 0.227 units for every unit increase in the pay method.

Since t=2.623, p=0.000, and b2=0.221, strategic fit significantly influence employee performance. This implies that worker performance will rise by 0.221 units for every unit improvement in strategic fit.

Since the t=5.456, p=0.000, b2=0.360, strategic placement has a considerable significant impact on employees' performance. This implies that employee performance will rise by 0.360 units for every unit increase in strategic placement.

Table 4.13 Results of Hypothesis Testing

Hypothesis	Accept/Reject
1. H1: There is a positive effect of compensation strategy on employees' performance in merged Bank and financial institutions.	Accept
2. H2: There is a positive effect of strategic fit on employees' performance in merged Bank and financial institutions	Accept
3. H3: There is a positive effect of strategic placement on employees' performance in merged Bank and financial institutions.	Accept
4. H4: There is a positive effect of management structure and employee performance in merged Bank and financial institutions.	Reject

4.3.3 ANOVA Test

ANOVA is a statistical technique that enables us to analyze and research links between demographic factors (age, level of education, position and working period in a bank) and employee performance.

4.3.3.1 Analysis of Age and dependent variables

Table 4.14 ANOVA: Age and Employee performance

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	46.228	3	15.409	1.703	.170
Within Groups	1103.716	122	9.047		
Total	1149.944	125			

Source: SPSS

The level of significance in the aforementioned table is 0.170, indicating that p>0.05 and it is inferred that there is no difference in employee performance across respondents' ages in development banks. There is no difference in the employee performance due to age-related factors.

4.3.3.2 Analysis of Education level and dependent variables

Table 4.15 ANOVA: Educational level and Employee performance

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	27.720	2	13.860	1.519	.223
Within Groups	1122.25	123	9.124		
Total	1149.944	125			

Source: SPSS

The level of significance in the aforementioned table is 0.223, indicating that p>0.05 and it is inferred that there is no difference in employee performance across respondents' level of education in development banks. There is no difference in the employee performance due to level of education.

4.3.3.3 Analysis of Position and dependent variables

Table 4.16 ANOVA: Position and Employee performance

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	68.300	3	22.767	2.568	.058
Within Groups	1081.644	122	8.866		
Total	1149.944	125			

Source: SPSS

The level of significance in the aforementioned table is 0.58, indicating that p>0.05 and it is inferred that there is no difference in employee performance across respondents' position in development banks. There is no difference in the employee performance due to position.

4.3.3.4 Analysis of Working period in a bank and dependent variables

Table 4.17 ANOVA: Working period in a bank and Employee performance

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	61.440	3	20.480	2.295	.081
Within Groups	1088.505	122	8.922		
Total	1149.944	125			

Source: SPSS

The level of significance in the aforementioned table is 0.081, indicating that p>0.05 and it is inferred that there is no difference in employee performance across respondents' working period in development banks. There is no difference in the employee performance due to working period in bank.

4.3.4 Content Analysis

Content analysis was used to test data that is qualitative in nature or aspect of the data collected from the open ended questions. From the open ended question filled by the respondents of merged development banks some of the suggestions with regard to planning and management of merger project in order to enhance employee performance in the bank were answered. Some of the suggestions that were given by the employees to manage the after merger affects on employee performance were "Proper Retention and retrenchment policy, strong HR organization, strong communication structure and channel regarding their matter". Some of the employees were dissatified by the merger therefore they think "Merger is only the plan of increasing capital rather than facilitating some benefits to the employees". As we are familier that merger brings employees of both banks altogether therefore employees of both bank should treat equally. The bank should provide the facilities according to the qualification, efficiency and effectiveness of employees. Training should be provided on regular basis. Work should be delegated in an appropriate mannner in order to enhance efficiency. Since two or more banks merge and form a new bank work loads will ultimately increase therefore, bank should focus on delegating tasks between employees so that there is less workload and higher productivity

4.4 Findings

The goal of the study was to determine how mergers affected employee performance in Nepalese development banks. 150 workers from five merged development banks in Nepal with headquarters in Kathmandu were included in the study. Strategic fit, strategic placement, compensation strategy, and management structure were all used to design the merger. Service quality, effectiveness, consistency, and creativity were used to gauge employee performance. Data were gathered using surveys and descriptive statistics (frequency and percentage) and inferential statistics (correlation and regression) were used to evaluate the data with a significance level of 0.05. The research instrument was found to be reliable, and each variable's reliability score fell between 0.780 and 0.849. The key findings for each target are outlined below:

i. Effect of Compensation Strategy on Employees' Performance in development banks of Nepal

The first objective was to evaluate how the merger and acquisition of development banks in Nepal affected the remuneration strategy's impact on employee performance. It was discovered that the compensation strategy's overall mean was 4.21 and its standard deviation was 1.02. This implied that the mean had been significantly deviated from. The standard deviations range from 0.954 to 1.107, which suggests that respondents' opinions on some of the indicator used to evaluate the compensation strategy were divided. With a mean of 4.38 and a standard deviation of 0.954, the findings showed that the majority of respondents believed that the length of their employment had improved their employees' performance. With a mean of 2.94 and a standard deviation of 1.346, respondents who were in the minority believed that higher wages and benefits had improved employee performance.

According to inferential findings, the compensation strategy had a considerable impact on the employee's performance in Nepal's development banks. The compensation strategy's unstandardized regression coefficient (β) value was 0.227 ($\beta \neq 0$) with a p-value of 0.008 (<0.05), indicating that a change of one unit in the compensation strategy would result in a change of 0.227 in employee performance in the same direction. As a result, compensation strategy is a key indicator of employee performance in Nepalese development banks.

ii. Effect of Strategic Fit on Employees' Performance in development banks of Nepal

The second objective was to investigate how the merger and acquisition in Nepal's development banks affected employee performance in terms of strategic fit. Strategic fit was found to have an overall mean of 3.37 and a standard deviation of 0.726. This implied that the mean had been significantly deviated from. The standard deviations, which range from 0.636 to 0.802, suggest that respondents' opinions on several of the variables used to evaluate strategic fit were divided. With a mean of 4.42 and a standard deviation of 0.941, the findings showed that most respondents believed that contributions made at the time of the merger had improved employee performances.

With a mean of 4.15 and s.d. of 1.084, a minority of respondents also believed that increasing shareholder wealth had improved employee performance.

According to inferential findings, there was significant impact of strategy fit on employee’s performance in Nepal's development banks. The strategic fit’s unstandardized regression coefficient (β) value was 0.221 ($\beta \neq 0$), and its p-value was 0.000 (<0.05), indicating that a unit change in the strategic fit would cause a change in employee performance of 0.221 in the same direction. As a result, strategic fit is a key indicator of staff performance in Nepalese development banks.

iii. Effect of Strategic placement on Employees’ Performance in development banks of Nepal

Examining the impact of strategic placement on employee performance as a result of merger and acquisition in Nepalese development banks was the third objective. Strategic placement was found to have an overall mean of 4.44 and a standard deviation of 0.970. This implied that the mean had been significantly deviated from. The standard deviations, which vary from 0.841 to 1.016, suggest that respondents' opinions on some of the indicators used to measure strategic placement were divided. With a mean of 4.49 and a standard deviation of 0.978, the findings showed that the majority of respondents believed that employee retention had improved employee performances. A minority of respondents—those with a mean score of 4.36 and a standard deviation of 1.016—agreed that having the right skills and traits had improved employee performance.

According to inferential findings, strategic placement has a major impact on employees' performance in Nepal's development banks. The strategic placement’s unstandardized regression coefficient (β) value was 0.360 ($\beta \neq 0$), and its p-value was 0.000 (<0.05), indicating that a change of one unit in the strategic placement would cause a change in employee performance of 0.399 in the same direction. As a result, strategic placement is a key indicator of employee performance in Nepalese development banks.

iv. Effect of Management structure on Employees’ Performance in development banks of Nepal

Examine the effect of management structure on employee performance as a result of merger and acquisition in Nepalese development banks was the fourth objective. It was discovered that the management structure had an overall mean of 4.27 and a standard deviation of 0.970. This implied that the mean had been significantly deviated from. The standard deviations, which vary from 0.938 to 1.012, suggest that respondents' opinions on some of the indicators used to evaluate the management structure were divided. With a mean of 4.40 and a standard deviation of 0.947, the findings showed that the majority of respondents believed that cultural compatibility had improved employee performances.

With a mean of 4.14 and a standard deviation of 0.977, respondents who were in the minority agreed that personal/task conflict had improved employee performance.

According to inferential findings, management structure had no discernible impact on employees' performance in Nepal's development banks. The management stucture unstandardized regression coefficient ($\beta4$) value was 0.042 ($\beta \neq 0$), and its p-value was 0.653 (>0.05), indicating that a change of one unit in the strategic fit would cause a change of 0.042 in the direction of employee performance. Therefore, the management structure is an insignificant predictor of employee performance in Nepalese development banks.

4.5 Discussion

According to the study's findings, there is a strong correlation between employee performance and compensation strategy, strategic fit, and strategic placement. Additionally, there is a poor correlation between management structure and employee performance. According to the results, employee performance in development banks was found to be affected by mergers between financial institutions.According to the findings, employee performance in the merged company is impacted by compensation strategy, strategic fit and strategic placement.

These results are in line with those of (Kivuti, 2013), who claimed that financial commitments give the new owners of the business the ability to use the agreement as a means of boosting the company's profitability and, ultimately, shareholder wealth, at the expense of employees.

The above result is similar with the result of (Adhikari, 2014) that M&A has created high degree of confidence and hope in doing better performance by mergeed entity among employees, corporate clients and shareholders.

According to (Kempton and sarala, 2014) the role of employees in M&A is very relevant and practical. The study also discovered that strategic fit had an impact on Bank employee performance. Employee performance at the Bank is impacted by contributions made by employees, employee composition, shareholder wealth, merger satisfaction, and communication.

Gautam (2016) result shows that employees were found less satisfied after M&A but switching intention was not found.This is similar with the above findings that employee turnover hasnot increased after M&A in bank and financial institutions.

According to (Sharma, 2018) employee expect better career growth in post- merger phase which is similar to the finding of the above research that strategic placement has positive effect of employee performance in merged bank and financial institutions.

This is in line with the findings of (Upadhyay, 2019) that employees are satisfied after M&A. This is similar to the above findings that employee performance is influenced by job satisfaction, job skills and qualities, and employee retention.

According to the study, interpersonal relationships, coordination issues, workloads, and cultural compatibility have little bearing on an employee's performance.

CHAPTER V

SUMMARY AND CONCLUSION

This chapter provides summary, conclusions and recommendations of the study on the effect of M&A on employee performance in Nepalese development banks. Three smaller sections make this chapter. The study's summary is covered in the first section. The second section focuses on the summary's conclusions, while the third portion gives recommendations based on those conclusions and, finally, suggests areas for additional investigation.

5.1 Summary

The purpose of this study is to determine how a merger will affect employee performance in Nepalese development banks. A number of aspects of M&A have been found based on the review of the literature. Some of the important M&A characteristics, including compensation strategy, strategic fit, strategic placement, and management structure, were identified by the researcher among these factors. The framework for the study is created taking into account these aspects. The major data collection technique was utilized by the researcher to gather the first-hand information. This analysis is based on merged development banks with head offices in the Kathmandu Valley. The population for this study is the employees of merged development banks. Through personal visits, a prepared questionnaire with sections on demographics, compensation strategy, strategic fit, strategic placement, management structure, and questions about employees' performance was given to the respondents.

The study is based on a purposive sampling technique with a sample size of 150 respondents. Out of a total of 150 responses, only 126 questions about the demographic profile were answered. According to the gender characteristics of the Nepal Development Bank, women make up 50.8 percent of the population, while men make up 49.2 percent. The gender distribution of the respondents suggests that the study was based on respondents who were mainly drawn from the female groupAccording to the respondents' ages, the age group of 21–30 years comprised 61.9% of the total, followed by the age groups of 31–40 years (20.6%) and 41–50 years (17.5%). This suggests that the majority of employees are young, and it strongly suggests that the bank employment trend is focused on hiring new and youthful staff, which is advantageous to the company. Young workers are open to new ideas. Respondents at banks were asked to specify their level of education, and the majority (46%) of them indicated a master's degree, followed by a bachelor’s degree (44.5%) and a diploma (9.5%). This demonstrates that master's degree holders make up the bulk of the workforce. The position category Assistant accounts for the majority of respondents in the bank (51.5%), followed by Officer/Supervisor (38.9%), Managers (5.6%), and in other positions (4%) This suggests that the majority of replies were from workers who held assistant jobs. Also instructed to name their length of employment in a bank, respondents included 57.1 percent with 0–5 years of experience, 28.6 percent with 5–10 years, 13.5 percent with 10-15 years, and 0.8 percent with over 15 years. According to the descriptive data, employees were happy with their pay after the merger, as evidenced by the 50 (39.7%) and 32 (25.4%) respondents who agreed and strongly agreed, respectively. There is significant variance from the mean, as seen by the mean of 3.72 and standard deviation of 1.107. However, with a mean of 4.38 and a standard deviation of 0.954, 75 (or 59.5 percent) of respondents strongly agreed, and an additional 35 (or 27.8 percent) agreed that the terms of employment were favorable following the merger. As for the employees' contributions at the time of the merger, 75 (59.5%) and 41 (32.5%) of the respondents indicated that they highly agreed and agreed, respectively. There is medium dispersion from the mean, which is shown by a mean of 4.42 and a standard deviation of 0.941. The study found that shareholders' wealth increased following mergers, with 64 (50.8%) strongly agreeing and 33 (26.2%) agreeing with the mean score and standard deviation 4.15 &1.084 respectively. Furthermore, the findings showed that 87 (69%) and 27 (21.4%) of the selected respondents strongly agreed and agreed, respectively, that they do not believe staff turnover has increased as a result of merging. Similar to this, there was cultural compatibility among employees after the merger, as evidenced by the 78 respondents (61.9% of the total) who strongly agreed and the 31 respondents (24.6%), with a mean and standard deviation of 4.40 and 0.94 respectively. The findings also showed that 72 (57.1%) and 33 (26.2%) of the respondents, respectively, highly agreed and agreed that workloads have increased since the merger.

Given that their correlation coefficient is 0.747, the correlation matrix demonstrates a strong relationship between compensation plan and employee performance. The correlation coefficient between strategic fit, strategic placement and employee performance is 0.722 and 0.732, respectively, indicating a strong correlation between these variables and employee performance; however, the correlation coefficient between management structure and employee performance is 0.596, indicating a moderate correlation.

R square for the model is 0.696, which indicates that there is a 69.6% variation between employee performance and M&A. (Compensation strategy, strategic fit, strategic placement and management structure). However, this study's findings still leave 30.4 percent of the other characteristics unexplained for.

To determine how the merger might affect the productivity of employees at Nepalese development banks, four research hypotheses were developed. The following are taken into consideration as merger factors: Compensation strategy, Strategic fit, Strategic placement, and Management structure. The study hypothesis was addressed using the regression results. The findings indicated that three hypotheses—H1, H2, and H3—were accepted at a 5% level of significance, but H4 was rejected since its P-value was higher than 0.05.

5.2 Conclusion

Investigating the effects of mergers on staff performance in Nepal's development banks was the study's main goal. The overall finding was that the merger significantly and favorably impacted the employee’s performance of a Nepalese development bank.

The study found that employee performance was impacted by compensation strategy. It was discovered that the majority of Nepal's development banks had gone through a merger procedure. So better employee performance would result from proper and effective merger management in development banks. Specific factors that contribute to improved employment performance following the merger include satisfying salaries and benefits, better employment terms, performance-based pay, and higher allowances and bonuses.

The study examined the effect of strategic fit and came to the conclusion that better employee composition, higher shareholder wealth, involvement during the merger, and a sense of belonging result of the merger have all contributed to improved employee performance in Nepalese development banks.

The study examined the effect of strategic placement and came to the conclusion that it improved employee performance in Nepalese development banks. Employee's performance in Nepalese development banks was improved by organizational commitment, employee retention, job satisfaction, and matching job skills and traits with merged banks.

5.3 Implications

The purpose of the study was to examine how mergers affected employee performance in Nepalese development banks. The study has the following implications in context of its findings:

5.3.1 Implication of Research

Compensation strategy

The Bank's management should also evaluate the quantity of work and evaluate it in relation to the wages paid to the staff. Money has a strong motivating effect on workers, which in turn influences performance. As a result, management should raise employee wages to encourage better work. It is also important to take qualified employees' promotions into account. Organizations should take seriously the performance appraisal process to evaluate employee performance and determine their strengths and weaknesses in the context of a merger.

Strategic Fit

For their employees' sense of belonging and performance in M&A, managers and executives should improve both formal and informal training programs. In this aspect, communication needs to be improved, and the process needs to be approached more formally. Additionally, it will give them the chance to acquire relevant knowledge and abilities that will boost the effectiveness of the Bank staff.

Strategic Placement

Measures and methods to improve strategic placement in the merged banks should be accomplished by creating an atmosphere that raises employees' motivation levels to satisfactory levels. Therefore, in order for banks to be more competitive, they must embrace market mergers that will result in improved working conditions and strategic placement.

5.3.1 Recommendations for Future Research

The results of this study are expected to add to the body of existing information and serve as a foundation for further investigation. Thus, the following research fields were recommended.

i) Future research should aim to determine whether the same techniques are applicable to other sectors of the economy, whereas the current study concentrated on the impact of merger on workers' performance of development banks in Nepal.

ii) Additional research should concentrate on the difficulties encountered in bringing merger practices into practice as well as potential solutions to these difficulties.

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Appendix

A1 Questionnaire

Merger of Bank and Financial Institutions: Effects on Employee Performance

Dear Respondent,

Greetings

I am a student at Tribhuvan University. In partial fulfillment of the requirements for the degree of master I am conducting a study on “Merger of Bank and Financial Institutions: Effects on Employee Performance”.

For the purpose of facilitating my research work, I wish to collect data through questionnaires. I will be grateful if you would kindly extend to me the help I may need to have this questionnaire completed. This information is purely for the purpose of my research work and therefore it shall be treated with strict confidentiality. This questionnaire consists of two major parts; Part A on general information and Part B on Effects of mergers on employee performance.

Thank you in advance, I look forward to your assistance.

Sincerely,

Shraddha Upreti (researcher)

PART A : GENERAL INFORMATION

Indicate with a tick or fill in the blank for each of the following:

1. Gender

□ Male □ Female

□ Others

2. Age:

□ 18-20 years old □ 41-50 years

□ 21- 30 years old □ 51 years old and above

□ 31-40 years old

3. Educational level

□ Diploma □ Bachelor's Degree

□ Masters Degree □ PhD

4. Position

□ Assistant □ Officer/Supervisor

□ Manager □ Others

5. Working Period in a Bank .

□ 0- 5 Yrs □ 5- 10 Yrs

□ 10- 15 Yrs □ Over 15 Yrs

PART B: EFFECT OF MERGER ON EMPLOYEE PERFORMANCE

Please tick your answer to each statement using 5 Likert scale [(1) =strongly disagree; (2) = disagree; (3) = neutral; (4) = agree and (5) = strongly agree]

S.N	**Questionnaires**	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
	Compensation Strategy					
1.	I am satisfied with my salary after the merger.					
2.	Terms of employment are good after merger.					

3.	My salary matches my abilities and contributions.					
4.	Allowances/ Bonuses are better after merger.					
	Strategic Fit	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
5.	Better employee composition after the merger.					
6.	Shareholder wealth has increased after merger.					
	Strategic Fit	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
7.	Involvement of employees has increased in decision making after merger.					
8.	Contributions of employees at the time of merger.					
9.	Sense of belonging in the merged bank.					
	Strategic Placement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
10.	My job skills and traits fit the merged bank.					
11.	My organization is committed towards its Employees.					

12.	I am not satisfied with the job after the merger.					
13.	Employee turnover has increased after merger.					
	Management Structure	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
14.	Coordination among employees has increased in merged banks.					
15.	Personal/task conflicts have increased after merger.					
16.	Cultural compatibility among employees in merged banks.					
17.	Work loads have increased after merger.					
	Employee Performance	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
18.	Service quality of employees has increased after merger.					
19.	Employees are creative at their work after merger.					
20.	Employees' consistency has increased after merger.					

21.	Employees are efficient and effective in their work after merger.					

22 .What suggestions would you give with regard to planning and management of the merger project in order to enhance employee performance in the bank?

……

……

……

…………………….

THANK YOU!!

A2 SPSS Result

i) Analysis of Demographic Variables

Gender of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	62	49.2	49.2	49.2
	Female	64	50.8	50.8	100.0
	Total	126	100.0	100.0	

Age of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-20 years old	2	1.6	1.6	1.6
	21-30 years old	76	60.3	60.3	61.9
	31-40 years old	26	20.6	20.6	82.5
	41-50 years old	22	17.5	17.5	100.0
	Total	126	100.0	100.0	

Education Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	12	9.5	9.5	9.5
	Bachelor's Degree	56	44.4	44.4	54.0
	Masters Degree	58	46.0	46.0	100.0
	Total	126	100.0	100.0	

Position of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assistant	65	51.6	51.6	51.6
	Officer/Supervisor	49	38.9	38.9	90.5
	Manager	7	5.6	5.6	96.0
	Others	5	4.0	4.0	100.0
	Total	126	100.0	100.0	

Working Period in a bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5 Yrs	72	57.1	57.1	57.1
	5-10 Yrs	36	28.6	28.6	85.7
	10-15 Yrs	17	13.5	13.5	99.2
	Over 15 Yrs	1	.8	.8	100.0
	Total	126	100.0	100.0	

ii)Analysis of Compensation Strategy

Terms of employment are good after merger.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	3.2	3.2	3.2
	Disagree	3	2.4	2.4	5.6
	Neutral	9	7.1	7.1	12.7
	Agree	35	27.8	27.8	40.5
	Strongly Agree	75	59.5	59.5	100.0
	Total	126	100.0	100.0	

My salary matches my abilities and contributions.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	4.8	4.8	4.8
	Disagree	2	1.6	1.6	6.3
	Neutral	6	4.8	4.8	11.1
	Agree	37	29.4	29.4	40.5
	Strongly Agree	75	59.5	59.5	100.0
	Total	126	100.0	100.0	

Allowances/ Bonuses are better after merger.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	4.8	4.8	4.8
	Disagree	3	2.4	2.4	7.1
	Neutral	5	4.0	4.0	11.1
	Agree	37	29.4	29.4	40.5
	Strongly Agree	75	59.5	59.5	100.0
	Total	126	100.0	100.0	

iii)Analysis of Strategic Fit

Better employee composition after the merger

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	4.8	4.8	4.8
	Disagree	3	2.4	2.4	7.1
	Neutral	12	9.5	9.5	16.7
	Agree	38	30.2	30.2	46.8
	Strongly Agree	67	53.2	53.2	100.0
	Total	126	100.0	100.0	

Shareholder wealth has increased after merger

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	4.8	4.8	4.8
	Disagree	3	2.4	2.4	7.1
	Neutral	20	15.9	15.9	23.0
	Agree	33	26.2	26.2	49.2
	Strongly Agree	64	50.8	50.8	100.0
	Total	126	100.0	100.0	

Involvement of employees has increased in decision making after merger.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	4.8	4.8	4.8
	Disagree	2	1.6	1.6	6.3
	Neutral	7	5.6	5.6	11.9
	Agree	37	29.4	29.4	41.3
	Strongly Agree	74	58.7	58.7	100.0
	Total	126	100.0	100.0	

Contributions of employees at the time of merger.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	4.8	4.8	4.8
	Neutral	4	3.2	3.2	7.9
	Agree	41	32.5	32.5	40.5
	Strongly Agree	75	59.5	59.5	100.0
	Total	126	100.0	100.0	

Sense of belonging in the merged bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	4.8	4.8	4.8
	Disagree	6	4.8	4.8	9.5
	Neutral	5	4.0	4.0	13.5
	Agree	37	29.4	29.4	42.9
	Strongly Agree	72	57.1	57.1	100.0
	Total	126	100.0	100.0	

iv)Analysis of Strategic Placement

My organization is committed towards its Employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	4.0	4.0	4.0
	Disagree	2	1.6	1.6	5.6
	Neutral	4	3.2	3.2	8.7
	Agree	31	24.6	24.6	33.3
	Strongly Agree	84	66.7	66.7	100.0
	Total	126	100.0	100.0	

My job skills and traits fit the merged bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	4.0	4.0	4.0
	Disagree	3	2.4	2.4	6.3
	Neutral	11	8.7	8.7	15.1
	Agree	30	23.8	23.8	38.9
	Strongly Agree	77	61.1	61.1	100.0
	Total	126	100.0	100.0	

I am not satisfied with the job after the merger

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	5	4.0	4.0	4.0
	Agree	1	.8	.8	4.8
	Neutral	7	5.6	5.6	10.3
	Disagree	36	28.6	28.6	38.9
	Strongly Disagree	77	61.1	61.1	100.0
	Total	126	100.0	100.0	

Employee turnover has increased after merger

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	6	4.8	4.8	4.8
	Agree	1	.8	.8	5.6
	Neutral	5	4.0	4.0	9.5
	Disagree	27	21.4	21.4	31.0
	Strongly Disagree	87	69.0	69.0	100.0
	Total	126	100.0	100.0	

v) Analysis of Management Structure

Coordination among employees has increased in merged banks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	2.4	2.4	2.4
	Disagree	8	6.3	6.3	8.7
	Neutral	12	9.5	9.5	18.3
	Agree	41	32.5	32.5	50.8
	Strongly Agree	62	49.2	49.2	100.0
	Total	126	100.0	100.0	

Personal/task conflicts have increased after merger

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	2	1.6	1.6	1.6
	Agree	6	4.8	4.8	6.3
	Neutral	22	17.5	17.5	23.8
	Disagree	38	30.2	30.2	54.0
	Strongly Disagree	58	46.0	46.0	100.0
	Total	126	100.0	100.0	

Cultural compatibility among employees in merged banks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.6	1.6	1.6
	Disagree	7	5.6	5.6	7.1
	Neutral	8	6.3	6.3	13.5
	Agree	31	24.6	24.6	38.1
	Strongly Agree	78	61.9	61.9	100.0
	Total	126	100.0	100.0	

Workloads have increased after merger

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.6	1.6	1.6
	Disagree	5	4.0	4.0	5.6
	Neutral	14	11.1	11.1	16.7
	Agree	33	26.2	26.2	42.9
	Strongly Agree	72	57.1	57.1	100.0
	Total	126	100.0	100.0	

vi)Analysis of Employee Performance

Service quality of employees has increased after merger

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	4.0	4.0	4.0
	Disagree	3	2.4	2.4	6.3
	Neutral	9	7.1	7.1	13.5
	Agree	32	25.4	25.4	38.9
	Strongly Agree	77	61.1	61.1	100.0
	Total	126	100.0	100.0	

Employees are creative at their work after merger

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	4.0	4.0	4.0
	Disagree	2	1.6	1.6	5.6
	Neutral	7	5.6	5.6	11.1
	Agree	25	19.8	19.8	31.0
	Strongly Agree	87	69.0	69.0	100.0
	Total	126	100.0	100.0	

Employees' consistency has increased after merger.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	4.8	4.8	4.8
	Disagree	1	.8	.8	5.6
	Neutral	6	4.8	4.8	10.3
	Agree	33	26.2	26.2	36.5
	Strongly Agree	80	63.5	63.5	100.0
	Total	126	100.0	100.0	

Employees are efficient and effective in their work after merger

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	3.2	3.2	3.2
	Disagree	4	3.2	3.2	6.3
	Neutral	7	5.6	5.6	11.9
	Agree	43	34.1	34.1	46.0
	Strongly Agree	68	54.0	54.0	100.0
	Total	126	100.0	100.0	

vi) Correlation Analysis

Correlations

		EP1	CS1	SF1	SP1	MS1
EP1	Pearson Correlation	1	.747**	.722**	.732**	.569**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	126	126	126	126	126
CS1	Pearson Correlation	.747**	1	.775**	.663**	.580**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	126	126	126	126	126
SF1	Pearson Correlation	.722**	.775**	1	.563**	.579**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	126	126	126	126	126
SP1	Pearson Correlation	.732**	.663**	.563**	1	.563**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	126	126	126	126	126
MS1	Pearson Correlation	.569**	.580**	.579**	.563**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	126	126	126	126	126

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

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	1.934	.988		1.958	.053		
	CS1	.227	.084	.239	2.693	.008	.319	3.130
	SF1	.221	.061	.297	3.623	.000	.374	2.673
	SP1	.360	.066	.382	5.456	.000	.512	1.954
	MS1	.042	.064	.043	.653	.515	.574	1.743

a. Dependent Variable: EP1

viii) Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.835[a]	.696	.686	1.698

a. Predictors: (Constant), MS1, SP1, SF1, CS1

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	95.0% Confidence Interval for B Upper Bound
1	(Constant)	1.934	.988		1.958	.053	-.021	3.889
	CS1	.227	.084	.239	2.693	.008	.060	.394
	SF1	.221	.061	.297	3.623	.000	.100	.342
	SP1	.360	.066	.382	5.456	.000	.229	.491
	MS1	.042	.064	.043	.653	.515	-.085	.168

a. Dependent Variable: EP1

A3

List of development bank of Nepal

1. Corporate Development Bank Ltd….
2. Excel Development Bank Ltd…..
3. Garima Bikas Bank Ltd.
4. Green Development Bank Ltd.
5. Jyoti Bikas Bank Ltd.
6. Kamana Sewa Bikas Bank Ltd.
7. Karnali Development Bank Ltd…..
8. Lumbini Bikas Bank Ltd.
9. Mahalaxmi Bikas Bank Ltd.
10. Miteri Development Bank Ltd.
11. Muktinath Bikas Bank Ltd.
12. Narayani Development Bank Ltd…
13. Sahara Bikas Bank Ltd.
14. Salapa Bikas Bank Ltd….
15. Shangrila Development Bank Ltd.
16. Saptakoshi Development Bank Ltd.
17. Shine Resunga Development Bank Ltd.
18. Sindhu Bikas Bank Ltd….

Source: (Basnet, 2021)

List of development bank which are merged and have corporate office in Kathmandu

1. Garima Bikas Bank Ltd.
2. Kamana Sewa Bikas Bank Ltd.
3. Lumbini Bikas Bank Ltd.
4. Mahalaxmi Bikas Bank Ltd.
5. Shangrila Development Bank Ltd.