EFFECTS OF MERGER AND EMPLOYEE MOTIVATION IN NEPALESE COMMERCIAL BANKS

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By

Name: Sandip Pokharel

Exam Roll No.: 12747/19

T.U. Regd. No.: 7-2-31-106-2013

Public Youth Campus

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Recommendation

This is certify that the Thesis

Submitted by

SandipPokharel

Entitled:

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Has been prepared and approved by this department in the prescribed format of the faculty of management. This thesis is forwarded for examination.

…………………..	…………………..	……………………
Dr. PushpaMaharjan	Dr. Sushil Kumar Pant	Bala Ram Thapa
(Thesis Supervisor)	(Head, Research Department)	(Campus Chief)

CERTIFICATION OF AUTHORSHIP

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

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

SandipPokharel

Signature:

Date: April, 2023

REPORT OF RESEARCH COMMITTEE

Mr. SandipPokharel has defended research proposal entitled Effects of Merger and Employee Motivation in Nepalese Commercial Bankssuccessfully. 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 and submit the thesis for evaluation and viva voce examination.

Dr. PushpaMaharjan

Position: Supervisor

Signature: ....

Dissertation Proposal Defended Date:

…………………………………………..

Dr. PushpaMaharjan

Position: Supervisor

Signature: ....

Dissertation Submitted Date:

…………………………………..

Name of head of Research Committee:...................

Signature: ....

Dissertation Viva Voce Date:

…………………………………….

APPROVAL SHEET

We have examined the dissertation entitled Effects of Merger and Employee Motivation in Nepalese Commercial Bankspresented by SandipPokharel for the degree of Master of Business Studies We hereby certify that the dissertation is acceptable for the award of degree.

Dissertation Supervisor

Signature

Internal Examiner

Signature

External Examiner

Signature

Chairperson, Research Committee

Signature

Date:…………………………….

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ABBREVIATIONS

A.D	Anno Domini
HRM	Human Resource Management
B. S	BikramSambat
ED	Effective Decision
BC	Better Communication
FY	Fiscal Year
i. e	That is
LTD	Limited
MBS	Masters of Business Studies
NEPSE	Nepal Stock Exchange
NPA	Non-Performing Assets
NRB	Nepal Rastra Bank

ABSTRACT

The purpose of this study is to assess the effects of merger in human resource management in sampled Nepalese commercial banks. To identify the cause-effect relationship between the dependent and independent variables the present researcher had chosen descriptive and causal research design to conduct the present research.Two commercial banks inside Kathmandu Valley who have gone through merger are taken with a sample size of 100. Convenience sampling was used to collect the data. The correlation analysis shows there is significant positive relationship between Employee Compensation and Employee Performance of employees of merged Nepalese commercial banks. The study concludes that effects of merger on human resource management can be assessed, evaluated and examined from different perspectives as there are numerous factors that constitute human resource management and how it is effected after merger of Nepalese commercial banks.

Keywords: *merger and acquisition, Human resource management, performance, motivation*

CHAPTER I

INTRODUCTION

1.1 Backgroundof the study

Human resource management is the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns (Dessler, 2013). Organizations are benefitted by human resource management as it helps to utilize the manpower not only for the benefits of the organization but for the growth, development and self-satisfaction of the concerned people. Thus, the system that focuses on human resources development on one hand and effective management of people on the other hand so that people will enjoy human dignity in their employment summarizes human resource management.

Human resource management benefits organizations by helping to utilize the manpower for the growth, development and self-satisfaction of the concerned people and not only for the benefits of the organization (Bhagria, 2014). Thus, the system that focuses on human resources development on one hand and effective management of people on the other hand will enjoy human dignity in their employment (Figurska, 2017).

It is inevitable that firms go through merger in a fast growing business world, not only out of necessity but as a trend. Roberts, Wallace, and Moles (2010) refers to merger as the combination of two or more companies into one new company or corporation. While a part of merger is good for business, another part is equally challenging for human resources associated with it. Managers and executives tend to ignore the impact it has on their human resources, as they are expected to adjust through the dynamic change in the working environment. They overlook providing proper guidance and counselling to adapt to the changes around them. This has resulted in poor management of human resources and lack of motivation in them.

In Nepal, merger in commercial banks play a huge role in achieving competitive advantage as it further helps to grow and expose them to new technologies and stay one step ahead of others.

According to Share Bazar Nepal (2017), “Majorities of bank and financial institution are city centered and are having cut throat competition.” Because of such competition many commercial banks are undergoing merger to help one another stay in the business. Share Bazar Nepal (2017), further states, “NRB realized the situation and international donors helping Nepal to improve its economy suggested for the merging of bank and financial institutions to make few but strong institutions.” Commercial banks at first got engaged in merger as a necessity in order to maintain few but strong financial institutions. Lately, due to increased number of financial institutions, more banks are merging with one another. While the merging of commercial banks are good for the business, we must not overlook the effects it has on human resources associated with these banks.

Evidence from literature has shown that in spite its popularity and benefits to merging or acquired firms, 75% of M&As did not translate to a larger market share, improved shareholders values or the attainment of financial goals (Naveed, et al., 2011). Instead, in many instances, M&As have been found to have resulted in decreased productivity, culture clash, increased employees job dissatisfaction, heightened fear of job loss, low morale, lack of trust in management and dysfunctional employees’ behaviours (Emlyon, Noorderhaven&Vaara, 2013). Naveed et al. (2011) reported that employees whose firms were involved in M&A exercise were less motivated about their job. The reactions of employees who experienced decline in job satisfaction after M&A exercise add additional costs to the post-integration process; undermine the ability of the merging firms tocollaborate together in maximizing synergistic effects of the deals; and achieve other primary reasons of engaging in M&A in the first place. From the forgoing, it is clear that the attitude of employees affected by M&A is critical in determining whether the deal would be successful or not. In spite of this, Sacek (2012) observed that the majority of firms that engage in M&As did not plan adequately or make provision for cultural or structural integration in line with employees’ job satisfaction; whose reactions and interactions mold the resultant firms image, commitment and performance. It has also been reported that the majority of firms that engage in M&As did not take into cognizance the human aspects of the deal. This is surprising given that employees’ issues have the potential to make or mar the M&A process (Meyer & Altenburg, 2007). The gradual recognition of employees’ role in the success of M&A exercise in recent years has seen more interest and research effort been devoted to employees' issues of M&As (Barker, 2009).

The effects of M&A on the performance of selected commercial banks; while Ikpefan (2012) explored post-consolidation effect of M&A on deposit money bank. However, very few studies, if any, had assessed the influence of M&As on job satisfaction among employees, particularly in other sectors besides the banking industry. Therefore, the present researcher has chosen to conduct a study in this particular area to find out the effects of merger on human resource management in Nepalese commercial banks.

1.2 Statement of the Problem

In this study, the present researcher was mainly focused in understanding the effects of merger on human resource management in Nepalese commercial banks. In the context of Nepal, banking industry is in growth phase as a result of which competition among banks is increasing. With the increase of new banks, it is hard for both existing and new banks to sustain in the market, because of which banks merge with one another to survive. In the process of merger, human resource management is gravely effected.

Wangui (2007) in the context of mergers of commercial banks in Kenya concluded that most of the banks went through mergers to increase the market share and in the process also attained a better financial position in the market. Further, Chesang (2002) also did a study on merger restructuring and financial performance of commercial banks in the context of Kenya and recorded improvement in terms of financial performance indicators with minimum statutory requirement, but recorded a decline in performance of other ratios. However, these researches have not studied the effect of merger on the human resources aspect of the organization.

Studies focusing on the project planning and management aspect of mergers and acquisitions are plenty but that focusing on the management of human resources appear to be scanty, especially in the commercial banks where employee performance is affected by the conflicts brought about by the differences in structures and cultures of the merged organizations. This indicates that further research is needed in the current context of effect of merger on the human resource management.

Baniya and Shah (2016) states merger as a frequent activity in Nepalese banking sector. Merging of banking industries in many countries has been a massive development in recent decades thus, there is a significant decline in the number of banking firms in many countries, and a number of large universal banking firms with international operations has emerged (DeYoung et al., 2009). In many developing markets, government policy initiatives were undertaken for mergers between banks in order to restructure the banking industry. “Frequently such initiatives have followed a financial crisis, and have been directed towards stabilizing the banking system and the wider economy” as stated by Hawkins and Mihaljek (2001). However, these merger activities have not been analyzed from the perspective of HRM practices, highlighting the research gap in this area.

In addition, according to Baniya and Shah (2016), even though Nepalese economic sector as compared to various countries in the decade 2000-2010, did not go through a larger economic crisis, the NRB felt the need to restructure the banking sector through merger. Nepal Rastra Bank (2014) stated that the number of banking and financial institutions (BFIs) increased significantly after the deregulation of the Nepalese banking sector however this did not lead to a healthy competitive environment. There are various problems faced by the Nepal banking sector in relation to merger and these aspects have not been studied so far in the Nepalese context. The BFIs need to be aware of the inevitable threats that might occur in the merged commercial banks and further need to take precautions and measures in order to create harmony and unity in merged commercial banks, mainly among employees as the key success of the merger depends upon how well the employees of the merged institutions collaborate and how the merged institutions manages its human resources (Himalayan Times, 2016).

For this, the researcher considered a single statement of the problem which reads as - What are the effects of merger on human resource management in Nepalese commercial banks?More specifically, the present researcher has tried to determine the effects merger has on human resource management.

- What are the employee motivation toolsadopted by Nepalese commercial banks after merger?
- How employee performance is affected by employee compensation, employee motivation, and employee job security after the merger in Nepalese commercial banks?

1.3 Objectives of the Study

The primary purpose of this study is to assess the effects of merger in human resource management in sample Nepalese commercial banks. Furthermore, this study also aims:

- To analyze the employee motivation toolsadopted by sample banks after the merger,
- To examine the effect of motivation tools on employee performance after the merger,

1.4 Research Hypothesis

The present researcher took into consideration a number of propositions in the form of null hypotheses (H0) to conform the statistical significance of the association between different selected constructs of the study.

$H0_1$: There is a significant relationship between post-merger employee motivation and employee performance.

$H0_2$: There is a significant relationship between post-merger compensation and employee performance.

$H0_4$: There is a significant relationship between post-merger job security and employee performance.

1.5 Rationale of the Study

Based on different variables under the study framework, the present researcher could discover effects of organizational change in human resource management in Nepalese commercial banks after merger and acquisition. The present researcher will assess the general effects of organizational change in human resource management, evaluate and analyze those effects with respect to various commercial banks in Kathmandu Valley.

The researcher could undergo situation, where there was no such study in the effects of organizational change in human resource management in Nepalese commercial banks after merger and acquisition. The effect of organizational change in human resource management in Nepalese commercial banks after merger and acquisition is the subject matter of study.

1.6 Limitations of the Study

There are limitations to the study despite due considerations undertaken during the study. The main limitation of this study was its inability to include more organizations in the country i.e. the study could have covered more commercial banks that have undergone through mergers across country so as to provide a more broad based analysis. The number of observations is few as the study only constitute sample from five merged commercial banks, and it would be preferable to collect more observations to make the analysis more credible and precise.

The respondents approached were reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about them or the Bank. The variables used in the study is also limited as it only caters to three independent variables so in order to look at the effects of merger from different perspectives more variables can be taken into consideration.

Thus, researchers in the future could make the study more inclusive by considering some more variables as well as more samples.

CHAPTER II
LITERATURE REVIEW

In this study, the present researcher was first and foremost concerned to understand the effects of merger on human resource management, in the context of Nepalese commercial banks. For this, the present researcher found the works of various scholars as the pertinent sources of depth learning of the related theoretical and conceptual constructs governing the present research.

2.1 Review of Conceptual Perspectives

According to Kehinde and Abata (2010) merger refers to an event that occurs when two organizations often having the same size come to a decision to go forth as a new organization which would be owned and operated together. Such event is defined as the ‘merger of equals’, where the stocks of both organizations are forfeited and new organization’s stock is allotted at its place.

Mergers of organizations have significantly increased, both domestically and internationally, during the last decade and service and knowledge-based industries such as banking have been most affected by this trend (Kivuti, 2013). Companies announce merger for better performance, for creating a unique image in the mind of the customers and for increasing their market share and to accomplish this required targets, human resource department also needs to assess the impact on the employees and thus enhance their performance (Kuhn, 2000).

According to Hanson (2016), there are four types of merger which are as follows:

i. Horizontal Merger: Merger among companies that are in the same industry and are in competition with each other is known as horizontal merger (Skrikrud, 2015). The author further states that horizontal merger is a merger with direct competitor, thus the merged firms expand as they operate in the same industry. According to Barbot (2001), number of competitors in the industry decrease as a result of horizontal mergers as they are designed to produce substantial economies of scale.

ii. Vertical merger: According to Casseres (2015), merger among organizations that are within the equal industry but function on distinctive degrees of manufacturing or distribution mechanism is recognized as vertical merger. If an enterprise takes over its dealer/manufacturers of raw cloth, then it might also result in backward integration of its sports. On the different hand, forward integration may additionally result if an enterprise decides to take over the retailer or consumer organization. Vertical merger may end result in many working and monetary economies (Kumar &Arora, 2012). Further the scholars state that the transferee company will get a stronger position within the market as its manufacturing/distribution chain will be extra incorporated than that of the competition. According to Jurevicius (2013), Vertical merger affords a manner for overall integration to those firms which are striving for owning of all phases of the production time table collectively with the advertising and marketing network (i.e., from the acquisition of raw materials to the relating of final products).

iii. Co-generic Merger: According to Aiza (1999), co-generic mergers are those mergers where the acquirer and target organizations are related thru simple technology, production approaches or markets. The received enterprise represents an extension of product line, marketplace contributors or technology of the acquiring organizations. Further, Kim (2011) states that those mergers represent an outward motion with the aid of the acquiring company from its cutting-edge set of commercial enterprise to adjoining enterprise. The acquiring employer derives blessings by using exploitation of strategic sources and from entry into a related market having higher go back than it loved earlier. The ability benefit from these mergers is excessive due to the fact these transactions offer possibilities to diversify around a common case of strategic resources (Kim, 2011).

iv. Conglomerate merger: Conglomerate mergers contain companies engaged in unrelated kind of commercial enterprise sports i.e. the business of two corporations are not associated with every other horizontally (within the experience of manufacturing the identical or competing merchandise), nor vertically (inside the sense of status closer to each different n the dating of customer and dealer or potential consumer and dealer) (Hudson, 2018). According to Kumar et. al., (2012) in a pure conglomerate, there are no vital commonplace elements among the companies' in production, advertising and marketing, studies and improvement and generation. In exercise, however, there is some degree of overlap in one or extra of those common elements.

2.1.2 Six Underlying Theories in Merger

Although not pushed by way of concept, the present literature focusing on the human side of merger contains a big accumulation of descriptive records concerning how employees revel in and reply to merger associated organizational alternate (Seo and Hill, 2005). Further Seoand Hill (2005) argues that based on an evaluation of more than hundred books and articles in both the instructional and practitioner literature, six theoretical subject matters were discovered which implicitly or explicitly fashioned the premise for explaining employees' psychological and behavioral responses to merger associated organizational change. The theories include:

a. Anxiety theory
b. Social identity theory
c. Acculturation theory
d. Role conflict theory
e. Job characteristics theory
f. Organizational justice theory

According to Padilla and Perez (2003), respective theories recognize different bases of issues that often emerge for the duration of merger organizational exchange tactics, predicts their psychological and behavioral effect on employees, and indicates applicable recommendations to deal with the issues.

a. Anxiety Theory: Due to the fact that merger generally entails large-scale organizational exchange, it is able to be a considerable supply of anxiety (Buono& Bowditch, 1989). Further, Buono and Bowditch, (1989) argues that although the degree of hysteria may additionally range across people and depends on the merger characteristics (Rentsch& Schneider, 1991). It is a wide-ranging remark that employees enjoy a high diploma of anxiety whilst dealing with the viable prevalence of merger (Cartwright & Cooper, 1993; Ivancevich, Schweiger, & Power, 1987). Moreover, this concern can occur itself in special approaches for distinct organizational individuals at distinctive ranges of the merger system. According to

Rentschand Schneider (1991), nevertheless, anxiety is acknowledged and experienced through the large base of employees as soon as the selection for merger has been done.

Before integration happen, employees revel in tension as they try to cope with uncertainty with the aid of predicting frequently the worst case state of affairs—the effect of the merger on their future jobs and careers (Marks &Mirvis, 1985; Rentsch& Schneider, 1991). Specifically, supposed risk of method loss can produce an outcome in accelerated fear and feelings of distress (Brockner, Grover, Reed, & Dewitt, 1992). Anxiety as such can also bring about self-survival predispositions in which employees intermingle in political guiding to guard their reputation, energy, and prestige (Schweiger, Ivancevich, & Power, 1987). This could create unfavorable opposition that negatively impacts organizational overall performance. Separation tension can also end result from seeing coworkers terminated (Astrachan, 1995). Astrachan (1995) defined separation anxiety as a one-of-a-kind tension related to the frightening situation of having a courting trade or extensively cease. Separation tension now not simplest takes place at some point of and after separation, however additionally earlier than separation genuinely takes area, or even when its miles virtually implied, as an instance, within the face of rumors about employees being terminated.

According to Astrachan (1995), separation anxiety is characterized with the aid of robust emotions, which include despair, and conduct, such as hostility or withdrawal. The form that separation tension takes depends on the percentage of human beings staying in and leaving the employer. Numerous interventions have been counseled for coping with the tension created through merger. one of the most common prescriptions for lowering anxiety-related pressure is pinnacle-down, formal conversation that provides well timed and accurate records approximately what is going to take place to the business enterprise and employees' jobs (Garpin& Herndon, 2000; Schweiger&Denisi, 1991).

Some authors also advise that not simplest the diploma, however also the length of uncertainty and anxiety may be a prime source of employee pressure at some stage in merger (Cartwright & Cooper, 1996; Ivancevich et al., 1987). Primarily based in this, the advice is for verbal exchange to start early and be ongoing (Napier, Simmons,

&Stratton, 1989). Rapid moving up of integration approaches (Feldman, 1995; Kleinman, 1988) also can be an effective method for minimizing extended uncertainty and tension. Additional interferences include worker counseling and pressure control training (Matteson &Ivancevich, 1990) to support employees manage with emotional state of anxiety.

Social aid from spouse, friends, supervisors, coworkers, and spouse and children has alsobeen proven to help personnel cope with the strain produced through merger(Scheck &Kinicki, 2000). Groups can offer social aid in diverse methods, including supplying employee assistanceapplications and engaging in “metropolis conferences” wherein personnel can voice their views openly, concentrate to others, and take solace within the truth that others are experiencing the equal emotions (Fugate, Kinicki, & Scheck, 2002). it is also vital to decorate employees’ perceptions of manage, as an instance, permitting personnel to participate in selection making in the course of and after the merger (Fugate et al., 2002). Even though there may be a tendency for managers to emerge as distracted by means of the details of the purchase, it's miles critical that they make the effort to interact greater with their personnel. Managers ought to study in listening capabilities and assisting their employees deal with merger associated tension. Even within the early tiers, once they can’t offer lots of records about the merger, they could make themselves to be had to concentrate and display that they're there for their employees (Marks, 1997). For example, managers can display patience with employees who're disturbing, reassure employees in their really worth, pay attention to their troubles, and show an information of what personnel are going thru in preference to surely urging them to press on. every other approach for managing anxiety approximately task loss some of the senior executives within the corporation to be obtained is the exercise of golden parachutes, which guarantees executives will receive compensation in the event that they lose their task because of the merger (Shearer, 2004). The intent of golden parachutes is to permit executives to objectively analyze the blessings of a deal, regardless of the likelihood that the merger would possibly leave those jobless. Golden parachute offers need to be cautiously controlled to save executives pushing through an merger for the wrong motives. There is also the risk that different personnel, who aren't receiving golden parachute deals, will feel anger and resentment.

b. Social Identity Theory: According to social identity theory (Ashforth&Mael, 1989; Kramer, 1991), there's part of individuals' identification that derives from club in companies, for instance, groups and professions. Several identities can be impacted at some point of the merger manner, consisting of organizational identification, expert identification, and work institution identity. For instance, the role of organizational identification is regularly examined inside the merger literature (e.g., Haunschild, Moreland, & Murrell, 1994; Terry & O'Brien, 2001). Organizational identification represents the specific attributes that people associate with their club in a company (Hogg & Terry, 2000). Merger generally involves one or each groups forsaking a vintage and adapting to a brand new organizational identification. Social identity principle predicts that in this technique personnel will react with the aid of seeking to reap a high-quality position for their own institution inside the new business enterprise (Haunschild et al., 1994). This may result in strong in group/outgroup biases that may generate critical inter organizational conflicts(Marks &Mirvis, 1985). For the buyer, there can be a feeling of superiority and a tendency to dominate the movement through enforcing an integration plan on the vendor (Marks &Mirvis, 2001). Then again, merger researchers have likened employee reactions inside the acquired organization to those following dying and loss (Marks &Mirvis, 2001). These consist of an initial state of surprise wherein employees feel denial and disbelief. That is followedvia anger at leadership for promoting out and cashing in on the deal. The volume to which personnelare willing to accept a brand new identity at some stage in an merger is related in component to the relative popularity (e.g., achievement, finances, etc.) in their existing institution in comparison to the merger accomplice, and the diploma to which they be given the fame differential as valid (Terry & O'Brien, 2001).

For instance, in regards to organizational identification, employees in a lower reputation company who do not agree with the opposite business enterprise's better status is valid will have extra negativeresponses to a merger and be much less identified with the new company than personnel within thebetter status employer. Contributors of the excessive reputation company might also react negatively to the merger due to the fact they agree with their advanced function is deserved and view the merger as a chance to the repute they experience (Hogg & Terry, 2000; Terry & O'Brien, 2001). This could bring about better status organizational contributors resenting and excluding lower statuscontributors. In contrast, employees in a low reputation business enterprise who agree with that the alternative organization has a greater wonderful photo which can beautify their very own will try and misidentify with their old business enterprise and identify with the new one. To cope with loss of identification worries for the duration of merger, researchers have cautioned that it is crucial to assesshow strongly employees are attached to present identities and then take steps to ensure that new identities are visible as more attractive (Terry & O'Brien, 2001).

In addition, newly fashioned organizations need to try to increase a common in group identity through encouraging interaction among the corporations in a positive, supportive environment. Gaertner, Mann, Dovidio, Murrell, and Pomare (1990) recommended that in group/outgroup biases are reduced while humans categorize themselves as one large organization underneath conditions of cooperative interdependence. Several interventions can help the advent of a new identity. Those encompass articulating a new vision, common goals, and organizational symbols (e.g., Buono& Bowditch, 1989; Gutknecht & Keys, 1993). Organizational identity researchers suggest that corporate identity is made concreate through factors including lifestyle, products, and communications Brooks, Rosson, &Gassmann, 2005).

iii. Acculturation Theory: Initially from anthropology, acculturation is described as changes in each agencies that occur due totouch among cultural agencies (Berry, 1980). M&A researchers have argued that the acculturation method also applies throughout merger that entails the mixture of various organizational cultures (values, beliefs, or practices that define an agency) or implementing one over every other (Elsass&Veiga, 1994; Nahavandi&Malekzadeh, 1988). Moreover, due to the fact businesses incorporatepeople and companies, every with precise cultural identities, organizational cultures are betterdefined as "a community of integrated subcultures" (Elsass&Veiga, 1994, p. 433). Inside thosenetworks the diploma and price of acculturation can range between individuals and between subgroups within acorporation. The procedure of acculturation can occur in numerous exceptional ways. Berry (1980) identified modes wherein acculturation takes place, and these modes had beentailored to the context of merger to describe the one of a kind methods in which the two groups adapt to every different and remedy emergent struggle (Nahavandi&Malekzadeh, 1988).

Thosemodes encompass enculturation (members of an enterprise do not preserve their old lifestyle or update it with a new one), assimilation (individuals of an company undertake the tradition of some other), separation (members of both organizations retain their unique cultural identity), and integration (there's some degree of trade in both agencies). Which acculturation mode is brought on depends at the relative power of things that result in the want for organizational integration (e.g., diploma of relatedness of the firms, acquisition purpose) and the energy of things that pressure cultural differentiation (electricity of organizational identity, elegance of the opposite tradition). Researchers have proposed that once contributors of the two combining agencies do now not agree at the preferred mode of integration, acculturative strain will result (Nahavandi&Malekzadeh, 1988).

Acculturative strain will also be highest while organizational contributors' desire to hold their separate lifestyle is robust, and on the identical time the forces of organizational integration also aresturdy. Those stresses and tensions can also cause resistance to acculturation and extremeinterorganizational conflicts (Elsass&Veiga, 1994). Acculturative battle has additionally been known as way of life clash. Tradition conflict is a phenomenon that has been properly documented within the merger literature (e.g., Cartwright & Cooper, 1993b; Elsass&Veiga, 1994). tradition clashes stand upwhile people first observe the variations in methods of doing matters (e.g., variations in conversation fashion, making plans, managerial authority, commitment, monitoring, and teamwork), then come to view their way as superior to the other (Marks &Mirvis, 1992). This leads to attacking the alternative facet and defending their personal. Way of life clash is even more likely whilehumans' sense threatened by using the aggregate and losing their accustomed way of doing matters. As an example, Mirvis and Marks (1992) documented the tale of an unsuccessful acquisition in 1989 of Hewlett-Packard, an established and respected lifestyle, and Apollo pc, with greater of a maverick way of life. Their account includes memories of the CEO of Apollo driving his Harley Davidson bikeinto a conference room for an essential meeting with Hewlett-Packard. Tradition conflict can lead to low morale, absenteeism, turnover, and reduced productivity (Cartwright & Cooper, 1993b). Interventions to cope with acculturative pressure contain assessing the potential for subculture clashand then facilitating the procedure of bringing the distinct cultures together.

A cultural due diligence or audit conducted as a part of the merger due diligence technique can provide a realistic evaluationof the cultural variations that exist between the organizations in the merger. it is able to also allowproactive making plans of interventions to deal with capability acculturation problems. A cultural due diligence assesses differences in humans-related topics, together with company values, employer shape, decisionmaking methods, and reward structures (Marks, 1999). Prescribed interventions include fostering multiculturalism, in which each organizational cultures are equallyvalued and integrated (e.g., Elsass&Veiga, 1994), and facilitating intercultural mastering viaintercultural shows and workshops for example, Buono and Bowditch (1989) counseled an intergroup mirroring workshop in which members from both groups are endorsed to surface both variationsand similarities among organizational cultures, and for that reason to create situations underneathwhich mutual hassle solving can occur. An important assumption of these interventions is that basedand purposeful interactions between combining organizational participants will result in eitherintercultural tolerance or assimilation (Schweiger& Walsh, 1990).

Personnel need to be sensitized approximately the dynamics of subculture clash and recommended in opposition to falling into the modes of wondering that lead to way of life clash, as an example, comparing variations in terms of right or terrible (Marks, 1997). One example of the way to combine one of a kind organizational cultures is GE Capital’s integration method (Ashkenas, DeMonaco, & Francis, 1998). The agency has applied a scientific manner for cultural integration that consists of a cultural workout, in whichmanagers from the combining companies discuss variations in organizational way of life and broadenplans to integrate the cultures. The results from the cultural exercise are shared extensively in eachagencies. GE Capital additionally assigns participants from both businesses to serve on quickterminitiatives that cope with critical business troubles. This lets in organizational individuals to see the price of running together.

iv. Role Conflict Theory: A function is a hard and fast of expectancies approximately conduct for a position. Function battleprinciple shows that mental anxiety happens whilst people are engaged in more than one roles that are incompatible (Katz & Kahn, 1978). Function ambiguity refers to uncertainty approximately what's expected in a role. Merger integration methods contain disrupting the existing cultural, structural, and activity preparations and growing new preparations. however, the transitions are generally neither nor quick time period, often that means a long duration of organizational go with the flow (Marks &Mirvis, 1992), which results in function war and ambiguity (e.g., Ivancevich et al., 1987). Several one of a kind forms of position struggle can occur during merger. As an example, personnel might also enjoy high tiers of function war as a result of new jobdemands related to the merger. In addition, employees may additionally experience battle amongclosing unswerving to vintage clients or coworkers and implementing the modifications required by means of the merger. Finally, the threat of job loss can intervene with personnel'function as carriersfor their family (Schweiger et al., 1987). This function ambiguity and war is any other supply of pressure, which can also lead to lower work motivation and higher job dissatisfaction (e.g., Igbaria&Guimaraes, 1993; Sims &Szilagyi, 1975). To deal with position war problems, some researchers emphasize the significance of twoway communication, which includes both energetic paying attention to the resources of role war and ambiguity and right away responding to the function-associated troubles (Bastien, 1987). Marks and Mirvis (1992) also counseled that robust managerial management can assist to expand and clarify employees' new roles within the merged company. This could require that managers maintain one-on-one discussions with employees to barter and clarify position expectations.

v. Job Characteristics Theory: Some researchers have suggested that changes in worker mindset and behavior following merger may also truly reflect modifications in their activity characteristics and paintings environments after merger. A preferred statement is that personnel' perceptions of the nice of their job surroundingsdecline after a merger (e.g., Buono, Bowditch, & Lewis, 1985), which ends up in a tremendous drop in employees' activity delight and organizational dedication (Newman &Krzystofiak, 1993). One principle that relates to modifications in perception of the paintings environment is job traitsconcept. Activity characteristics concept indicates that middle activity traits (ability range, assignment identification, challenge significance, task autonomy, and venture feedback) impactperceptions of the paintings surroundings and in flip influence motivation and process delight(Hackman & Oldham, 1975). Whereas process characteristics principle is narrowly focused on middle traits of the process project, we take a broader view of task characteristics to encompassdifferent dimensions of the paintings surroundings, which include profession paths, paintingsrelationships, aid networks, reputation variations, geographic transfer, and process safety. These can all play a role in shaping employee attitudes and behavior after a merger (e.g., Schweiger& Walsh, 1990). To avoid bad assessments of modifications in the paintings surroundings, one prescription is to carefully redecorate jobs within the post-merger corporation in a manner that sustains or increasespersonnel' job delight and organizational commitment. Encouraging employees to participate in jobredesign procedures has been endorsed as a beneficial approach to lessen feasible resistance and to keep a tremendous mind-set in the course of the transition (Cameron, Freeman, & Mishra, 1991). Finally, training personnel to regulate to process changes is likewise regularly advocated(Schweiger et al., 1987). In particular, personnel need to in reality recognize the modifications to be able to arise of their work environment and the reasons for them (Newman &Krzystofiak, 1993). Leaders should recall ways to stability doubtlessly poor modifications inside the paintingssurroundings with other fantastic results.

vi. Organizational Justice Theory: In many instances, merger includes choices concerning reselecting and displacing employees. Organizational justice theories provide essential theoretical insights concerning how those choices can have an effect on the surviving employees' perceptions and behavior. Whilst workers see themselves as being dealt with pretty, they're more likely to develop attitudes and behaviors in support of change, even under situations of adversity and loss (Cobb, Wooten, &Folger, 1995). Employeereactions to an organizational alternate together with M&A may be influenced by the subsequent 3varieties of equity perceptions: (a) distributive justice (Adams, 1965), that's the equity of consequences acquired as compared to an individual's wellknown of equity; (b) procedural justice (Thibaut& Walker, 1975), that's the fairness of techniques used to decide the outcomes; and (c) interactional justice (Tyler &Bies, 1990), that is how the organizational contributors are handled by using those chargeable for figuring out consequences and methods. for the duration of M&A, employees pay near attention to how human beings are handled in terms of distributive, procedural, and interactional equity (e.g., Greenberg, 1987). M&A researchers have always located that personnel' perceived equity of how both surviving and displaced personnel were handled throughout the post-merger integration duration considerably encouraged their attitudes (mentalwithdrawal) and behaviors (turnover) (e.g., Fried et al., 1996; Gutknecht & Keys, 1993). Cobb et al. (1995) distinct numerous tactics for handling organizational justice perceptions all throughorganizational restructuring, along with merger. In regards to distributive justice, results should be based at the needs of the business enterprise and people of the employee.

As an example, personnelmust obtain education based at the criticality in their role within the new company and the deficit of skills for those roles. Procedural justice perceptions may be elevated by permitting identicalparticipation of personnel from each companies in making essential choices, consisting of employeedisplacement (Cartwright & Cooper, 1996). New human useful resource control policies and methods inside the newly merged organizations have to use correct, objective, and impartialstandards and be consistent throughout each humans and time (Harrison, 1998; Krupar&Krupar, 1988). In the end, interactional justice concerns call for managing displaced personnel with equityand admire, presenting adequate explanations of the need for change, and acknowledging the adversities that personnel are facing (Fried et al., 1996; Gutknecht & Keys, 1993).

The theoretical perspectives mentioned earlier display the importance of coming near the mixing technique in a scientific manner, growing integration plans to help manual the process, and making sure that issuesare competently addressed (DiGeorgio, 2002). A few companies which have had fulfillment at merger spotlight the significance of assigning a complete-time integration manager and assembling an integration or transition crew (Marks, 1997). The integration manager need to be someone who'sproperly reputable, has proven control abilities, and additionally has sturdy abilities in facilitating organizational change. Further, the mixing supervisor ought to have the important purposefulknow-how to lead the combination. Having taken into consideration the theoretical underpinnings for a way merger can effect personnel' mental and behavioral responses, we now turn to the undertaking of integrating these theoretical perspectives into a framework to manual merger studiesand practice. Merger process basically follow the follow stages:

i. Premerger stage*:* The premerger level starts offevolved with the exam of a possible merger and ends with the reputableannouncement of the merger. This degree includes making plans and discussions among top managers and bosses concerning a possible merger (Garpin& Herndon, 2000) and emerging rumors about the possible merger amongst employees (Ivancevich et al., 1987). The organizations are neverthelessprobable to be fantastically stable at some stage in this phase (Buono& Bowditch, 1989).

ii. Initial planning and formal combination stage: This stage starts after the merger has been introduced and ends once the former agencies had beenlegally dissolved and a brand new agency, frequently with a brand new call, has been created. This stage involves the advent of a new vision, new dreams for the blended employer, and joint committees and teams to make decisions regarding management adjustments, staffing plans, and new organizational shape.

iii. Operational combination stage: This level entails actual integration of organizational functions and operations. Interactions among the members of the combined businesses are extended from daily control and joint committees every daygeneral work units and operations (Garpin& Herndon, 2000). During this segment, budgets, space, paintings assignments, and reporting duties are realigned. Employees are driven every day analyze new ways of doing matters, meet new performancerequirements, and undertake new cost and belief systems (Marks &Mirvis, 1992). because this segment affects definitely all factors—procedural, cultural, and position related—of the mixedemployer, it usually takes a whole lot longer than managers usually anticipate, on occasioneverydayyears (Buono& Bowditch, 1989).

iv. Stabilization stage: The final degree is the consolidation procedure, as the operational integration is completed. Althoughmodifications and modifications can also preserve all through this level, organizational balance recurs, and norms, roles, and organizational routines are stabilized.

Therefore HRM is worried in instigating modifications as well as acting as a consistent force in situations in which exchange could be damaging. The human assetscharacteristic can assist the agency develop the potential to weather the adjustments with the intention to maintain on to be part of organizational panorama. (Armstrong 2006, 55) HRM makes adequate provisions for reimbursement programs that is wages and salaries for the employees and employees serving the company. It includes activity assessment, wages and income survey, determination of wage price, willpower of mode salary price, incentive price plans, and bonuses. (Kubr& worldwide hard work office 2002, 390 - 391) personnel are usually rewarded on the basisof the value of the task, their personal contributions and their performance. Despite the fact thatmaking available rewards based on the level of performance can augment worker’s motivation to perform; many rewards are more normally given on the basis of the cost of the process the worker is doing. But, rewards based completely on worker’s personal contributions as a result for being a member of the business enterprise is swiftly increasing. The appraiser for performance isn't all that easy so as for the organization to compensate their personnel.

Therefore, the employer ought tomake sure the powerful use of human resource equipment to achieve those desires. Appraiser for performance must be completed no longer simplest to get personnel to sign up for the organization, to participate and to perform however additionally to determine viable schooling and improvement needs. (Krishnamurthi 2006, nine - 10) Giving a worker a brand new and higherlevel of obligation is a first-rate decision for the corporation and for other employees who might beunderneath his or her supervision. Most agencies presently use the human aid managementdepartment to identify employees’ potentials for achievement in managerial positions in what's called advanced control capacity evaluation packages.

Hence, promoting in addition to layoff is not all that easy within an organizational putting. Whilst a business enterprise wants to reduce its group of workers for economic motives or due to changes in its shape, it's far confronted with the difficulties to decide who to keep and who to alleviate from the business enterprise. For such strategic reasons most agencies use the human resource control department to simulate their processrequirements. (Thornton &Rupp, 2006).

2.2 Review of Related Studies

For this research study, it is quite relevant to acknowledge the work of Whittle (2002), as the scholar has examined the organizational, personal, and professional impact of mergers and acquisitions. The scholar has stated that ineffective mergers will lead to loss in talent, productivity and competitive position as a result of distracted employees and further identified the loss of key people and the loss of organizational effectiveness as the two major human problems that can occur in acquisitions. The scholar has addressed the issue of hidden costs that occur while combining organizations such as tardiness, absenteeism, turnover, reduced output, declining morale, loyalty, commitment, and trust of those who remain in the post combination firm. The scholar also argued on the impact of stress the merger and acquisition has on employees and their families.

Correia, Cunha, and Scholten (2013) have examined how mergers and acquisitions effects organizational performance moderated by human resource management centrality. The scholars have stated that policies and practices of human resource management play a crucial role in company's performance after acquisition as it effects both employees and managers in merger and acquisition.

Goksoy (2014) argued that the most important factor for business success is embracing constant and continuous change. The scholar states that organization must always be in a state of change readiness. Not only organizations but individual employees must also be open, prepared, and ready for change. One of the critical factor for successful change is employee readiness. Further, the scholar has presented the impact of employee perception of human resource management practices on employee readiness for change during pre-mergers and acquisitions.

According to Hashim and Hameed (2012), technology has changed the methods of production, the process of recruitment, the training techniques, and new equipment. The scholars have discussed issues and challenges facing today's organizations and how to overcome these issues and challenges. The scholars have suggested to build a standard structure that allows managing all different workforce alternatives so the organization can maintain their competitive advantage.

Kyei-Poku (1996), has examined the impact employee post-merger satisfaction has on employee organizational commitment and turnover intentions. The scholar provided evidence for the relationship between satisfaction with a merger and the affective and normative components of organizational commitment. Support was also found for the hypotheses that proposed that affective and normative commitments are negatively correlated with turnover intentions.

Lipponen, Wisse&Jetten (2016), suggests thatwell-known downside of organizational mergers is that employees fail to identify with the newly formed organization. The scholars argue that developing an understanding of factors that affect post-merger identification requires taking the pre-merger status of the merger partners relative to each other into account. This is because relative pre-merger status determines employees' susceptibility to different aspects of the merger process. Specifically, for employees of a high status pre-merger organization, the scholars expected postmerger identification to be strongly influenced by (i) pre-merger identification and (ii) the perceived change in the status. In contrast, the scholars expected post-merger identification of employees of a low status pre-merger organization to be strongly affected by the perceived justice of the merger event. Longitudinal data were obtained from a merger of two public sector organizations and the results supported our hypotheses. This study shows that the extent to which pre-merger identification, status change, and justice are important determinants of post-merger identification depends on the relative pre-merger status of the merger partners. The discussion focuses on theoretical implications and managerial ramifications of these findings.

According to Ntwari and Kule (2016), recruitment and selection, training and development, team building, reward and compensation strategies have a significant positive effect on performance of financial institutions in Rwanda. Concluded from the study that there is a positive relationship between strategic human resource management and financial institution. Training programs, participative work settings, recruitment and incentive arrangements provide proper motivation and combine to enhance firm performance in terms of market share and profitability. The scholar states, “Commercial banks should develop and document human resource management strategies that are linked with the overall bank strategy.”

Tan and Nasurdin (2011), suggests organizational innovation has been viewed as an essential weapon for organizations to compete in this competitive business environment. The scholars suggest organizational innovation could be heightened through effective human resource management (HRM) practices and effective knowledge management. This study examined the direct relationships between HRM practices (performance appraisal, career management, training, reward system, and recruitment) and organizational innovation (product innovation, process innovation, and administrative innovation).

According to Antwi, Opoku, Seth and Margaret (2016), there is a very important relationship among HRM practices and employees’ performance. The scholars took a look at five selected HRM practices and assessed their impact on employees’ performance. The main objective of the study was to examine the impacts of these HRM practices on the performance of employees in four selected branches of Ghana Commercial Bank (GCB).

Adewale and Anthonia (2013), showed the results of the impact of organizational culture on human resource practices in some selected Nigerian private universities. Further, the scholars showed there is a close relationship between organizational culture and recruitment process, training programs, job performance management, performance of employees, pay structure, and compensation administration.

CHAPTER III

RESEARCH METHODOLOGY

The main purpose of conducting research methodology is to develop the concept about what is going to be studied, how it will be studied and how the information generated would be used in proposed research. The chapter as a whole has been divided into eleven sections.

3.1 Research Design

To test the stated hypotheses regarding the effects of merger on human resource management in Nepalese commercial banks and identify the cause-effect relationship between the dependent and independent variables the present researcher had chosen descriptive and causal research design to conduct the present research.

3.2 Population and Sampling procedures

The research study aims to find the effects of merger on human resource management in Nepalese commercial banks, the present researcher has sampled randomly 2 commercial banksPrabhu Bank and Global IME Bank inside Kathmandu Valley who have gone through merger. These two banks are selected due to the largest capital size after the merger and there are no any such big conflicts during and after the merger process. The population size is 450, therefore present researcher decided to take a sample size of 100. The sample consist of Mid-level manager, Officer and Assistant level employees from different branches. Convenience sampling was used to collect the data.

3.3 Nature and Sources of Data collection

In this research, data was collected from the selected commercial banks inside Kathmandu Valley using questionnaire to access the responses of employees. Primary data are collected from the employees working in the selected banks gone through the merger. Secondary source of information was also collected for other analysis and review.

3.4 Research framework and variables

Model Specification

The dependent variable is the function of independent variable. Furthermore, mathematically:

$Y1 = a+b1x1+b2x2+b3x3+e_i$

Where, Y1= performance

X1= compensation

X2=motivation

X3= job security

e_i= Error terms

On the basis of overall preliminary review of literature related to the present area of interest of the study, the present researcher has developed a conceptual framework to govern the research in a more systematic manner. Mentioned below presents with the detailed elements of conceptual framework governing the present study:

On the basis of overall preliminary review of literature related to the present area of interest of the study, the present researcher has developed a conceptual framework to govern the research in a more systematic manner. Figure presents with the detailed elements of conceptual framework governing the present study:

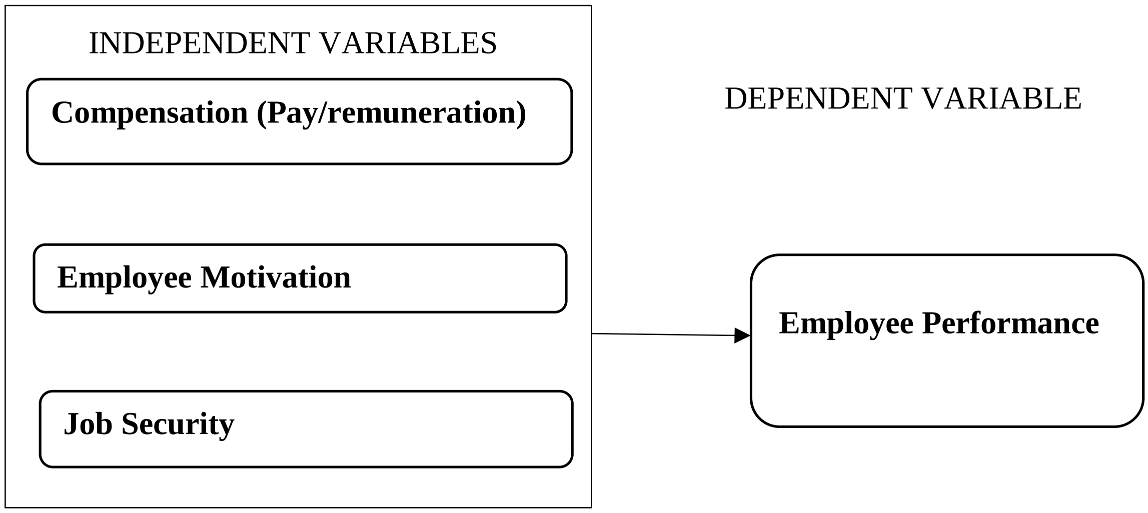

Figure 1:Conceptual Framework

Source: Kivuti, M. (2013). The influence of mergers and acquisitions on employee performance: a case of equatorial commercial bank.

As presented in figure above, the overall conceptual elements considered for the present research included criteria for effects of merger on HRM in sample Nepalese commercial banks, which included at least four defined criteria (performance, compensation, motivation and job security) – all observed as the basis of formation of the effects on human resource management in sample Nepalese commercial banks as the means of determining employee performance post-merger.

3.4.1 Independent Variables

The study framework has been developed mainly on the basis of that of Kivuti (2013) where a number of independent variables have been modified to fit into the context of Nepalese commercial banks as far as their port-merger HRM practices are concerned. For instance, motivation has been established as an independent variable instead of what Kivuti (2013) treated as a moderating one.

3.4.2 Dependent Variable

The study has covered the effect of merger on HRM exclusively in terms of that of employee performance which has been measured by the three indicators: Productivity, efficiency, and consistency.

3.5 Data Analysis

Quantitative techniques such as mean value, standard deviation, coefficient of correlation and regression was calculated. Different measures of central tendencies was the outcomes of descriptive research design which was normally executed through questionnaire to get the insight in the area of study.

CHAPTER 4
RESULTS AND DISCUSSION

4.1 Respondent's profile

Table 1

Gender of the Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	55	55.0	55.0	55.0
	Male	45	45.0	45.0	100.0
	Total	100	100.0	100.0	

Source: Questionnaire data collected using SPSS.

Among the total 100 of the respondent 55 % are female and 45% are male. We can assure that the number of the female employee is more attractive towards the banking job. This data means that women are supposed to have more priority for banking job.

Table 2

Age of the Respondent

		Female	Male	Total
Age of Respondent	Below 25 years	7	6	13
	26 to 30 years	13	12	25
	31 to 35 years	11	4	15
	36 to 40 years	9	4	13
	41 to 45 years	2	7	9
	above 46 years	13	12	25
Total		55	45	100

Source: Questionnaire data collected using SPSS.

From the above table we find that the entry age of female and male have almost equal rate. We found very least number of female employee in the age of 41-45 and 26 to 40 years. Like as the number of male employee is lesser from the age of 31 to 45 years. Hence we can conclude that the male employee have less interest in banking career then female.

The table 2 shows the age categories of the respondent. The age group has been divided into 6 categories where the 25 each respondent falls under 36 to 30 year and above 46 years. Like as only 9 respondents falls under age of 41 to 45 years. From this data we can analyses that most of the employee are spending their entire life this organization. According to the data we extract from the research most number of the employee are above 26 is can be because after the completion of master degree most of the candidate join the banking industry. Least numbers age category is 41 to 45 years that is because of retirement and switching of career from job to business.

Table 3

Education Qualification of the respondent

		Female	Male	Total
Educational Degree	Intermediate	3	0	3
	Bachelor	19	11	30
	Master	33	34	67
Total		55	45	100

Source: Questionnaire data collected using SPSS.

Only few female employee have intermediate degree and most of the female have completed their master degree followed by bachelor degree. The male and female have almost equal level of education qualification and only few have stop there further education.

Table 4

Total work experience of the respondent

		F	M	Total
Total Work Experience	Below 5 years	24	15	39
	5 to 10 years	10	6	16
	11 to 15 years	3	3	6
	16 to 20 years	7	6	13
	above 21 years	11	15	26
Total		55	45	100

Source: Questionnaire data collected using SPSS.

The table 4 shows the work experience categories of the respondent. The experience group has been divided into 5 categories from below 5 years, 5 to 10 years, 11 to 15 years, 16 to 20 years and above 21 years. According to the data we extract from the research most number of the employee are below 5 years. Least numbers experience category is 11 to 15 years that is because of switching of career for higher position.

Table 5

Level of employee display of respondent information:

Designation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assistant	46	46.0	46.0	46.0
	Officer	35	35.0	35.0	81.0
	Manager	14	14.0	14.0	95.0
	Executive	5	5.0	5.0	100.0
	Total	100	100.0	100.0	

As the organization hierarchy has been divided into 4 different level which is sub divided further. The top most level of employees are Executive employee, Manager, Office and at last Assistant. This research has exclude the employee like messenger, sweeper, security guards. As the data says that the most number of the employee falls under Assistant level and followed by officer level that is 35. Like as the manager respondent are 14 and executive level employee.

4.3 Correlation Analysis

Pearson Correlation Coefficient shows the relationship between variables, its direction, strength and significance. The major correlation coefficients between the variables are summarized in the following table.

Table 7

Correlation Coefficient between the variables considered in the Research

		Employee Performance	Employee Compensation	Employee Motivation	Employee Job Security
Employee Performance	Pearson Correlation	1			
Employee Compensation	Pearson Correlation	.502**	1		
Employee Motivation	Pearson Correlation	.019	.142*	1	
Employee Job Security	Pearson Correlation	.150*	.453**	.067	1

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

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

Table shows that the correlations between the independent variables; Employee Compensation, Employee Motivation and Employee Job Security, with the dependent variable Employee Performance.

There is significant positive relationship between Employee Compensation and Employee Performance of employees of merged Nepalese commercial banks. With reference to Table the correlation coefficient of 0.502 indicates that the relationship between these variables is moderate. The independent variable has positive linear relationship to dependent variable at significance level of 0.01 (2-tailed test).

There is no significant but positive relationship between Employee Motivation and Employee Job Security of employees of merged Nepalese commercial banks. With reference to Table the correlation coefficient of 0.019 indicates that the relationship between these variables is not significant.There is significant positive relationship between Employee Job Security and Employee Performance of employees of merged Nepalese commercial banks. The correlation coefficient of 0.150 indicates that the relationship between these variables is significant but almost negligible. The independent variable has positive linear relationship to dependent variable at significance level of 0.05 (2-tailed test).

There is significant but negative relationship between Employee Compensation and Employee Motivation of employees of merged Nepalese commercial banks. The correlation coefficient of 0.142 indicates that the relationship between these variables is significant and positive. The independent variable has positive linear relationship to dependent variable at significance level of 0.05 (2-tailed test).

There is significant positive relationship between Employee Compensation and Employee Job Security of employees of merged Nepalese commercial banks. The correlation coefficient of 0.453 indicates that the relationship between these variables is moderate. The independent variable has positive linear relationship to dependent variable at significance level of 0.01 (2-tailed test).There is no significant positive relationship between Employee Motivation and Employee Job Security of employees of merged Nepalese commercial banks.

4.4 Regression Analysis

Regression analysis is used to indicate the causal relationship among the variables. It is not necessary that a causal relationship exists between two variables that have strong correlation between them. To establish a cause and effect relationship between variables or among variables, the researcher needs to run a regression analysis. The Pearson correlation coefficient indicated that all the variable considered in this research have significant positive relationship among with the dependent variable but it does not explain by how much does each of the independent variable explain the variation in the dependent variable. To find this, a regression analysis was carried out using the SPSS in the research. The significant table from the output given by SPSS is as follows.

Table 8

Model Summary generated using SPSS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F
1	.520[a]	.270	.262	.41922	31.45

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Employee Compensation, Employee Motivation, Employee Job Security

The Table 8 indicates that the Adjusted R Square (R value) is 0.262. This indicates that the independent variables explain about 26.2% of variations in the dependent variable employee performance. The remaining 73.8% of the variations in the dependent variable is due to the influence of other variables not identified in the research.

Table 9

ANOVA test results generated using SPSS

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.584	3	5.528	31.454	.000[b]
	Residual	44.815	255	.176		
	Total	61.399	258			

Table shows that the p-value (Sig. 0.000) is less than the alpha value of 0.05. This indicates that the data supports the approval of the regression model. The regression model of the study is significant.

Table 10

Coefficient of Regression table generated using SPSS

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.461	.312		11.090	.000
	Employee Compensation	.276	.030	.569	9.299	.000
	Employee Motivation	.069	.040	.095	1.734	.084
	Employee Job Security	-.075	.040	-.114	-1.874	.062

a. Dependent Variable: Employee Performance

The Table 11 shows that Employee Compensation is significant to predict the dependent variable, employee performance. This is because the p-value indicated by the last column of the above table (Sig.) is less than alpha value 0.05 for this independent variables.The other variables Employee Motivation and Employee Job Security have p-value of 0.084 and 0.062 respectively. These p-values are higher than the alpha value of 0.05 implying that these variables are not significant to predict the dependent variable.

The relationship between the variables, as per the regression analysis table above can be denoted by the equation below:

Employee Performance = 3.461 + 0.276(Employee Compensation) + 0.069(Employee Motivation) - 0.075(Employee Job Security)

As per the analysis presented in the Table 4.4, employee compensation exerted positive influence on employee performance of the employees of the merged Nepalese commercial banks, ($t = 9.299$, $p = 0.000$, $\beta = 0.569$). When other variables are held constant, every one unit increase in employee compensation will lead to increase in employee performance by 0.569 units.

Also as per the analysis presented in the Table 4.4, employee motivation exerted positive influence on employee performance of the employees of the merged

Nepalese commercial banks, (t = 0.069, p = 0.084, β = 0.095). When other variables are held constant, every one unit increase in employee motivation will lead to increase in employee performance by 0.095 units.

Referring to the Table 10, employee job security exerted negative influence on employee performance of the employees of the merged Nepalese commercial banks, (t = -0.075, p = 0.062, β = -0.114). When other variables are held constant, every one unit increase in employee job security will lead to decrease in employee performance by -0.114 units. Even though the correlation coefficient showed a significant relationship between employee job security and employee performance individually, the regression shows a different picture when combined with other independent variables. This might be because an increase in employee job security results in increase in employee performance at a given value up to a certain level, but as employee job security also interacts with performance increasing job security may affect the performance level of employees in merged Nepalese commercial banks. Thus, as employee job security increases the employee performance may decrease due to the decrease in the performance level of the employees.

4.5Hypothesis Testing

This section deals with analysis of the hypothesis formulated as per the theoretical framework. The hypotheses formulated are tested using output generated through the multiple regression analysis.

Table 11

Hypotheses Testing

Hypothesis	P value	Result
1	0.00	accepted
2	0.00	accepted
3	0.084	rejected
4	0.062	rejected

Hypothesis 1

H1: There is a significant positive causal relationship between post-merger HRM practices and employee performance.

Reject H1, if p >0.05

The p-value of price according to Table 4.4 is 0.000 which is less than 0.05, thus the hypothesis 1 is accepted. This means that, HRM practices has an impact on the employee performance of employees of the merged Nepalese commercial banks. This finding is in inclination towards the majority of the findings presented in the literature review. This can have major implications to the merged Nepalese commercial banks.

Hypothesis 2

H2: There is a significant relationship between post-merger compensation and employee performance.

Reject H2, if p > 0.05

The p-value of price according to Table 4.4 is 0.000 which is less than 0.05, thus the hypothesis 2 is accepted. This means that, post-merger employee compensation has an impact on the employee performance of employees of the merged Nepalese commercial banks. This finding is in inclination towards the majority of the findings presented in the literature review. This can have major implications to the merged Nepalese commercial banks.

Hypothesis 3

H3: There is a significant relationship between post-merger motivation and employee performance.

Reject H3, if p > 0.05

The p-value of price according to Table 4.4 is 0.084 which is less than 0.05, thus the hypothesis 3 is rejected. This means that, post-merger employee motivation has no significant relationship with employee performance of employees of the merged Nepalese commercial banks. This finding is in inclination towards the majority of the findings presented in the literature review. This can have major implications to the merged Nepalese commercial banks. This study rejects that there is significant relationship between employee motivation and employee performance, in contradiction to majority of the studies' findings presented in the literature review. This possibly could be because of smaller sample considered in this study.

Hypothesis 4

H4: There is a significant relationship between post-merger job security and employee performance.

Reject H4, if $p > 0.05$

The p-value of price according to Table 4.4 is 0.062 which is less than 0.05, thus the hypothesis 4 is rejected. This means that, post-merger employee job security has no significant relationship with employee performance of employees of the merged Nepalese commercial banks. This finding is in inclination towards the majority of the findings presented in the literature review. This can have major implications to the merged Nepalese commercial banks.

This study rejects that there is significant relationship between employee job security and employee performance, in contradiction to majority of the studies' findings presented in the literature review. This possibly could be because of smaller sample considered in this study.

4.6. Discussions

The correlation analysis shows there is significant positive relationship between Employee Compensation and Employee Performance of employees of merged Nepalese commercial banks. The relationship between these variables is moderate. The independent variable has positive linear relationship to dependent variable at significance level of 0.01.There is no significant but positive relationship between Employee Motivation and Employee Job Security of employees of merged Nepalese commercial banks.

There is significant positive relationship between Employee Job Security and Employee Performance of employees of merged Nepalese commercial banks. The independent variable has positive linear relationship to dependent variable at significance level of 0.05 (2-tailed test).

There is no significant but positive relationship between Employee Compensation and Employee Motivation of merged Nepalese commercial banks. The correlation coefficient of 0.142 indicates that the relationship between these variables is minorand almost negligible. The independent variable has positive linear relationship to dependent variable at significance level of 0.05.

There is significant positive relationship between Employee Compensation and Employee Job Security of employees of merged Nepalese commercial banks. The correlation coefficient of 0.453 indicates that the relationship between these variables is moderate. The independent variable has positive linear relationship to dependent variable at significance level of 0.01.

There is no significant positive relationship between Employee Motivation and Employee Job Security of employees of merged Nepalese commercial banks. The correlation coefficient of 0.067 indicates that the relationship between these variables is almost negligible.Coefficient of regression shows Employee Compensation is significant to predict the dependent variable, employee performance. This is because the p-value indicated by the last column of the above table (Sig.) is less than alpha value 0.05 for this independent variables. The other variables Employee Motivation and Employee Job Security have p-value of 0.084 and 0.062 respectively. These p-values are higher than the alpha value of 0.05 implying that these variables are not significant to predict the dependent variable.

Employee compensation exerted positive influence on employee performance of the employees of the merged Nepalese commercial banks. When other variables are held constant, every one unit increase in employee compensation will lead to increase in employee performance by 0.569 units. Employee motivation exerted positive influence on employee performance of the employees of the merged Nepalese commercial banks. When other variables are held constant, every one unit increase in employee motivation will lead to increase in employee performance by 0.095 units.

Even though the correlation coefficient showed a significant relationship between employee job security and employee performance individually, the regression shows a different picture when combined with other independent variables. This might be because an increase in employee job security results in increase in employee performance at a given value up to a certain level, but as employee job security also interacts with performance increasing job security may affect the performance level of employees in merged Nepalese commercial banks. Thus, as employee job security increases the employee performance.

CHAPTER V
SUMMARY AND CONCLUSIONS

5.1. Conclusion

The purpose of conducting this research was to assess the effects of merger in human resource management in sample Nepalese commercial banks. Furthermore, this study also aimed to explore and analyze the employee compensation and its effect on employee performance. Likewise to examine the motivation level of employees and its effect on employee performance. Further to assess the employee job security and its effect on employee performance. The study used descriptive research design under quantitative research method because the present researcher have used survey questionnaires which were made by using descriptive research design.

Primary data were generated using structured and both open and close ended questions for survey questionnaires. The secondary data was collected by using journals, articles, case studies and internet. The researcher found that 100 respondents were selected to figure out the effects of merger on human resource management in Nepalese commercial banks. This study further found that there is significant relationship between dependent variable and independent variable also some independent variable had no significant relationship with dependent variable.

Also, there is both negative and positive relationship between independent and dependent variable of the study. On the basis of overall data presentation, analyses and key findings of this research, it can be concluded that there are both positive and negative effects of merger in human resource management in sample Nepalese commercial banks.

The study concludes that effects of merger on human resource management can be assessed, evaluated and examined from different perspectives as there are numerous factors that constitute human resource management and how it is effected after merger of Nepalese commercial banks. Human resource management is the most crucial part of any organization so managers should focus on how to minimize the effects of internal and external change on human resources. For this study, the present researcher has only taken into consideration employee performance as dependent variable and compensation, motivation and job security as independent variable.

The study finds that there is significant relationship between dependent variable and independent variable also some independent variable has no significant relationship with dependent variable. Also, there is both negative and positive relationship between independent and dependent variable of the present study. This study is useful to find out the effects of human resource management on Nepalese commercial banks. For future research, the researcher suggests to include more variables that this study does not constitute in order to find out the effects of merger on human resource management from different perspective.

The study mainly focuses on effects of merger on human resource management in terms of employee performance with regards to efficiency consistency and productivity. The researcher suggests to take into consideration more factors under employee performance to assess, analyze, examine and evaluate employee performance more deeply and from different perspectives.

Thus, the study concludes that on the basis of overall data presentation, analyses and key findings of this research, it can be concluded that there are both positive and negative effects of merger in human resource management in sample Nepalese commercial banks. Since the study has only taken into consideration one aspect of human resource management i.e. employee performance, this study indicates that the independent variables explain about 26.2% of variations in the dependent variable employee performance. The remaining 73.8% of the variations in the dependent variable is due to the influence of other variables which are not identified in the research.The findings of the research will help these banking institutions to see how they can improve their compensation to employees with regards to wages and benefits, terms of employment and performance based pay, motivation level of employees with regards to employee commitment, working conditions and training & development and job security of employees with regards to job skills and traits, job satisfaction, and employee retention. The research has shown how employee performance is effected on the basis of employee compensation, motivation and job security.

Furthermore, the merged banking institutions can find out through the research on what levels employee performance is effected by compensation, motivation and job security. Post-merger employee compensation has an impact on the employee performance and employee motivation has no significant relationship with employee performance of employees of the merged Nepalese commercial banks. This study rejects that there is significant relationship between employee motivation and employee performance. This possibly could be because of smaller sample considered in this study. Post-merger employee job security has no significant relationship with employee performance and the study rejects that there is significant relationship between employee job security and employee performance.

5.2. Recommendations

The study can have some major implications to the Nepalese commercial banks that have merged. Commercial banks has been merging with one another to survive in the market as it is difficult for commercial banking organizations to sustain and maintain profit in competitive environment. Customers know what they want and need from institutions like commercial banks so after merger customers expect the outcome of these commercial banks to be even better than before. This possibly could be because of smaller sample considered in this study.

Since the study has not used complicated models to evaluate merger effects it is useful to the nonprofessional readers as well. Likewise, students undergoing similar study can find this study helpful to understand the effects of merger on merged Nepalese commercial banks with respect to the scenario of merger in the banking industry.

Moreover, researchers, banking institutions and students could take the study as a reference to analyze and evaluate the relationship between employee performance and employee compensation, employee performance and employee motivation and employee performance and employee job security. Also, researchers can find this study helpful to understand how these variables effect human resource management after merger.

Similarly, future researchers can include further independent variables and dependent variables to analyze the effects of merger on human resource management in terms of other factors that constitute the overall human resource management and how those factors are effected by merger as it is not presented in this study. Finally, the study serves as a foundation for future research in case of effects of merger on human resource management with respect to employee performance.

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APENDIX A

SURVEY QUESTIONNAIRES

Dear Respondent,

Namaste! I am SandeepPokhrel, Masters in Business Studies (MBS) student of Tribhuvan University. As part of course requirement of MBS, I have been conducting a survey entitled Effects of Merger on Human Resource Management in Nepalese Commercial Banks.

For this, I would like to request you for the contribution of about 10-15 minutes of your valuable time on responding to the questions attached in the subsequent sections.I want to assure that every information provided by you will be treated highly confidential and used for academic purpose only.

Sincerely,

Sandeep

Section A: Personal Information

Q1. Your gender -

Male…………………………………………………1

Female……………………………………………….2

Others______________________________________

Q2. Your age (in years completed): ____________________

Q3. Your marital status

Single………………………………………………..1

Married……………………………………………....2

Others

Q4. Your educational level of attainment –

Intermediate level/+2…………………………………....1

Bachelor’s degree……………………………………….2

Master’s degree…………………………………........3

Others…………………………………………………4

Q5. Your length of work (in years completed):

Below 6 months………………………………………1

More than 6 months to 1 year…………………….…...2

Upto 2 years……………….…………………………3

Upto 3 years……………………………………….…4

Up to 4 years…………………………………………..5

Up to 5 years…………………………………………..6

6 years and above……………………...………………7

Q6. Your positional level in organization:

Assistant…………………………………………………..1

[Trainee assistant, assistant, senior assistant]

Officer…………………………………………………..2

[Supervisor, management trainee, junior officer,officer, senior officer]

Manager…………………………………………..……3

[Assistant manager, deputy manager, manager,senior manager]

Q7. Your department in organization:

Q 8. Bank: Nepal Bank 1 Nabil Bank 2

Section B: Rating Checklist

Q8. Please consider to tick the response that most closely matches your opinions, attitudes, feelings or perceptions. Read each statement carefully and tick any number from 1 to 7, where 1 means strongly disagree and 7 means strongly agree. Please indicate your level of agreement or disagreement regarding the effects of merger in Nepalese commercial banks using the following rating scale:

1	2	3	4	5	6	7
Strongly Disagree	Disagree	Slightly Disagree	Neither Disagree Nor Agree	Slightly Agree	Agree	Strongly Agree

SN.	Components	Rating level						
		1	2	3	4	5	6	7
	Effects of merger on performance							
	Merger has significantly affected the level of efficiency of performance in employees.							
	There is consistency in the performance of employees before and after the merger.							
	Productivity of employees has increased after the merger.							
	Effects of compensation on performance after merger							
	Wages and benefits to employees has increased after the merger.							
	Employees are insecure about their terms of employment after the merger.							
	There is performance based pay system after the merger.							
	Effects of motivation on performance after merger							
	Employee commitment has increased after merger.							
	Working conditions have improved after merger.							
	Emphasis on training & development to employees after merger.							
	Effects of job security on performance after merger							
	Employees possessing the required job skills and traits secure the matching job after merger, so that they can perform well.							
	Job satisfaction of employees has significantly increased after merger.							
	Considerable focus on employee retention after merger.							