

Optimizing Employee Engagement Post Mergers and Acquisitions in Nepalese Commercial Banks: A Comprehensive Examination of Key Influencing Factors¹

Omkar Poudel, Umesh Rijal, & Pradeep Acharya

Abstract

Mergers and acquisitions in Nepal's banking industry are experiencing a surge due to regulatory pressures and various other factors. However, these deals pose several challenges, including employee disengagement. Despite the upward trend in mergers and acquisitions, the researches on the factors influencing the engagement level of the employees, particularly among Nepalese commercial banks, are lacking. Nepalese commercial banks significantly neglect the level of the engagement of employees. Thus, this study delves into how various factors, such as leadership and communication styles, career development opportunities, incentives and benefits, health and safety provision impact employee engagement in the aftermath of mergers and acquisitions transactions. The study employs quantitative research design, utilizing structured questionnaires for data collection. A total of 372 responses from employees across various commercial banks, spanning different corporate hierarchies, who have remained employed in banks that underwent mergers and acquisitions since 2020, have been gathered and utilized for subsequent analysis. The study's findings shed light on different factors affecting employee engagement and the level of their impact on employee engagement during mergers and acquisitions in Nepalese commercial banks. These findings provide practical

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Omkar Poudel, Lecturer of Economics, Birendra Multiple Campus, Tribhuvan University, Orcid: 0009-0008-7873-0237; Umesh Rijal, Director at NOWCFO Nepal, Chartered Accountant, Orcid: 0009-0004-6993-2815 (Corresponding author); Pradeep Acharya, Account Specialist at NOWCFO Nepal, MBA, Tribhuvan University, Kathmandu, Nepal, Orcid: 0000-0001-8055-8757.

Emails: omkar60475@gmail.com; rijal255@gmail.com; pradeep.acharya197@gmail.com

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insights for management bodies, human resource professionals, and policymakers, underscoring the importance of considering these factors when planning and executing mergers and acquisitions activities.

Keywords: Merger and Acquisitions, Engagement Level of Employee, Communication, Commercial Banks in Nepal, Leadership, Management of HR

JEL Classification: M14, G21, J33

Introduction

Given the pivotal position of the Nepalese banking and financial sector in Nepal's economic development, under the backing of the Nepal Rastra Bank (NRB), mergers and acquisitions (M&A) activities hold the promise of synergies and benefits, yet they also bear the potential for instigating job insecurity and diminishing job satisfaction and engagement. The discernible gaps in communication and cultural integration within Nepalese banking institutions highlight the imperative of addressing employee emotions and fostering engagement. M&A, driven by imperatives such as capital adequacy, competition, and infrastructure financing, has compelled interventions from NRB in support of the overall development of Nepal's economic sector.

In the Nepalese banking and financial sectors, which has witnessed a spate of M&A transactions in recent years, an imperative need is there to scrutinize the aspects influencing the level of engagement of employee post-merger or acquisition. An array of studies (Shrestha et al., 2023; Shrestha et al., 2021; Thakur & Lamsal, 2023; Shrestha & Parajuli, 2020; Adhikari, 2022; Adhikari, 2020; Gaudel, 2020; Gautam, 2022; Bajgai & Pradhan, 2021) have been dedicated to various facets of human resource management (HRM), spanning employee turnover, satisfaction, compensation, performance, stress, and service enhancements in the Nepalese banking and financial sector following M&A. Additionally, an array of international studies (Markos & Sridevi, 2010; Rasool et al., 2021; Siddiqui & Sahar, 2019; Winasis et al., 2020; Aldoseri & Almaamari, 2020) have probed into diverse dimensions of employee engagement. Patro (2013) has discerned several factors that influence employee engagement, potentially yielding diverse organizational outcomes. These encompass career development, leadership and communication, equal opportunities, performance management, incentives, compensation, and health and safety. Leading by example and effectively communicating the organization's vision, mission, and values to all employees stand as fundamental drivers of employee engagement. Providing avenues for career advancement, a robust feedback system, apt incentives, and ensuring employee well-being further bolsters engagement (Markos & Sridevi, 2010).

Hassan and Lukman (2020) further found M&A positively impacted employee productivity in Nigerian banks in terms of growth of deposits and advances per

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employee. They showed the importance of HRM during an M&A deal to enhance the productivity level, and employees are the key ingredient for the successful output of any M&A deal. However, similar research has not been conducted in the Nepalese context exploring employee engagement and how to increase the engagement level after the M&A of the BFIs.

While extant research (Hakanen et al., 2006; Saks, 2006; Xanthopoulou et al., 2007; Rich et al, 2010; Biswas & Bhatnagar, 2013) has delineated a range of factors influencing employee engagement (Chhetri, 2017), the specific determinants affecting employee engagement in the Nepalese banking sector post-M&A remain relatively uncharted territory. The banking sector has been one of the most lucrative career options for young Nepalese graduates due to its steady income level, various other facilities, and a sense of job security. However, technology and time is starting to change this scenario, and employee retention is becoming a headache for the banks. Hence, it has become imperative to understand the determinants of level of engagement of employees in the banking and financial domain of Nepal post-M&A. The present study aims to explore the factors affecting the level of engagement of employee in the commercial banks of Nepal after M&A.

Literature review

Organizations enter M&A deals for a spectrum of reasons including resource acquisition, vertical integration, market-entry, client retention, scale economies, market share augmentation, fiscal incentives, and differentiation (Ibrahimi, 2018). Moreover, a key rationale for banks engaging in M&A is to curtail competition, and enhance market dominance, leading to amplified profitability and return on assets (Hankir et al., 2011). Mergers imbue the resulting entity with synergies, elevating efficiency, and curtailing redundancies (Fiorentino & Garzell, 2015). Macey et al. (2009) have explained the employee engagement as, “an individual’s sense of purpose and focused energy, evident to others in the display of personal initiative, adaptability, effort, and persistence directed toward organizational goal. “An engaged employee augments productivity and cultivates an environment conducive to motivating others toward heightened engagement. This phenomenon catalyzes initiatives within the organization, fostering leadership development and succession planning.

The definition by Macey et al. (2009) characterized the level of the engagement of employees as the embodiment of a person’s own purpose and focused energy, palpable to the surrounding showcasing initiatives, ability to adapt, determination and unwavering dedication for achieving the objectives of the institution.

One of the fundamental ingredients for employee engagement is leading by example and communicating the organization's vision, mission, and values to all employees. Providing career advancement opportunities, a strong feedback system,

adequate incentives, and ensuring the health and well-being of the employees are a few other drivers of employee engagement in the organization (Markos & Sridevi, 2010). A study in the Nepalese banking industry is necessary to validate these drivers and provide further implications.

Leadership styles exert a profound influence on employee engagement. The behavior, communication, and transactional conduct of leaders in an organization profoundly impact employee engagement. Employee perceptions are shaped by the leadership style, and when leaders establish trust, respect, and mutual understanding, it fosters heightened engagement (Ghosh et al., 2014). Rasool et al. (2021) found that in Chinese medium-sized enterprises, support from leaders and continuous, healthy communication with subordinates were pivotal factors contributing to heightened employee engagement. Both leadership style and organizational commitment were variables influencing employee's engagement among the commercial banks operating in Nepal (Lama & Pokhrel, 2019).

Chaudhary (2019) found positive and substantial impacts of factors like career growth and workplace environment on employee retention in the commercial banks of Nepal. Strong correlation existed between assignment, relationships, self-sufficiency, decision-supervisory, development professionally, gratitude, honor, and acknowledgment for morale of employee (Vidyakala & Devipriya, 2021).

When employees perceive a merger as a springboard for their careers, they become more optimistic and feel more engaged at work. Hence, depending on the employee's appraisal, engagement may either increase (due to associated optimism) or decrease (due to related anxiety). Forthright and transparent communication fosters trust in leadership, while a robust and cohesive organizational culture breeds devoted and industrious employees – culminating in heightened employee engagement (Hanafy et al., 2019).

Theory underpinning

Synergy theory

Synergy theory led to the belief that M&A activities are carried out to achieve a synergy effect in the post-M&A entity. Synergy focuses on reducing cost and increasing efficiency leading to enhanced productivity and profitability and an increase in shareholders' wealth (Fiorentino & Garzell, 2015). Financial performance after M&A has been expected to enhance after M&A under this theory. The major factors leading to synergy are mostly financial indicators and ignore other qualitative considerations.

Eat or be eaten theory

Gorton et al. (2009), in their "Eat or be eaten" theory, reflected that organizational leaders prefer to keep their organization independent. Managers of the acquired firm may

play subordinate roles, or they may altogether leave the organization, and a firm cannot acquire a larger firm due to difficulty in raising necessary funds, and the risk of dilution of ownership. Therefore, managers go into M&A deals to save their jobs, maintain the independence of the organization, and increase the size of their organization to avoid potential M&A in the future. Thus, a rally of M&A deals surface as a defense mechanism of various firms in a quest to survive and be relevant.

Self-determination theory

This theory focuses on the intensity to which human behaviors are self-driven and self-resolute. Highly engaging employees at the workplace feel much higher physical and psychological well-being than those who are less engaged. Self-determination theory proposes intrinsic and extrinsic sources of motivation play an imperative role in the level of employee engagement in an organization. Though focusing on two aspects, this theory tilted more towards intrinsic motivation factors and how they shape the employee's engagement level in an organization (Meyer, & Gagne, 2008).

Need satisfying approach

Kahn (1990) described in his Need Satisfying Approach that people apply themselves physically, cognitively, emotionally, and mentally during role performance while being in engagement, and express in a similar manner. Engagement is the state in which an employee musters all his skills, and persona into the task behavior. Though this theory is not widely used, it provides an important link for exploring the employee's engagement in the organization.

Research framework and hypothesis development

Leading by example and effectively communicating the organization's vision, mission, and values to all employees stand as fundamental drivers of employee engagement. Providing avenues for career advancement, a robust feedback system, apt incentives, and ensuring employee well-being further bolsters engagement (Markos & Sridevi, 2010).

Othman et al., (2017) found that when decisions are made involving the employees it increases the engagement level whereas one-way downward communication hampers the employee engagement level. Khan and Ghayas (2022) found transparency from the leaders, and their openness towards the suggestions of the employees and their approachable style of leadership increases the level of engagement of bank employees. Leadership styles exert a profound influence on employee engagement. The behavior, communication, and transactional conduct of leaders in an organization profoundly impact employee engagement. Employee perceptions are shaped by leadership style, and when leaders establish trust, respect, and mutual understanding, it fosters heightened engagement (Ghosh et al., 2014). Starting from this, the initial hypothesis was:

H₀₁: Leadership and communication style affect the level of engagement of employees after the M&A of the commercial banks.

Shrestha (2022) observed that women felt there exists a glass ceiling in the Nepalese commercial banks and gender bias plays a great role when it comes to better career opportunities for women within the banks. Hakuduwal (2019) observed that a clear-cut career development pathway is imperative to maintain the level of employee engagement in Nepalese commercial banks. Accordingly, the second hypothesis for this research was:

H₀₂: The relationship between career development opportunities and the level of engagement of employees after M&A in commercial banks is significant.

Silva & Iddagoda (2021) found that financial rewards such as health and insurance didn't affect the engagement level of managerial-level employees in banks of Sri-Lanka. However, (Muhammad et al., 2020) found that the provision of healthcare and safety is significant to build the commitment of the employees and thus increase their engagement level. With this contradictory literature, the third hypothesis for this research was:

H₀₃: A provision of healthcare and safety is significant for employee engagement in commercial banks.

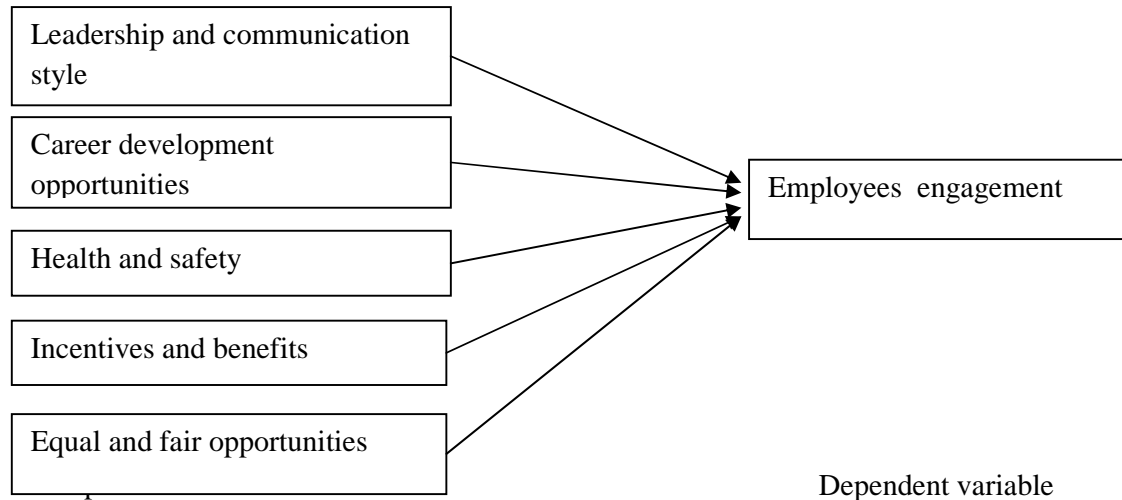
Baqir et al. (2020); Waqas & Saleem (2014); Kurniawan & Anindita (2021) observed rewards and recognition positively affect the level of engagement of employees in the Pakistani and Indonesian banking sectors. It is human nature to long for reward, and this has been the starting point for hypothesis four of this study, which was:

H₀₄: Incentives and benefits have a direct relationship with employee engagement level after M&A of commercial banks.

Adhikari (2020) noted that the employee turnover is highly affected by the justice mechanism in the organization resulted by the culture of that organization noting that compensation have a low influence. Considering these findings, the fifth hypothesis of this study was:

H₀₅: Equal and fair opportunity significantly affect the level of engagement of commercial bank employees in Nepal.

The present study delved into the intricate dynamics that influence employee engagement within the commercial banking sector of Nepal resulting after the mergers and acquisitions. By meticulously identifying both the catalysts and barriers to engagement, it endeavors to shed light on the myriad challenges encountered by employees during the integration process. This research underscored the paramount importance of employee engagement in bolstering bank productivity and systematically explored the factors that wield influence.

Figure 1*Conceptual framework of the study*

Methodology

Research design

This study was descriptive, providing insights into the research questions. It was also casual to the extent it aimed to analyze the causal relationship involving the dependent and independent variable leadership and communication style, career development opportunities, health and safety, incentives and benefits, equal and fair treatment, and dependent variable employee engagement. Further, the study was correlational as it tried to explore the relationship between two or more variables with each other. A self-administered survey was conducted with closed-end questionnaires to collect quantitative data.

Population and sample size

Kumari Bank, Prabhu Bank, Civil Bank, Global IME Bank, NMB Bank, Nabil Bank, Nepal Investment Mega Bank, and Citizens Bank International have gone under M&A since the latter half of 2020. A total of 18,244 employees were working in commercial banks under the purview of the current study as per their latest annual report for the financial year 2021/22. Hence, the total population of this study was 18,244 (Global IME, 2023; Kumari, 2023; Prabhu, 2023; Himalayan, 2023; NMB, 2023; Nabil, 2023; NIMB, 2023; Citizens, 2023).

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This study followed the Yaman sample size formula to arrive at the size of the out of the population determined. The size of the sample considered for this study was 391.

Sample collection method

This study relied on the data collected from the primary source i.e., employees engaging in the Nepalese commercial banks that have gone under M&A transactions since the latter half of 2020. The questionnaire contained two sections: the first part was to collect information about the basic demography of the respondents. The second part was intended to collect the perception of the employees on five independent variables used in this research using the Likert scale (5-point). The questionnaires were developed using Google Forms, and its link was distributed among the commercial bank's employees using social media groups, personal messages emails, and referrals.

Instrument design

Ideas for developing the survey instrument could be taken from the instruments used in previous studies, and it might result in higher reliability and validity (Choong et al., 2012). Likewise, questionnaires of leadership and communication styles were developed using the ideas from the work of Schneider et al. (2015) contextualized in the Nepalese banking industry and practices. Further, questionnaires of other variables used are developed with discussion with a few bank employees.

Data analysis method

The collected data were coded using MS Excel and further analyzed using SPSS version 25. Cronbach's Alpha was calculated and compared with the standard acceptable limit to test the reliability of the collected data (George & Mallery, 2009; Taber, 2018). Further, the heterotrait-monotrait (HTMT) ratio using correlation was calculated to assess the discriminant validity of this study (Henseler et al., 2015). Similarly, correlation and ANOVA were computed to see the relationship and test the hypothesis based on the following model: $E = \beta_0 + \beta_1L + \beta_2C + \beta_3H + \beta_4I + \beta_5E + e$

Where, EE = Employee Engagement, LCS = Leadership and Communication Style, CDO = Career Development Opportunities, HS = Health and Safety, IB = Incentives and Benefits, EFT = Equal and Fair Treatment, and e = error term.

The significance of the test results of the regressions results were analyzed at 0.95 confidence level or 5% significance level.

Data analysis and results

Out of the sample of 391, only 377 responses were received and 5 were discarded since they were not valid in the context of the present research. A total of 372 responses were received from the eight different banks.

Table 1
Demographic profile of the respondents

Profile	Category	Number of respondents	Percentage
Gender	Male	188	49.46 %
	Female	184	50.54 %
Age group	18 – 25	100	26.88 %
	26 – 35	180	48.39 %
	36 – 45	74	19.89 %
	45 and above	18	4.84 %
	Assistant level	164	44.09 %
Job level	Officer level	150	40.32 %
	Manager level	54	14.52 %
	Executive level	4	1.08 %
Education	Bachelor's degree	133	35.75 %
	Master's degree	221	59.41 %
	M. Phil/PhD	4	1.08 %
	Other professional degree	14	3.76 %
	1 – 3 years	28	7.53 %
Banking experience	4 – 8 years	126	33.87 %
	9 – 15 years	182	48.92 %
	16 years and above	36	9.68 %

The ratio of male and female respondents was almost equal i.e., 49.46% and 50.54% respectively. It can be observed in Table 1 that most of the employees participating in the survey were of the age group 26 – 35 with 48.39% of the respondents, and Assistant level employees of the bank comprised 44.09 % of the respondents. Most of the respondents (59.41%) had a master's degree, and only 1.08% of the respondents had an M.Phil./ Ph.D. degree. 48.92% of respondents had banking experience of 9 – 15 years followed by 33.87% with 4 – 8 years of experience.

Table 2
Reliability statistics

Constructs/Variables	Number of statements	Cronbach's alpha
Leadership and communication style	4	0.733
Career development opportunities	4	0.701
Health and safety	3	0.700

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Incentives and benefits	4	0.739
Equal and fair treatment	3	0.759

This study employed five independent variables to measure the response, and Cronbach's alpha values being 0.70 or higher in all the constructs as presented in Table 2 (George & Mallery, 2009; Taber, 2018). Hence, it can be concluded that there is reliability in the data collection employed in this study.

Table 3

Validity test HTMT results

Variables	LCS	CDO	HS	IB	EFT
LCS	-				
CDO	0.7401	-			
HS	0.6883	0.3562	-		
IB	0.3486	0.1866	0.2622	-	
EFT	0.8109	0.5582	0.6943	0.2188	-

The acceptable threshold value of HTMT test results is 0.85 or less (Clark & Watson, 1995; Kline, 2011). As presented in Table 3, in the case of all independent variables the result of the HTMT test was less than 0.85. It implied that a valid data collection instrument was used in this study i.e., in context of assessing the factors affecting employee engagement after M&A in Nepalese commercial banks.

Table 4

Correlation analysis

Variables	EE	LCS	CDO	HS	IB	EFT
EE	1	.721**	.399**	.505**	.266**	.506**
LCS		1	.493**	.486**	.260**	.600**
CDO			1	.238**	.118*	.395**
HS				1	.189**	.508**
IB					1	.166**
EFT						1

Table 4 shows a positive correlation between the dependent variable with all the independent variables with varying degrees. Leadership and communication style, equal and fair treatment, and health and safety had a correlation coefficient of 0.721, 0.506, and 0.505 respectively at the significant level of 0.01 meaning that leadership and communication style, equal and fair treatment, and health and safety had a moderate correlation with employee engagement in Nepalese commercial banking sector after M&A. Whereas career development opportunities, and incentives and benefits had a fair and low degree of positive correlation with the level of engagement of the employees

since the correlation coefficient were 0.399 and 0.266 respectively at the significant level of 0.01.

Table 5
Regression results

Model	Coefficients ^a			t	Sig.
	Unstandardized coefficients		Standardized coefficients		
	B	Std. Error	Beta		
Constant	-.013	.139		-.091	.928
LCS	.122	.011	.560	11.504	.000
CDO	.012	.009	.053	1.320	.188
HS	.065	.015	.185	4.403	.000
IB	.018	.009	.072	2.004	.046
EFT	.012	.013	.044	.949	.343

a. Dependent variable: Employee engagement.

Model	Sum of squares	Df	Mean square	F	Sig.
Regression	47.567	5	9.513	93.045	.000 ^b
Residual	37.422	366	.102		
Total	84.989	371			

b. Predictors: (Constant), EFT, IB, CDO, HS, LCS

Based on Table 5, the regression model looks as follows:

$$EE = (0.13) + 0.122LCS + 0.012CDO + 0.065HS + 0.018IB + 0.012EFT$$

The regression model defined in this research was statistically significant with a level of significance of 0.00 ($p < 0.05$). It showed all independent variables play a role in the level of engagement of employees of commercial banks in Nepal after M&A. Collectively all the independent variables were the factors affecting employee engagement. The model showed that leadership and communication style impacted on the level of engagement of employees during and immediately after the M&A of Nepalese commercial banks with a beta value of 0.122. With the beta value of 0.065 and 0.018 for the health and safety provision, and incentives and benefits respectively the result followed a similar trait. Career development opportunities and equal and fair treatment had the same impact with a beta value of 0.012.

Table 6
Summary of hypothesis test

S. No.	Hypothesis	p-value	Result
1	H ₀₁ : Leadership and communication style affects the level of engagement of employees after the M&A of the commercial banks.	.000000	Accept
2	H ₀₂ : The relationship between career development opportunities and the level of engagement of employees after M&A in commercial banks is significant.	.187642	Reject
3	H ₀₃ : A provision of healthcare and safety is significant for employee engagement in commercial banks.	.000014	Accept
4	H ₀₄ : Incentives and benefits have a direct relationship with employee engagement level after M&A of commercial banks.	.045782	Accept
5	H ₀₅ : Equal and fair opportunity significantly affect the level of engagement of commercial bank employees in Nepal.	.343161	Reject

The current study postulated five hypotheses in this research, and after testing the hypothesis, the study found that leadership and communication style, health and safety provision, and incentives and benefits affected significantly the engagement level of commercial bank's employees of Nepal after M&A. However, this research found that the career development opportunities and equal and fair treatment didn't affect significantly the level of engagement of Nepalese commercial banks employees during an M&A transaction.

The results showed that commercial bank's employees of Nepal during the transition during M&A transaction regarded leadership and communication style, health and safety provision, and incentives and benefits as the major factors contributing to their level of engagement at the workplace.

Discussion

The current study has postulated five hypotheses in this research, and after testing the hypothesis, the study found that leadership and communication significantly affects the level of engagement of employees of commercial banks of Nepal. The findings have been found to be aligned with the findings of (Patro, 2013; Hanafy et al., 2019) where the researcher had observed that the organization should implement an open-door policy and ensure smooth communication both upward and downward. Similarly, Othman et al. (2017) found that involving employees in the decision-making process enhances their engagement level, while one-way downward communication negatively impacts

employee engagement. The present study tested both downward and upward communication in the commercial banks of Nepal. Like the observation made by Khan and Ghayas (2022), this study finds that the transparency from leaders, openness to employee suggestions, and an approachable leadership style increase employee engagement in the commercial banking sector of Nepal. The results of this research suggest information regarding major decisions like M&A must be communicated to the employees internally along with regular communication regarding the vision, mission, and goals of the organization. Further, leaders of the organization must be approachable to the employees when they encounter problems, and open to the suggestions of the employees. In the Nepalese banking industry, employees value their opinion and positive relationships with their leaders and believe that they also need regular communication from the leaders of the organization. Moreover, during the integration process strong and open leadership capable of taking feedback helps minimize the detrimental effect of the M&A maintaining the employee engagement level.

The present study observes that career development opportunities don't affect significantly the level of engagement of employees. Deviating from the outcome of (Hakuduwal, 2019) where the researcher observed that providing appropriate career development opportunities is essential to maintaining employee engagement levels in Nepal's commercial banks. The deviation may be attributed to several factors. Firstly, the gender distribution of respondents in this study is nearly equal, whereas in the study conducted by Hakuduwal (2019), two-thirds of the participants were male. Additionally, the occupational levels of the respondents differ significantly between the two studies. In his study, 73.2% of respondents worked at the Assistant level, whereas in the present study, only 44.09% held that position, with the majority occupying higher-level positions. Lastly, when comparing banking experience, 48.92% of respondents in this study reported having 9 – 15 years of experience, while he found that 33.9% had 5 – 9 years of experience. Further, he collected data from 21 commercial banks and this study considers only those commercial banks which have gone under M&A in recent years only and collected data from 8 commercial banks only. The gender of the respondents has a significant impact on the perception regarding the career development among the commercial bank's employees in Nepal, and its composition might have played a role in deviation from the previous study. Shrestha (2022) observed that women felt there exists a glass ceiling in the Nepalese commercial banks and gender bias plays a great role when it comes to better career opportunities for women within the banks. Further, the context under which the present study is being conducted is different from other studies; since the present study aims to assess the factors affecting the level of engagement of employees after M&A. Employees in Nepalese commercial banks participate in various training programs; however, there is a lack of job rotation within the organization to practice the

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learning of their training. Employees don't see a clear career path within their organization, and their supervisors are not supporting their career growth. Providing training and adequate space and opportunities for transferring the knowledge of the training in the organization can increase the employee engagement level. Though, the present study suggests that career development opportunities don't affect significantly the level of engagement of employees of Nepalese commercial banks; however, the context of the present study is M&A, and during this transition phase employees might not focus on their careers rather than focus on integrating with the new culture and adapting therein.

The present study finds that health and safety provisions are one of the factors affecting employee engagement and are found to be statistically significant. This result deviates from the work of Silva and Iddagoda (2021), who found that financial rewards such as health and insurance didn't affect the significantly the engagement level of employees. However, Silva and Iddagoda (2021) conducted the study in only one bank in Sri Lanka collecting responses from 100 managerial-level employees only unlike the present study which consists of multiple banks and employees from various job grades. Then again, the present study confirms the outcome of Muhammad et al. (2020) where researchers found that adequate provision for health and safety significantly affect the role in enhancing the commitment of employees and thus increases their engagement level. Employees in the commercial banking sector of Nepal, after M&A, consider the provision of health and safety of their and their family members as of major concern, and they feel engaged when they feel that their organization cares for their health and safety and vice versa. Providing adequate health and safety provisions is a way of showing employees that the organization cares about them and their family members, and in return, employees show their loyalty and engagement to the organization.

The present study finds incentives and benefits significantly impact the level of the engagement of employees after M&A in the commercial banks of Nepal. The result is supporting the results of the work of (Baqir et al., 2020; Waqas & Saleem, 2014; Kurniawan & Anindita, 2021) where they observed rewards and recognition positively affect the engagement level of employees in banks of Pakistan and Indonesia. This present study finds inadequate pay structure in commercial banks and no increment in the compensation package after M&A. Further, there is a mechanism to tap and reward exceptional performance in the banks, and retirement packages are also unsatisfactory. The socio-economic scenario of Nepal also suggests direct monetary incentives and benefits and a satisfactory retirement package have a positive impact on the level of engagement of employee in the commercial banks of Nepal.

This study has observed that equal and fair opportunities don't significantly impact the level of engagement of employees among the commercial banks of Nepal after M&A. The present research has been conducted to explore the influence of M&A on employee engagement and selected the population accordingly leading to a contradictory result. Equal treatment by the management, competitive performance appraisal, and feeling of discrimination from the employees belonging to the merged entity (acquiring entity) are the dimensions used in measuring equal and fair treatment. After the M&A of commercial banks in Nepal, employees might not have time to think about organizational justice i.e., equal, and fair treatment and thus exposing the responses to the respondent's bias as explained by McGrath et al. (2010) in their study concerning response bias in the psychological measurement. Further, leniency among the respondents might be another reason for the deviating outcome of the current research (Kane et al., 1995). Employees, post M&A of the Nepalese commercial banks, don't emphasize equal treatment by the management and performance evaluation as compared to other factors discussed so far. However, further study by reducing the respondent's bias and leniency is necessary before generalizing the results of this study in the banking industry.

Finding and conclusion

Based on the data brought together using survey, evaluated, presented, and discussed in preceding sections of this report, the current study derives the following findings and conclusions:

-) Employees of Nepalese commercial banks feel their engagement level has been impaired after M&A.
-) Leadership and communication style, equal and fair treatment, and health and safety provisions have a higher level of impact on the engagement of employees after M&A in the commercial banks of Nepal.
-) Unlike the suggestions of previous studies, career development opportunities, and equal and fair treatment do not affect employee engagement in Nepalese commercial banks after M&A.
-) Commercial banks provide regular training opportunities to their employees; however, many employees feel that their organization lacks an adequate job rotation system for transferring the training.
-) Incentives and benefits have not increased after the M&A of commercial banks.
-) Employees of commercial banks regard their and their family member's health and safety as the utmost priority for them.

Implication

The regulator and industry practitioners must assess the needs of various professionals in the banking industry and make policy and practice in such a way that BFIs hire them for specialized purposes i.e., the procedure for hiring specialized employees and general employees must be different. Furthermore, the industry practitioner must ensure that the banking leaders communicate effectively during an M&A transaction with their employees to maintain their level of engagement. The training and learning activities must be coordinated in such a way that there is adequate time and resources invested for the transfer of knowledge, and a mechanism to recognize exceptional performance apart from the regular performance appraisal mechanism must be there, which the regulator should also give their attention to. Different commercial banks have different pay scales for the same kind of jobs, and regulators may intervene here to ensure at least a competitive remuneration package.

Declarations

Availability of data and materials

Part of the data used in this research is available with the author on request.

Competing interests

The authors declare that they have no competing interests of any kind.

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Author's contributions

All authors contributed equally to all stages of this self-funded research project, from inception to the final manuscript.

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